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Canadian cryptocurrency company plans to buy North Tonawanda power plant



The Fortistar plant at 1070 Erie Ave., North Tonawanda.

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Thomas J. Prohaska

Because of the power demands connected with the large number of supercomputers needed for elaborate calculations, cryptocurrency mining can be extremely expensive.

But there is a way around that: buying one's own power plant, as Digihost, a Canadian cryptocurrency company, plans to do in North Tonawanda.

Digihost has a deal to buy the Fortistar North Tonawanda natural gas-burning power plant at 1070 Erie Ave., and stock the site with supercomputers needed for investments in Bitcoin and other digital currencies.

Monday, the Niagara County Planning Board approved the project, on the condition that it's an allowable use under the North Tonawanda zoning ordinance.

Amy E. Fisk, county senior planner, said she can't tell if the ordinance allows data-mining. She suggested the city was looking into it, but City Attorney Luke A. Brown said Monday he knows nothing of the project.

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City approval would be needed.

Digihost announced in March that it had purchased a 60-megawatt power plant somewhere in the state for \$3.5 million, plus \$750,000 worth of company stock. But it didn't say where.

In April Digihost and Fortistar jointly **petitioned the state Public Service Commission** for approval of the North Tonawanda plant sale. The request is being reviewed and is now subject to public comment, a PSC spokesman said.

Lewiston architect David Guisiana, who presented the project to the Planning Board, said the plan calls for numerous shipping containers, in multiple stacks each 24 feet high, to be placed on the power plant's lawn.

"Each one of the shipping containers would hold a few hundred computers," Giusiana said. "When the large (power) plant itself needs to go online to sell power to the grid, the battery backup would go on."

The board then made its approval conditional on a fire protection plan in case the lithium batteries catch fire.

"Technicians running the equipment would have to be there 24 hours a day," Giusiana said.

The market in cryptocurrencies has been highly volatile, with the chance of huge, rapid gains attracting speculators.

Critics say the computers needed use so much energy that they have become an environmental hazard, driving demand for the output of power plants, many of which, like Fortistar, still burn fossil fuels.

Two environmental groups, Earthjustice and the Sierra Club Atlantic Chapter, have made the only comments to the PSC so far. They cited Greenidge Generation, a shut-down coal-fired power plant in Dresden, which **plans to restart to power a data-mining operation with natural gas.**

"Like Greenidge, the Bitcoin mining operations at the Fortistar North Tonawanda, power plant, using natural gas, undermines our collective ability to meet the emissions reductions as set forth in the Climate

Leadership and Community Protection Act and underscores the reality of this troubling trend," the environmentalists wrote to the PSC.

They also charged that the coal-fired Somerset Operating Co. plant in Niagara County could be revived with data-mining, but the plant owners wrote to the PSC saying the plant is being dismantled and confirming their intention to install a 1,000-acre solar farm instead.



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"Currently, 90% of the energy consumed by Digihost operations is from sources that create zero-carbon emissions, while more than 50% of the energy consumed is being generated from renewable energy sources," the Digihost website said.

So far, no deed has been filed for the sale of the North Tonawanda site.

Fortistar plant manager Daniel Rotunno said Monday, "Well, it hasn't been sold yet." He referred questions to another company official, who did not respond.

Emails to the addresses on the company's website bounced back as undeliverable Monday.

A call to the company's Buffalo attorney, Joseph N. Williams II, was not returned.

Digihost lost money in 2020, but reported that it broke into the black with a \$5.9 million profit in the first quarter of 2021.

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