El Salvador plans to use geothermal energy to power the mining of Bitcoin

El Salvador plans to use geothermal energy to power the mining of Bitcoin when it becomes the first country in the world to adopt the digital currency as legal tender with effect from today

Bitcoin will become the official currency of Central-America's smallest country alongside the US dollar, which it adopted in 2001 and which will still be used as a reference currency.

Geothermal has a future (and present) in crypto-currency mining

- Mining crypto-currencies like Bitcoin sounds complicated, but it's a very simple process. There are only two components to consider: The energy and the hardware. When it comes to energy, geothermal is perfectly-suited to meet miner's demand for competitively priced baseload power, says Lars Christian Beitnes, CEO of Net Trading Group NTG AB (publ).

Earlier this year Bitcoin miner revenue passed USD 50 million per day, according to blockchain data and analytics provider Glassnode. It's an energy consuming business and miners have been criticised for the amount they consume: annually, miners consume an estimated 14.44 GW or 128.77 terawatt-hours, according to Cambridge University's Centre for Alternative Finance.

The most powerful class of computers mining Bitcoin are expensive and consume large amounts of electricity and must run 24/7 to make a return on investment. For this reason, electricity supply must be large and constant. As there are great economies of scale, this space has industrialised rapidly.

At its very essence, mining equipment turns electricity into cryptocurrency

- The more powerful your equipment is, the more currency you mine. The cheaper your electricity, the more profitable you can be, Mr. Beitnes added.

What does this mean for geothermal developers like Rock Energy?

Any successful mining operation must secure reliable and competitively priced power. As mining continues to scale and industrialise, demand will increase for baseload power. Firms who develop and operate baseload energy resources will be well suited to take advantage of this.

This is where geothermal developers come into play. Geothermal is the only renewable energy resource that can provide year-round baseload power without having to rely on the grid or costly energy storage. This competitive advantage is evidenced in Iceland, where geothermal energy supplies many of the world's largest mining facilities.

As this space industrialised, some companies attempted vertical integration of energy production using hydro, solar, and wind. These companies have struggled, because they underestimated the limited capacity factor of these energy resources (=<75%). **For this reason, the future of mining will rely on vertical integration of geothermal energy production, according to Mr. Beitnes.**

- Crypto-currency mining is not restricted to geographic location. The same applies to Rock Energy's geothermal solutions, a wholly owned subsidiary of Net Trading Group NTG AB (publ). Both mining facilities and Rock Energy's geothermal energy solutions can be deployed anywhere, not only on Iceland. This even increases the financial viability of developing future off-grid geothermal power plants using Rock Energy's solutions. Off-grid plants will allow Rock Energy to potentially commercialise tens of gigawatts of untapped geothermal potential, says Lars Christian Beitnes, CEO of Net Trading Group NTG AB (publ).

Rock Energy Group (rock.energy) is a wholly owned subsidiary of Net Trading Group NTG AB (publ).

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