



## Is Bitcoin Bad for the Environment?

### Description

Bitcoin is starting to look like a victim of its own success. The blockchain-based digital currency is now so popular and so widely used that it's consuming energy on par with some small nations.

Bitcoin's network needs energy to confirm transactions. Critics argue that this energy consumption creates an untenable carbon footprint. The issue has already discouraged one billionaire from adopting Bitcoin for payments. It could dissuade other institutions and investors from adding the digital asset to their balance sheet.

Investors need to take a closer look to figure out just how dirty the Bitcoin network really is and whether this issue caps the asset's true potential.

### Bitcoin's energy consumption

Bitcoin's protocol needs a certain level of energy consumption to work. Bitcoin miners secure the network by verifying transactions. They do so by running vast server farms that solve math puzzles to verify every block of transactions and add it to the chain. As the number of transactions increase and Bitcoin's value appreciates, verification (or mining) becomes more competitive.

Early on, this wasn't a big issue. Bitcoin was worth just a few dollars each, and there were only a few thousand transactions on the network. A simple laptop could verify transactions and earn BTC. Now, each BTC is worth \$50,000, billions of transactions flow through the network, and miners need large-scale commercial server farms to compete.

On any given day, the BTC network consumes as much electricity as the nation of Sweden. If the network continues to grow, this footprint could expand. This issue recently caught the attention of billionaire Elon Musk, who suspended BTC payments for his company's electric cars this month.

### A greener future

While there's no doubt that Bitcoin is energy intensive, investors and developers need to take a closer look to understand how that energy is derived. According to the

*3rd Cryptoasset Benchmarking Study*, roughly 39% of Bitcoin mining energy is derived from renewable sources. By comparison, only 12% of energy consumed by the U.S. is renewable. In other words, the BTC network is cleaner than most nations.

It's also important to note that [Bitcoin miners](#) are migrating to cleaner forms of energy to lower costs and their carbon footprint. **HIVE Blockchain** ([TSXV:HIVE](#)), for instance, exclusively operates in countries such as Sweden, Iceland, and Canada where the majority of electricity is generated via renewable sources.

As the network matures, energy demand could stabilize. Meanwhile, crypto miners are transitioning to cleaner fuels faster than most other industries and countries. This digital asset could be much greener in the years ahead.

## Bottom line

Bitcoin's energy use is undeniably high. As the network becomes more popular, the network could consume even more. However, 40% of this energy is derived from renewable sources already, and BTC miners are transitioning to cleaner fuels.

Bitcoin isn't clean yet, but the future looks a lot greener.

### CATEGORY

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### TICKERS GLOBAL

1. TSXV:HIVE (Hive Blockchain Technologies)

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