

'We do not want this': Texas town group protests Riot Blockchain's Bitcoin mining facility

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Credit: Unsplash/CC0 Public Domain

Jackie Sawicky, 42, was scrolling Facebook in late April when she saw a video about a surprise economic development announcement by the city

of Corsicana, Texas. Intrigued, she clicked to watch.

She learned that Castle Rock, California-based Riot Blockchain, one of the largest Bitcoin mining companies in the world, is building a massive crypto mining facility on a 265-acre property in the Navarro County community of about 50,000 residents. It sits near the end of a high-voltage transmission line—known as a switch—that'll supply the electricity needed to mine for digital currency.

"You had two very valuable resources," said Chad Harris, chief commercial officer at Riot. "You had the Navarro switch and you had water."

When completed, the facility will have a maximum capacity of 1 gigawatt, enough electricity to power 300,000 to 1 million homes in the U.S. That's over 30% bigger than Riot's capacity at its existing facility about two hours away in Rockdale.

"Twenty-seven months ago, I read an article in a magazine that led me to Rockdale, Texas, and a team of four people raised money and built the largest Bitcoin mining facility in North America," he said. "And today, that team of people is over 440 strong, and we're coming to Corsicana to build the largest in the world."

When the announcement video ended, Sawicky, 42 and a self-described environmentalist, immediately started organizing opposition to the project through a Facebook page called "concerned citizens of Navarro County" that's now up to more than 500 members. She also started a change.org petition, titled "NO to Riot Bitcoin Mine in Navarro County," which has 632 signatures on its way to a goal of 1,000.

"They announced it like it's something we should be grateful for," Sawicky said.

The grassroots organization says it doesn't want the burden of the facility on its already fragile infrastructure. Bitcoin mining is energy-intensive and "relies on cheap energy to turn a profit," according to a recent report from Houston-based global energy business advisory firm Opportune LLP.

"They are exploiting our resources and what do we get in return?" said Sawicky, who considers cryptocurrencies a Ponzi scheme. "We can't go into a store and buy anything from them."

The group is fighting against a state that has rolled out a welcome mat for crypto miners, encouraging them to move in and take advantage of cheap power rates. Gov. Greg Abbott has been working with the Texas Blockchain Council lobbying group to make the state more attractive to miners. In February, he tweeted, "The Lone Star State is poised to be a world leader in blockchain & cryptocurrency." Other states, such as New York, have imposed moratoriums on crypto mining permits.

Riot, which generated \$213 million in revenue last year, says its operation will yield a \$1 billion economic impact for the county over 10 years.

Phase one of the project will create 270 direct jobs to raise four 100,000-square-foot buildings on the property about 10 miles south of Corsicana off FM 709. Riot won't know if it will need additional hires until after it's completed the final planning process, said Riot spokeswoman Trystine Payfer.

The company expects the site to be online, though not at full capacity, in July 2023. Riot is still in negotiations about tax abatements, something the Rockdale site got as well. Riot has not disclosed an approximate figure for taxes it expects to pay. The company plans to share [economic impact](#) figures down the line, said Payfer.

"99.9% of people are ecstatic," Harris said.

A controversial project

Miners have been flocking to Texas due to the state's deregulated grid and supportive policies.

Payfer declined to say how much water and power Riot's Rockdale site uses and said it hadn't finalized projections for usage at the Corsicana site. When The News asked for data on Riot from the state's power grid, Electric Reliability Council of Texas spokeswoman Trudi Webster said ERCOT doesn't comment on specific operators.

Opponents say the announcement is especially poor timing considering the county is in a drought and Riot's facilities use water to help cool its equipment. A state government page shows that 100% of the county's residents are feeling the effects of its 27th driest year of the 128 years on record.

The radio show KRVF-FM 106.9 The Ranch in Corsicana posted about the Bitcoin mining plan on its Facebook page and got mostly skeptical comments, including: "How much of our precious water supply are they wasting?"

One commenter acknowledged the negative comments, saying, "So funny how people get mad and turn into experts every time something new comes to town."

Harris told The News that Riot started talking to the Corsicana site landowner last fall. The owner liked the idea of selling his land to a company that could add jobs to the community, Harris said. At the announcement event, Harris said pay would range from about \$15 an hour to \$35 an hour, in addition to salaried positions. He also noted that

the Rockdale site, which employs about 225 full-time employees and 400 full-time contractors, has a \$10 million payroll.

"A lot of people don't understand cryptocurrencies, but everyone knows jobs and sales tax revenue," said Harris, who plans to move to the community.

Sawicky said she thinks crypto companies take advantage of general confusion about the still-new industry.

"Every time I'm in public, I ask people if they've heard about the Riot facility and they typically say something like, 'I've heard about it but don't understand it,'" she said.

Will bills go up?

A 2021 University of California Berkeley study based on upstate New York found that mining raised monthly electric bills by about \$8 for individuals and \$12 for small businesses. But Corsicana City Councilwoman Susan Hale said she doesn't think that will be the case in Corsicana because of Texas' unique utility market.

Lee Bratcher, head of Texas Blockchain Council, said he doesn't think any crypto mining company can guarantee it won't increase electricity prices slightly. He said there are three possibilities: the facility could cause the community's prices to go down, stay the same or rise slightly.

"My best guess is that they remain the same," Bratcher said.

Similarly, Public Utility Commission of Texas spokesman Mike Hoke said electricity rates are influenced by statewide or regional factors, meaning a big electricity user down the street, like Riot Blockchain, wouldn't directly impact local electricity rates.

Crypto miners say they can help balance supply and demand on the grid because they take as much power as they can get in non-peak times. And when the grid can't handle them in peak times, they log off and sell their power back to the grid to make money and keep power on for homeowners and businesses. In February, Harris spoke with The News about shutting down the Rockdale site voluntarily ahead of a Texas winter storm.

Any increase in prices noticed in a place like Rockdale this year could be a result of other factors. Power prices have skyrocketed across the state because natural gas prices have shot up. Electric bills are over 70% higher than a year ago for residential customers in Texas.

But ERCOT is aware of the strain too many crypto miners could have on the grid and has taken action to curb the speed at which they come online. In March, it established an interim process that requires impact studies to be submitted before miners have permission to connect to the grid. It also elected a task force to come up with a more permanent set of standards for mining projects in Texas.

"While it has historically taken around two years for the activities associated with a large-load interconnection request to come to fruition, crypto mining projects often become operational in less than a year," according to a report from Houston-based law firm Vinson and Elkins LLP.

Corsicana residents are also worried about their water bills. One of the city's water sources, Halbert Lake, recently underwent an expansion, leading some to wonder if this was in preparation for Riot and if they'd have to foot the bill. However, the city says Riot will get its water from Navarro Mills Lake, which is 97.1% full, and not from Halbert Lake, which is 88% full. During a June 7 economic development meeting, Corsicana city officials said there is enough water for Riot without

needing to upgrade the system.

Do citizens have a say?

The June 7 economic development meeting in Corsicana ended with a member of the public standing up to say, "We need a public forum, and we need to vote on this project!"

Sawicky and other members of her grassroots organization contend the project was considered behind closed doors and should have been voted on by the community because of its close proximity to homes.

Comparing the Corsicana site, which is in the middle of a neighborhood, to the one in Rockdale, which has a small population of about 5,300, is like comparing apples to oranges, she said.

One neighbor to the Corsicana facility, Carla Steele, posted on Facebook that she "adamantly" objects to the project.

"I live in the country for a reason," she wrote. "I raised my family here on land that has been in our family for generations. We raise livestock and crops. We live off of and for the land. I want my grandbabies to be able to enjoy the family land just as much as the ones that came before them."

One thing neighbors shouldn't have to worry about once the facility is constructed is the noise. Riot is using an immersive cooling system in which its computers live in a mineral oil substance, which means neighbors shouldn't hear anything. Riot says the first phase of construction, which could cause some noise, is projected to last 365 days.

City council member Hale said she's aware neighbors living close to the project aren't happy about it. However, because Navarro County doesn't

have zoning laws, those neighbors don't have a say on the project, she said.

"I understand why the people are concerned but also think when you live in a town with no zoning laws, there's nothing you can do," she said.

"They say we didn't ask for their input, but what kind of input? It's not a city thing."

While the facility is in Corsicana, it's in an unincorporated area, meaning the city and its residents have no say in how the land is used, said John Boswell, economic development director for Corsicana and Navarro County.

Hale said she and others did research and don't think bills will go up. The city will sell the facility about \$2 million worth of water per year and it has the resources for that, she said.

Corsicana Mayor Don Denbrow echoed Hale and Boswell, saying the project is a "good addition" to the county.

Sawicky isn't convinced.

"The city says it has no control over this, but they're the ones cheerleading it," she said. "They didn't tell us ahead of time because they knew we'd be against it."

Riot will become the county's largest taxpayer and a top 10 employer when the facility is completed, Boswell said. It will also indirectly boost retail and housing markets in Navarro and surrounding counties, he said.

"Chad Harris encouraged us to contact people in Rockdale," he said. "We did and they had positive things to say about Riot Blockchain."

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