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John B. Rhodes, Chair

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PSC Approves New Cryptocurrency Electricity Rates for Upstate Utility — New Rates for Massena’s Municipal Utility Balances Needs of Existing Customers, including Residential, with Potential Economic Development Opportunities Offered by Cryptocurrency Companies Such as Bitcoin —

ALBANY — The New York State Public Service Commission (Commission) today approved new electricity rates for Massena Electric Department that will allow high-density load customers, such as cryptocurrency companies, to qualify for service under an individual service agreement. The individual service agreement tariff includes provisions that will protect existing customers from increased supply costs resulting from the new service.

“As part of our continuing effort to balance the needs of existing customers with the need to attract new companies, we must ensure that business customers pay a fair price for the electricity that they consume,” said Commission Chair John B. Rhodes. “However, given the abundance of low-cost electricity in Upstate New York, there is an opportunity to serve the needs of existing customers and to encourage economic development in the region.”

Under the rules approved today, cryptocurrency customers and other high-density-load customers will be eligible for service under an individual service agreement if their maximum demand exceeds 300 kW, and the customer provide benefits to the utility. The change allows Massena to recognize potential benefits associated with high-density-load customers, such as increased utilization of currently underutilized transmission and distribution facilities.

As a result, the potential exists for Massena to receive significant revenues if new cryptocurrency companies set up shop in the community. If that were to occur, the utility would be required to defer the revenues for the benefit of ratepayers. The Massena system in St. Lawrence County covers 131 square miles with more than 9,000 customers. Massena provides businesses and residents with electricity at rates that are in the lowest 10 percent nationally.

This is the second time the Commission ruled on cryptocurrency rates. Earlier this year, the New York Municipal Power Agency (NYMPA), an association of 36 municipal power authorities in New York ranging in size from 1.5 MW in the Village of Silver Springs, Wyoming County, to 122 MW in the City of Plattsburgh, Clinton County, petitioned the Commission regarding concerns that high-density load customers, such as cryptocurrency companies, were having a negative impact on local power supplies.
NYMPA represents customer-owned municipal electric systems that acquire low-cost power, typically hydro, and distribute the power to customers at no profit. The low-cost electricity is a significant reason that high-density load customers are locating in municipalities’ service territories.

In recent months, several municipal power authorities had seen an increase in requests for new service from new commercial customers for disproportionately large amounts of power. These requests come mainly from similar types of potential customers: server farms, generally devoted to data processing for cryptocurrencies. As a direct result of the intense computer data-processing efforts, these companies are using extraordinary amounts of electricity — typically thousands of times more electricity than an average residential customer would use. While such a significant amount of electricity usage might go unnoticed in large metropolitan areas, the sheer amount of electricity being used is leading to higher costs for customers in small communities because of a limited supply of low-cost hydropower.

To mitigate the impact on existing customers, the Commission has already allowed municipal power authorities, such as Massena, to create a new rate focusing on high-density load customers that do not qualify for economic development assistance and have a maximum demand exceeding 300 kW and a load density that exceeds 250 kWh per square foot per year, a usage amount far higher than traditional commercial customers. Under the new rates, existing customers were protected from increased cost associated with serving high-density load customers by allowing NYMPA members to directly allocate costs associated with serving the high-density load customers to such customers.

By the Commission action today, high-density load customers in Massena’s territory may be eligible for service under an individual service agreement if the customer provide benefits to the utility which should lower costs for Massena’s existing customers. Massena’s tariff revisions will become effective July 17, 2018.

Today’s decision may be obtained by going to the Commission Documents section of the Commission’s Web site at www.dps.ny.gov and entering Case Number 18-E-0211 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission’s Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.