



## Did Elon Musk Just Kneecap Bitcoin?

### Description

Elon Musk's adoption of Bitcoin was a game changer earlier this year. The billionaire entrepreneur decided to deploy US\$1.5 billion (CA\$1.8 billion) of his company's balance sheet to the cryptocurrency in February. Since then, BTC has climbed 63% to an all-time high in April.

However, Elon seems to have reconsidered his investment. In a statement published via **Twitter** yesterday, Elon expressed concerns about Bitcoin's environmental impact. This caused an instant correction across the crypto market. Investors must now consider whether Elon's change of heart indicates an end to the year-long bull cycle or an opportunity to buy the dip.

Here's a closer look.

### Elon Musk's impact

For better or worse, Elon Musk commands tremendous attention from the tech community. His influence could have a direct correlation with SpaceX and **Tesla's** ability to raise funds from public and private markets. His recent mentions of Dogecoin, a cryptocurrency that's little more than a frivolous meme, also had a tangible impact.

This is why Tesla's adoption of Bitcoin was considered a green flag. As the first major corporation to add BTC to its balance sheet, Tesla validated cryptocurrencies as corporate treasury assets. This move made it more likely that other corporations could embrace Bitcoin in a similar way.

However, Tesla has now decided to stop accepting BTC as payment for its products. Musk has assured his Twitter followers that Tesla won't be selling any Bitcoin. However, he isn't obligated to hold onto any asset. After all, Tesla did sell BTC worth US\$275 million (CA\$333 million) in its most recent quarter. They could certainly tap into this reserve in the future.

### Bitcoin's environmental cost

Elon's decision hinges on the environmental impact of Bitcoin — specifically the energy intensity of its mining. Bitcoin miners, across the world, operate larger server farms that solve mathematical puzzles

to generate new BTC from the network. Much of this mining is done in China. However, in recent years, miners have established operations in countries with cleaner sources of electricity.

**HIVE Blockchain** (TSX:HIVE), for instance, mostly operates [BTC mines in Canada and Iceland](#). 99% of Iceland's electricity is produced from renewable sources — 73% by hydropower plants and 26.8% from geothermal sources. Canada isn't far behind. 67% of Canada's electricity comes from renewable sources and 82% from non-GHG emitting sources.

Canada's primary sources of electricity are hydro, wind, solar, and nuclear. Natural gas, a relatively cleaner fuel, is also part of the mix. That means HIVE's carbon footprint is much smaller than its counterparts in other parts of the world. Each BTC it produces is relatively cleaner.

Meanwhile, the core Bitcoin development team is working on making each transaction more energy efficient. These updates, coupled with the gradual shift to renewable energy in the power grid, could drastically reduce Bitcoin's environmental impact in the near future.

Bitcoin's network isn't clean right now. Corporations and investors who invest in this digital asset must recognize the environmental impact. However, if you're a long-term investor, you may want to consider upcoming upgrades and the gradual migration of mining to greener countries.

Bitcoin will need to overcome this issue to secure its position as the dominant digital asset.

## CATEGORY

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## Author

vraisinghani

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