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17 Attorneys General Write Letter Supporting Consideration of Climate Change Issues in Investment Process: Cadwalader

The Governor of New York, Kathy Hochul, has signed a bill establishing a two-year moratorium on new or renewal permits necessary to modify certain fossil fuel plants for cryptocurrency mining operations using proof-of-work (POW) authentication methods. This moratorium, which took effect immediately, is the first of its kind in the United States. It will only apply to fossil fuel power plants that house energy-intensive proof-of-work cryptocurrency mining operations and will not apply to individuals or companies that currently have valid permits. Mining operations that connect directly to the power grid or use renewable energy are not affected. Some miners, especially larger scale operations, bypassed the power grid and re-opened closed power plants in an attempt to produce lower cost electricity. The law, which was passed by the State Assembly in May and the State Senate in June, requires the Department of Environmental Conservation to study the environmental impact of POW crypto mining activities, including the amount of energy used and the carbon emissions produced. According to the University of Cambridge, global mining of Bitcoin, the largest of the cryptocurrencies, consumes more electricity than all residential lighting in the United States.

Hochul made the following statement: “As the first governor from Upstate New York in nearly a century, I recognize the importance of creating economic opportunity in communities that have been left behind” and “I will ensure that New York continues to be the center of financial innovation, while also taking important steps to prioritize the protection of our environment.” The Business Council of New York State responded to the announcement by stating: “To date, no other industry in the state has been sidelined like this for its energy usage. This is a dangerous precedent to set in determining who may or may not use power.”

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