

Underground Cryptocurrency Mining Hinders Development of Local Economy — And the Entire Industry

A surge of underground crypto mining in the Irkutsk region burdens the grid, doesn't meet necessary standards, and draws the ire of regulators

MOSCOW, RUSSIA, October 14, 2021 /EINPresswire.com/ -- Russian authorities have attributed a massive increase in retail energy consumption to underground cryptocurrency mining operations that take advantage of cheap retail electricity in some regions while overloading the regional grid — increasing the risk of accidents and emergencies. Therefore, government officials are reportedly working on new ways to differentiate tariffs between general usage and cryptocurrency mining. BitRiver fully supports this effort, and believes it could serve as a stepping stone for healthy regulation.

The retail energy consumption in the Irkutsk region has increased by 159% in the past year, local media [reported](#) this week. The same report also mentions [the letter](#) that Governor Igor Kobzev has written to Russian Deputy Prime Minister Alexander Novak, attributing this “avalanche-like increase” to “underground mining” and calling for higher electricity rates for such miners. Yesterday, Russia's Energy Minister Nikolai Shulginov [announced](#) that his ministry is working on a new framework to differentiate tariffs between general usage and cryptocurrency mining. We at BitRiver agree with



BitRiver's datacenter facility in Bratsk



Inside BitRiver's datacenter facility in Bratsk

Governor Kobzev's analysis of the situation and believe that new ways, such as those that the Ministry of Energy is working on, are needed to effectively and fairly regulate the cryptocurrency mining industry in Russia.

Legitimate mining operations rack up industrial electricity rates that are up to thrice the retail electricity rates in the Siberian regions of Russia. Such operations generate high-skilled jobs and attract foreign investments, contributing to the development of the local economies. Furthermore, these operations meet all applicable industry standards and obtain necessary permits to ensure safety of their community and the local environment. For example, at BitRiver, we not only meet all necessary standards but also employ a full-time Head of Safety who is dedicated to the safety of our workforce and the environment of our datacenter facilities.

Identifying rogue mining operations and ensuring that these operations not only comply with all necessary permits and safety standards but also pay electricity rates and taxes like legitimate mining operations such as BitRiver do will help develop the industry and the region.

About BitRiver

BitRiver is the world's largest colocation services provider for green cryptocurrency mining. It utilizes renewable energy to power roughly 90% of its colocation facilities located in the Siberian region, and BitRiver's facilities have a total capacity of over 300 megawatts. BitRiver is headquartered in Zug, Switzerland with offices in the Philippines, South Korea, and other cities in Russia, and has official representatives in China, Japan, UAE and USA.

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