

## **Initiative on bitcoin/proof of work meeting**

14 March 2022 16:00 – 17:30

Participants:

\*\*\* (DE, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety)

\*\*\* (SE, SWEDISH ENVIRONMENTAL PROTECTION AGENCY)

\*\*\* (SE, Financial supervisory authority)

\*\*\* (SE, Sweden energy agency)

\*\*\* (DG ENER);

\*\*\* (DG CNECT);

\*\*\* (DG ENV)

The call opened with an update on the ongoing discussions on the MICA regulation. In particular, the Parliament was discussing a potential ban of proof of work consensus mechanism (but later in the afternoon, we learnt that it had finally rejected this).

[EU official] opined that banning POW in the EU may not be effective and could have unintended consequences.

[EU official] opined that the energy spent on bitcoin mining was correlated to efforts put in mining, which are themselves correlated to value of bitcoin (nobody would mine bitcoins if this wasn't worth more than the cost of the electricity paid). One idea adopt measures that contain the hype and limit further growth of bitcoin's value by giving negative incentives to speculate in bitcoin. Concerns about increasing interest of established financial actors to issue securities that reference Bitcoin and other coins which are mined with proof of work, can increase value of the coins, too ( "securitization of bitcoin").

Discussions on potential use of eco-design regulation to ban proof-of-work consensus mechanisms.

Discussion on the potential use of eco-design regulation to ban ASIC chips.

Point made by the [official of a national administration] that the carbon leakage argument can be used for industries we want to keep in Europe (steel manufacturing, chips production, etc.), but may be considered less relevant for industries we do not want.

Observation that making bitcoin financially less attractive for institutional investors could be best path, negative tax incentives at national level also a possibility, but tricky, could be circumvented.