



Control Number: 51812



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April 14, 2021

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Public Utility Commission of Texas
Chairperson
1701 N. Congress Ave.
Austin TX 78711

PUBLIC UTILITY COMMISSION
FILE #

Re: Project No. 51812, Real-time spot volatility, Ancillary services in ERCOT

Ladies and Gentlemen:

HGP Storage (HGP) respectfully requests the Public Utility Commission of Texas (Commission or PUC) to direct the Electric Reliability Council of Texas (ERCOT) to study the potential reliability concerns driven by large datacenters that mine cryptocurrencies. There are companies that look to benefit from the pricing of ancillary services in ERCOT to increase load while providing little to no direct benefit to Texas. A company announced this week that it is planning a facility with over a Gigawatt of load, expressly with the goal of benefiting from “real-time” price volatility and “ancillary power services revenue”:

- Whinstone is based in Rockdale, Texas and its facility is located on an 100-acre site, hosting Bitcoin mining customers in three buildings totaling 190,000 square feet. An additional 60,000 square foot building is also under development. The site is subject to a long-term lease agreement, with electricity provided via a long-term power supply contract.
- Whinstone’s site has a total power capacity of 750 MW, with 300 MW currently developed. Whinstone’s facility is believed to be the largest single facility, as measured by developed capacity, in North America for Bitcoin mining. In pursuit of achieving the most efficient power strategy, Whinstone combines fixed low-cost power agreements, **real-time spot power procurement and income from ancillary power services revenue**. Bitcoin miners benefit from low-cost energy to maximize production margins, benefiting from an electricity supply with the flexibility to respond rapidly to supply and demand events in the power market.¹

ERCOT reported this week that “a new low inertia level” was set on March 22nd, 2021.² HGP’s experience leads us to believe that ERCOT needs real physical solutions, such as batteries for system inertia. ERCOT should study if these hyper-loads for cryptocurrencies a) crowd out investment in physical solutions, contribute to real-time price volatility and increase or decrease the costs paid by consumers, uplift and financial costs to all market participants in ERCOT.

Respectfully,

HGP Storage, LLC,
a Texas limited liability company

1 <http://www.globenewswire.com/news-release/2021/04/08/2206616/0/en/Riot-to-Acquire-Whinstone-Creating-a-US-Based-Industry-Leader-in-Bitcoin-Mining.html>

2 ERCOT Urgent Board of Directors Meeting, Item 3: Executive Updates, April 13th, 2021

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By: /s/ Gregory A. Forero
Gregory A. Forero, Managing Member