

Why Canada is poised to become a prime destination for Bitcoin mining



By Jessica Vomiero

National Online Journalist Global News

From cryptocurrency startups to major bitcoin investors, Montrealers of all ages are jumping onto the bitcoin bandwagon. Howard Cohen reports on how cyrtocurrencies are creating tight-knit communities in the city.

As platforms like [Bitcoin](#) continue to expand, Canada may soon be able to count itself among the world's prime [cryptocurrency](#) mining destinations.

“Canada is about to become a central source,” explained Cole Diamond, CEO of Coinsquare, one of Canada's leading cryptocurrency exchanges. “I think there's definitely a rush happening now. I think we're going to have a significant amount of mining in the next few months.”



Cryptocurrency mining is a process by which digital currency transactions are recorded, verified and stored in a public ledger called the blockchain. This process is carried out by miners, who use powerful computers to navigate cryptographic problems to select transaction blocks. The transaction fees associated with using cryptocurrencies are awarded to the miners. This process however, uses a significant amount of energy and requires temperatures be kept to a minimum.

Touting a long list of benefits including stable government, cheap electricity and cold temperatures, experts predict that it won't be long before mining operations want to set up shop in the true north strong and free — if they haven't already.

Canada's government is supportive ... and Chinese miners need a new place to call home

As China, one of the world's chief mining locations, cracks down on cryptocurrency mining operations, Chinese miners are looking to Canada because of how supportive legislators have been of cryptocurrency operations thus far.

"There's an enormous amount of digital currency miners that are moving their operations from China to Canada and they don't want to move again," Diamond said.



“China seems to be taking a position where they want to ban digital currencies as we currently know them. I don’t think anybody would believe Canada would take an aggressive approach to whether or not mining should be allowed here.

[Reuters](#) reported a few weeks ago that while Beijing has not issued an official edict on bitcoin mines, two Chinese miners said anonymously that local authorities were more unwilling to allow expansion. Last September, Chinese authorities banned so-called initial coin offerings and ordered Beijing-based cryptocurrency exchanges to halt trading.

Furthermore, the Canadian government has taken significant steps towards paving the road for a thriving cryptocurrency space. Most recently, the federal government launched a trial to explore the use of blockchain technology in making government research and grant funding more transparent.

The trial will use the Catena Blockchain Suite, a product built on the Ethereum platform.

Canada might be able to solve Bitcoin's energy problem

As cryptocurrency mining becomes more prevalent, mining operations increasingly use more energy.

“What’s happening is, with the increasing profitability more and more people start to mine and and fight over the reward, and that’s when you ramp up mining facilities to make money. And that’s why the facilities grow, and the energy consumption grows,” explained Marco Marcovici, cryptocurrency expert and advisor to the hydro-powered crypto-mining company, HydroMiner.

Canada’s abundance of eco-friendly energy resources could play a huge role in attracting cryptocurrency miners to the area.

“You have a huge amount of cheap energy coming from hydropower. I’ve also been looking into it at a plant in Winnipeg,” said Marcovici.

For example, Hydro Quebec offers some of the lowest electricity rates in North America. The company says the province has an energy surplus of equivalent to 100 terawatt-hours over 10 years. A single terawatt-hour powers 60,000 homes in Quebec during a year, Global News previously reported.

After the company launched a campaign to attract bitcoin miners in 2017, a Hydro Quebec representative recently claimed to have attracted the more than half of the world’s largest players in blockchain.

“Of the world’s top five largest blockchain players, we have at least three or four,” David Vincent, director of business development at Hydro Quebec distribution, said in an interview with Reuters on Wednesday.

While Quebec has already begun to brand itself as a place for “green bitcoin,” Reuters reports that Manitoba Hydro has already fielded more than 100 inquiries from cryptocurrency miners in the past three months. The interest comes primarily from, unsurprisingly, Chinese investors, attracted by Manitoba’s cheap power.

It’s important to note however that Manitoba’s electricity prices may soon rise. Manitoba Hydro is petitioning the province’s utilities board to approve a 7.9 per cent rate increase, effective April 1, 2018. That’s compared to a 0.7 per cent rate increase proposed by Quebec, according to Manitoba Hydro data.

It doesn’t hurt that it’s so cold

Mining rigs generate a substantial amount of heat, meaning that colder temperatures are ideal for mining bitcoin and other cryptocurrencies.

“Cooling is a big factor, it’s very important that it has the right cooling there or else you have to be able to equip a power plant in order to use the energy. That’s a big investment and you have to do it in the right spot,” said Marcovici.



He added that water helps to further reduce cooling costs, which is a large part of why HydroMiner decided to build their operation on hydropower. Colder temperatures coupled with Canada’s ample opportunities to utilize hydropower create an attractive combination for bitcoin miners, he concluded.

“Canada is fantastic. You are probably going to be the number one mining destination of the future.”

— *With files from Reuters.*

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