

A.5353 (Kelles)

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BILL A.5353 (Kelles)
SUBJECT Opposition to NY Mining Moratorium Extension
DATE February 25, 2025
OPPOSE

The Business Council of New York State opposes Bill A.5353 (Kelles), which seeks to extend the moratorium on issuing and renewing air permits for power plants that supply behind-the-meter energy to proof-of-work (PoW) cryptocurrency mining operations. While the business community shares the goal of ensuring that state resources are used effectively to promote economic growth, we believe this legislation will have negative consequences for businesses, workers, and overall economic development.

Bill A.5353 (Kelles) proposes to extend the moratorium on air permit issuance and renewal for electric generating facilities that utilize carbon-based fuel and provide behind-the-meter electric energy consumed or utilized by cryptocurrency mining operations using PoW authentication methods to validate blockchain transactions. This legislation, if passed, would prolong regulatory uncertainty and hinder investment in energy infrastructure, particularly for industries seeking to innovate and modernize their operations. The initial two-year moratorium, set to expire in November 2024, would now extend until one year after the completion of the Generic Environmental Impact Statement (GEIS), which remains unfinished. This creates an indefinite timeline that could stretch for years, deterring long-term investments in the state. The Department of Environmental Conservation (DEC), in consultation with the Department of Public Service, would be barred from issuing new air permits for fossil fuel-powered plants supplying energy to PoW mining operations.

Existing fossil fuel plants that supply PoW miners cannot renew permits if it results in an increase in energy consumption used for cryptocurrency mining, further stifling business expansion. Additionally, no new PoW mining operation would be allowed to connect to the grid if the Public Service Commission (PSC) or the New York Independent System Operator (NYISO) determines that it threatens grid reliability or rate affordability. These provisions create a chilling effect on energy infrastructure investment, leading to economic stagnation and discouraging business development in the state. The bill prioritizes environmental and grid concerns over economic growth, making New York a less attractive destination for emerging industries, including blockchain and data-intensive technologies.

By extending regulatory uncertainty, the legislation risks pushing cryptocurrency mining and associated technology investments to other states with more favorable regulatory environments, resulting in lost job opportunities and economic activity for New York. Moreover, the bill could impact the broader energy sector by discouraging investment in

grid modernization and energy efficiency improvements. This is particularly concerning as New York aims to transition toward cleaner energy sources. The moratorium may have unintended consequences by limiting energy development that could support other growing industries, including Advanced Air Mobility (AAM) and Electric Vertical Take-Off and Landing (e-VTOL) technologies, which require stable and predictable energy policies.

The state should be focused on attracting technology-driven industries rather than imposing barriers that push innovation elsewhere. Blockchain technology has numerous applications beyond cryptocurrency, and restrictive policies could stifle research, development, and commercialization in this space. Instead of extending an open-ended moratorium, policymakers should work to establish clear guidelines that balance environmental responsibility with economic opportunity rather than imposing additional restrictions. We urge policymakers to focus on evaluating and refining existing incentive programs to ensure their effectiveness while maintaining the flexibility necessary to adapt to the evolving economic landscape.

The Business Council remains committed to working with the Legislature to develop policies that foster growth, innovation, and a strong business climate in New York State. For these reasons, we respectfully oppose Bill A.5353 and urge its rejection.