

\$1.00

McPherson County HERALD

Thursday, December 19, 2024
VOL. 132, NO. 15

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Proposed “Leola Data Center” would do more harm than good

By J.R. Cox

It appears we now have a new pipeline problem to worry about in McPherson County. But rather than ferrying liquefied carbon dioxide four feet beneath our shoes, this project intends to streamline data via fiber-optic cable, adding unnecessary strain to an already vulnerable power grid and creating the possibility of further complications.

Euphemistically titled the “Leola Data Center,” this project, intended to be constructed adjacent to Montana-Dakota Utilities’ 115kV substation that is located about 5 miles southwest of the City of Leola, will really have nothing at all to do with the Rhubarb Capital of the World, but will rather be intended to carry out the functions of a Bitcoin mining operation, with tasks related to artificial intelligence – according to documentation made publicly available by the South Dakota Public

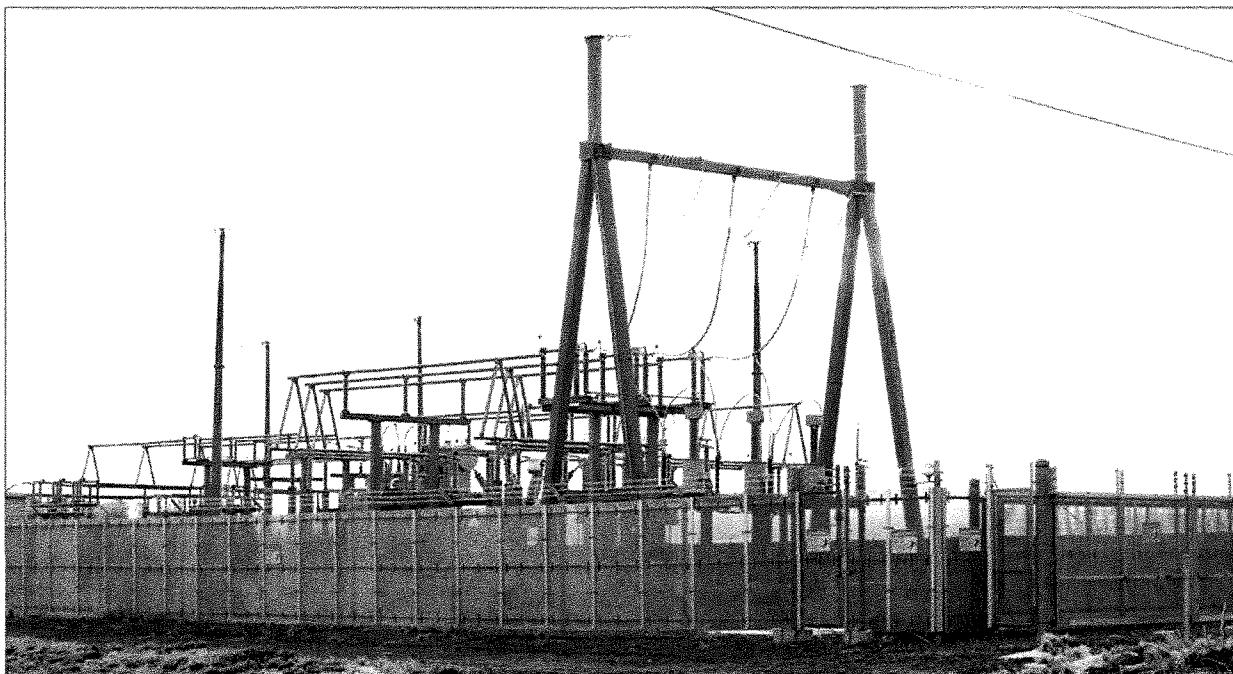
pair of activities that the majority of the residents of McPherson County and South Dakota neither need nor want. But such are the ambitions of out-of-state investors who have developed a keen interest in the Midwest in recent years. South Dakota’s frigid climate is one that is cold

enough to reduce the operating costs of cooling the supercomputing functions of mining the digital currency known as “Bitcoin” – a somewhat complex undertaking that offers the prospect of financial gain to the miner and virtually very little gain to almost everyone else.

According to the project. The documentation from the PUC, Leola Data Center is a subsidiary of Electric Assets, LLC, a data center developer with sites in the Midwestern and Southwestern areas of the U.S. A petition for electric service was submitted to the PUC this past summer for

the construction of the new facility was expected to begin in the fall/winter of 2024, commencing initial operations by the spring of 2025, with an Electric Service Agreement with MDU.

Continued on next page



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Continued from front page
According to documentation submitted to the PUC, the "data center" would utilize up to 50 megawatts of electricity from MDU for peak operation.

The electrical needs of the proposed cryptocurrency mine are a bit more extensive than running a toaster. The peak draw of 50 megawatts is enough to power up to 25,000 households, or a medium-sized city. But instead of heating and cooling the homes of families, this vast amount of energy will be utilized to perform advanced mathematics in order to confirm digital transactions of Bitcoin, for which the miner receives a financial reward for helping to keep the currency decentralized and in the accountability of the public domain – an attractive benefit to the person doing the mining, and for the people who own Bitcoins.

The proposed mine in McPherson County would join neighboring mines already in operation in Dickey County, North Dakota. Applied Digital Designs is a US-based digital infrastructure operator that has developed cryptocurrency mining operations both 7 miles north of Jamestown and 1 mile west of Ellendale. The facilities utilize a whopping 100 and 180 megawatts respectively. Applied Digital also has plans for additional facilities near the same location that will utilize up to 135 megawatts of electricity, with plans for even further expansion.

One must then ask, are there any public benefits of these operations aside from draining valuable electricity from the nation's delicate and essential power grid?

revenue and temporary jobs for construction workers, with some long-term security positions for large-scale facilities like that which are located near Ellendale.

But that is really looking at the bright side of a dark scenario.

Negative implications include a strain on a power grid that was never intended to support such operations, resulting in the possibility of rolling blackouts. Additional concerns relate to new and unwanted sources of electromagnetic and noise pollution and the possibility of increased costs for utility customers.

If the overwhelming majority of local and area residents wish to voice their valid concerns in protest of the construction of such a project, similar to the fight against Summit Carbon Solutions, it seems they may have to look to local control for assistance, instead of the state level.

South Dakota Governor Kristi Noem, who has remained exceedingly quiet during the ongoing farmer/landowner battle against Summit Carbon Solutions, also recently rejected \$70 million in federal funding related to the Home Energy Rebate Program, a funding package that would have helped countless South Dakotans upgrade their homes with high-efficiency electric appliances.

The HEEHRA (High-Efficiency Energy Home Rebate Act) program, in the works for a public rollout for several years, will provide instant rebates to low-to-moderate income families that include up to \$14,000 for the purchase and installation of electric heat pumps (even in cold climates), dryers, water heaters, and also

incentive to replace aging electric and gas appliances with newer ones that are more energy efficient – which would theoretically create less strain on the power grid, not more, or possibly result in a neutral outcome, depending on factors related to the public's level of participation in the program.

I recently reached out to Governor Noem's office to express my profound disappointment in the Governor's decision to reject the Home Energy Rebate Program. The response I received was as follows:

"South Dakota is not taking this money to implement the Green New Deal at the state level. This is one-time money that would be more burdensome than beneficial to South Dakotans. It would be fiscally irresponsible for us to take it. Our state legislature has prohibited cities from banning natural gas appliances, and this program is a workaround to the same misguided goal. Further, this 'Home Electrification' incentivizes the elimination of certain types of appliances and will put a strain on our electrical grid."

And yet Noem's administration is apparently perfectly fine with allowing out-of-state investors to invade our hometowns to set up self-serving Bitcoin mining operations that will waste enough electricity to light up the largest cities in the state.

Perhaps now Lieutenant Governor Larry Rhoden will soon be a more favorable source of political support at the state level – if Noem steps aside from her current role to fulfill President-elect Trump's appointment as Secretary of Homeland Security. But as far as securing federal funding for

state in the country that has outright rejected the funding.

The door to Bitcoin mining is also a rabbit hole that may soon lead us to bigger problems than many people yet realize. The added strain on the electrical grid, combined with other factors, such as the retirement of coal-based generation, is creating increased consideration for nuclear power – right here in South Dakota.

NorthWestern Energy first considered the construction of a small nuclear plant within state borders back in 2023, following a meeting of the South Dakota PUC in Pierre. A South Dakota Searchlight article published in February of 2023 stated that NorthWestern Energy is targeting a potential construction date in 2030 for a nuclear power plant that would produce between 80 and 320 megawatts – slightly less than half of the 700 megawatts that large nuclear reactors can produce.

I wonder how many South Dakota residents would like to see a nuclear power plant in their backyard. Perhaps we should invite the residents of neighboring Monticello, Minnesota to answer such a survey.

They witnessed state officials announce in March of 2023 that the Monticello nuclear power plant leaked 400,000 gallons of radioactive water contaminated with tritium between two buildings – enough water to fill more than half of an Olympic-sized swimming pool. Before releasing any information whatsoever to the public about what had happened, officials first waited several months before eventually making the general public aware of the incident, later stating that

River.

And have we somehow managed to forget what happened at Chernobyl? Three Mile Island? Or Fukushima, Japan? That, without change, history is prone to repeating itself?

Like it has done to protect area residents from the dangers of an unwanted CO2 pipeline and the threat of eminent domain, perhaps measures of local control will be the saving grace from the invasion of cryptocurrency investors and whatever threats that may arise in the future that follows.

Discussions regarding the proposed data center have continued at recent meetings of the McPherson County Commissioners. At the Zoning Board meeting held on December 10, commissioners voted to enact a moratorium on any data center conditional use permit until an ordinance can be adopted. Discussions regarding setbacks took place with a motion made and seconded for a 1-mile setback.

That's a good place to start, but personally, this journalist would like to see a few zeroes added to that figure. Because I truly believe that we need a "Leola Data Center" as much as we need a fraudulent CO2 pipeline. Nuclear power plants have their pros and cons, and may perhaps be a necessity, but I'd rather not have to sleep next to one of those either, especially if it is to support the crude financial investments of oligarchs who are already quite wealthy enough.

For further information and discussion regarding the Leola Data Center, consider attending a community meeting that will be held by area residents