

STATE OF NEW YORK

6486--A

2021-2022 Regular Sessions

IN SENATE

May 3, 2021

Introduced by Sens. PARKER, MAY, BRISPORT, KRUEGER, RYAN, SKOUFIS -- read twice and ordered printed, and when printed to be committed to the Committee on Environmental Conservation -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the environmental conservation law, in relation to establishing a moratorium on the operation of cryptocurrency mining centers; and providing for the repeal of such provisions upon expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

- 1 Section 1. Legislative findings. The legislature hereby finds and
2 declares that:
- 3 (a) Climate change threatens the health, welfare, and economy of the
4 state with increasingly severe and widespread impacts to our communities
5 due to flooding, sea level rise, heat waves, coastal erosion, erratic
6 and unpredictable weather patterns, shifting climactic zones, loss of
7 wildlife, increased harmful algal blooms and invasive species, and
8 increased risk of disease, in part, which leads directly to loss of
9 life, property damage and reduction in value, ecological damage, and
10 increased infrastructure costs;
- 11 (b) It is the policy of the State of New York to conserve, improve and
12 protect its natural resources and environment and to prevent, abate and
13 control water, land and air pollution, in order to enhance the health,
14 safety and welfare of the people of the state and their overall economic
15 and social well-being;
- 16 (c) To mitigate the current and future effects of climate change, the
17 State of New York implemented the Climate Leadership and Community
18 Protection Act, requiring that statewide greenhouse gas emissions be
19 reduced eighty-five percent by 2050 and that the state has net zero
20 emissions in all sectors of the economy by that time;

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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(d) Cryptocurrency mining centers are an expanding industry in the State of New York, often, but not exclusively, located in retired or converted fossil fuel power stations, including dormant peaker plants;

(e) A single cryptocurrency transaction uses the same amount of energy that an average American household uses in one month, with an estimated level of global energy usage equivalent to that of the country of Sweden; and

(f) The continued and expanded operation of cryptocurrency mining centers will greatly increase the amount of energy usage in the State of New York, and it is reasonable to believe the associated greenhouse gas emissions will irreparably harm compliance with the Climate Leadership and Community Protection Act in contravention of state law.

§ 2. The environmental conservation law is amended by adding a new article 77 to read as follows:

ARTICLE 77

CRYPTOCURRENCY MINING

Section 77-0101. Definitions.

77-0103. Registration.

77-0105. Moratorium on permit issuance and renewal.

77-0107. Generic environmental impact statement.

77-0109. Enforcement and penalties.

§ 77-0101. Definitions.

1. "Behind-the-meter" means a generating unit that supplies electric energy, in whole or in part, to an end user onsite without connecting to the bulk power system or local electric distribution facilities, and includes a generating unit that supplies electric energy to both an end user onsite and the bulk power systems or local electric distribution facilities.

2. "Carbon-based fuel" means coal, natural gas, renewable natural gas, biomass, petroleum products, and any other product that emits carbon dioxide, methane, nitrous oxide, or other greenhouse gases when combusted, and that is used for fuel for the purpose of producing electric energy.

3. "Cryptocurrency" shall mean a digital currency in which encryption techniques are used to regulate the generation of units and currency and verify the transfer of funds, operating independently from a central bank.

4. "Mining" shall mean the process of spending computer power to process transactions and such transactions to a cryptocurrency blockchain.

5. "Blockchain" shall mean a digital ledger in which transactions made in cryptocurrencies are recorded chronologically and publicly.

§ 77-0103. Registration.

1. The owner or operator of a cryptocurrency mining operation shall, on or before the first day of July, two thousand twenty-two, register with the department.

2. Registration shall be in a form determined by the department and shall include, at a minimum:

a. the name and address of the owner or operator of the cryptocurrency mining operation;

b. the location and address of the cryptocurrency mining operation;

c. for the twelve months immediately preceding the registration date, the weekly amount of electric energy consumed or utilized by the operation; and

d. for cryptocurrency mining operations consuming or utilizing behind-the-meter electric energy, the name and address of the behind-the-meter energy source; the name and address of the source's owner or

operator; the source's nameplate electric generating capacity; and the fuel type used by the source to generate electricity.

§ 77-0105. Moratorium on permit issuance and renewal.

1. For the period commencing on the effective date of this article and ending three years after the effective date, the department shall not approve a new application for or issue a new permit pursuant to article nineteen of this chapter for an electric generating facility that utilizes a carbon-based fuel and that provides, in whole or in part, behind-the-meter electric energy consumed or utilized by a cryptocurrency mining operation.

2. For the period commencing on the effective date of this article and ending three years after the effective date, the department shall not approve an application to renew an existing permit or issue a renewal permit pursuant to article nineteen of this chapter for an electric generating facility that utilizes a carbon-based fuel and that provides, in whole or in part, behind-the-meter electric energy consumed or utilized by a cryptocurrency mining operation if the renewal application seeks to increase or will allow or result in an increase in the amount of electric energy consumed or utilized by such cryptocurrency mining operation.

§ 77-0107. Generic environmental impact statement.

1. The department shall prepare, pursuant to article eight of this chapter, a generic environmental impact statement on statewide cryptocurrency mining operations.

2. The generic environmental impact statement shall address, at a minimum:

a. the number and location of existing cryptocurrency mining operations in the state;

b. the amount of electric energy consumed by each such operation;

c. the sources of electric energy consumed by each such operation and the type of fuel used by each energy source;

d. the amount of greenhouse gas emissions and co-pollutants released by each energy source attributable to providing electric energy to cryptocurrency mining operations;

e. the anticipated increase, if any, of cryptocurrency mining operations in the state and the anticipated expansion, if any, of existing operations;

f. the potential impacts of electric energy consumption by cryptocurrency mining operations on the state's ability to meet the greenhouse gas emission reduction goals set forth in article seventy-five of this chapter;

g. the water quality and other ecological impacts, if any, of cooling water use by cryptocurrency mining operations; and

h. the social and economic costs and benefits, if any, of cryptocurrency mining operations.

3. The draft generic environmental impact statement shall be subject to no less than one hundred twenty days of public comment from the date of issuance. The department shall conduct at least one public hearing on the draft environmental impact statement in each of the following regions of the state: western New York, the finger lakes, the southern tier, central New York, the Mohawk valley, the north country, the capital region/Hudson valley, and the City of New York/Long Island, as defined by the empire state development corporation.

4. The department shall issue a final generic environmental impact statement after close of the public comment and public hearing period,

1 and such final generic environmental impact statement shall be issued on
2 or before the first day of September, two thousand twenty-three.
3 § 77-0109. Enforcement and penalties.

4 The department may enforce the provisions of this article, including
5 referral to the attorney general for the purpose of seeking injunctive
6 relief restraining the operation of a cryptocurrency mining operation or
7 electric generating facility not in compliance with the provisions of
8 this article and civil penalties therefor as provided in title twenty-
9 one of article seventy-one of this chapter.

10 § 3. This act shall take effect immediately and shall expire and be
11 deemed repealed three years after such date.