

Siberia Sounds Electricity Alarm Over China's Crypto Crackdown

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Russia is the world's third-largest Bitcoin mining country at over 11% of average monthly shares. **Steve Rainwater / flickr (CC BY-SA 2.0)**

Siberia could suffer unpredictable power grid overloads due to an influx of Bitcoin miners from nearby China, which has cracked down on virtual currencies, media in the Russian region [cited](#) an official as saying Wednesday.

The warning to Moscow from Irkutsk region governor Igor Kobzev comes a month after China's central bank ruled all financial transactions involving cryptocurrencies illegal.

In a letter to Deputy Prime Minister Alexander Novak quoted by the Irkutsk region's [irk.ru](#) news website, Kobzev raised the alarm over an "avalanche-like increase in electricity consumption by 'underground miners' at consumer prices."

The Irkutsk region's energy consumption so far in 2021 is up by 159% compared to last year, the outlet reported.

Related article: [Russia Is Becoming a Cryptocurrency Haven](#)

The surge is exacerbated by China's ban on crypto mining "and the relocation of a significant amount of equipment to the Irkutsk region due to geographical proximity," Kobzev wrote.

"The situation is an unpredictable event for the region, leading to significant loads on the power grid with the risk of complicated accidents and emergencies," he added.

The Irkutsk region is already a local Bitcoin mining hub due to having the cheapest retail electricity in Russia, according to Bloomberg. Irk.ru noted that industrial giants based in the region take on part of consumers' electricity costs, which lowers prices.

Bloomberg [reported](#) that Kobzev's office has confirmed the letter's authenticity.

In it, the leader of Russia's fourth-largest region proposed charging higher rates for crypto miners, citing the annexed Crimean peninsula as an example.

"We understand that this unhealthy activity of 'underground' miners is partly explained by the affordable price of electricity for the population," Kobzev said in comments to irk.ru.

"This is a huge load on the network and these are risks, especially in winter. We have to protect residents; miners must pay different rates."

Bitcoin use is limited in Russia due to the country's restrictive laws on cryptocurrencies, including President Vladimir Putin's 2020 law on digital financial assets that legalized cryptocurrencies but banned their use as payment for goods and services.

Still, Russia is the world's [third-largest](#) Bitcoin mining country at over 11% of average monthly shares, according to the Cambridge Bitcoin Electricity Consumption Index (CBECI).

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