



Enforcement staff of the Alberta Utilities Commission

**Allegations against Green Block Mining Corp.
(formerly Link Global Technologies Inc.)
Westlock Power Plant Phase 1**

May 25, 2022

Alberta Utilities Commission

Decision 26379-D03-2022

Enforcement Staff of the Alberta Utilities Commission

Allegations against Green Block Mining Corp. (formerly Link Global Technologies Inc.)

Westlock Power Plant Phase 1

Proceeding 26379

Application 26379-A002

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The Commission may, no later than 60 days of the date of this decision and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected decision on its website.

1 Introduction and decision summary

1. Green Block Mining Corp., formerly known as Link Global Technologies Inc., began operating three power plants in Alberta in 2019-2020 without obtaining approval from the Alberta Utilities Commission (its Sturgeon, Kirkwall and Westlock power plants). Enforcement proceedings were started to determine whether Green Block had done so contrary to the *Hydro and Electric Energy Act* and Rule 007: *Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations, Hydro Developments and Gas Utility Pipelines*.

2. Commission enforcement proceedings typically have two phases.¹ In the first phase, Enforcement staff have the burden of proving allegations set out in their enforcement application on a balance of probabilities. If an allegation in the first phase is proven, the proceeding moves to the second phase, where a penalty is determined.

3. A first phase (Phase 1) decision was previously issued in this proceeding (Decision 26379-D02-2021), in which the Commission determined that Green Block operated its Sturgeon and Kirkwall power plants in contravention of the *Hydro and Electric Energy Act* and Rule 007.² The Commission subsequently took the extraordinary step of reopening Phase 1 on a limited basis, as a result of relevant and material new information provided to the Commission. This 26379-D03-2022 decision provides the Commission's determinations on the reopened Phase 1 and is supplemental to, rather than a replacement of, Decision 26379-D02-2021. Except to the extent that any findings or determinations from Decision 26379-D02-2021 are modified by this decision or subsequent rulings on this proceeding, they remain binding on the parties to this proceeding.

4. A number of unexpected events have transpired since the Commission reopened Phase 1. As a result, there is only one issue that remains to be considered in this decision: whether Green Block operated the Westlock Power Plant contrary to the *Hydro and Electric Energy Act* and Rule 007, as alleged by Enforcement staff in its application.³ For the reasons that follow, the Commission finds that Green Block contravened the *Hydro and Electric Energy Act* and Rule 007 when it began operating the Westlock Power Plant.

¹ Exhibit 26379-X0010, Notice of enforcement proceeding - power plant owned and operated by Link Global Technologies Inc. in Sturgeon County, PDF page 3.

² Decision 26379-D02-2021: Enforcement Staff of the Alberta Utilities Commission – Allegations against Link Global Technologies Inc., Proceeding 26379, Application 26379-A001, August 19, 2021.

³ Exhibit 26379-X0087, Application AUC Enforcement Staff re Westlock, paragraphs 8-10.

2 Background

5. Phase 1 of Proceeding 26379 originally considered allegations by Enforcement staff only in respect of Green Block's Sturgeon and Kirkwall facilities. The Commission issued its Phase 1 decision, Decision 26379-D02-2021, in August 2021.

6. In that decision, the Commission accepted a settlement agreement between Enforcement staff and Green Block, which included certain Green Block admissions in relation to its Sturgeon and Kirkwall power plants. One of the issues considered in Decision 26379-D02-2021 was whether Green Block generated electric energy for its own use. That issue was relevant to the question of whether Green Block's operations qualified for an exemption under the *Hydro and Electric Energy Act* and Rule 007 from obtaining Commission approval to operate its power plants.

7. In December 2021, the Commission reopened Phase 1 on a narrow basis to re-examine the own-use issue in light of new information that was provided by Green Block. At that time, the Commission also combined the reopened Phase 1 proceeding with a different proceeding that was commenced to consider new Enforcement staff allegations against a third Green Block power plant, called the Westlock Power Plant.

8. The reopened Phase 1 thus contemplated a limited reconsideration of the own-use issue, as well as two alleged contraventions raised by Enforcement staff relating to the Westlock Power Plant. Those alleged contraventions were: (i) whether Green Block operated the Westlock Power Plant contrary to the *Hydro and Electric Energy Act* and Rule 007 (Contravention 1⁴); and (ii) whether Green Block concealed its actions, impeding the Commission's ability to effectively and efficiently regulate in the public interest (Contravention 2⁵).

9. Enforcement staff subsequently proposed that the own-use issue should or may be withdrawn from further consideration in the proceeding because a finding on that issue was unnecessary to establish the outstanding contraventions that had been alleged by Enforcement staff. In March 2022, the Commission accepted that proposal, in part because evidence relating to the nature of Green Block's operations (a component of the own-use issue) could be tested in the second phase of this proceeding insofar as it related to a potential sanction of economic disorgement.⁶ The Commission was also guided in that ruling by recent changes to Rule 007, described in Bulletin 2022-04,⁷ which eliminated the exemption to file an application with the Commission for approval to operate own-use power plants. The own-use issue therefore has little if any significance on a go-forward basis.

⁴ For Enforcement staff's allegations related to Contravention 1 outside of the scope of own-use see Exhibit 26379-X0087, Application AUC Enforcement Staff re Westlock, paragraphs 8-10, 25-34.

⁵ For Enforcement staff's allegations related to Contravention 2 see Exhibit 26379-X0087, Application AUC Enforcement Staff re Westlock, paragraphs 35-44.

⁶ Exhibit 26379-X0119, AUC Ruling on Enforcement staff motions and further directions on process, March 28, 2022.

⁷ Bulletin 2022-04: Regulatory streamlining of all new power plants equal to or greater than one megawatt and less than 10 megawatts and exemption to file an application for own-use power plants eliminated, March 24, 2022.

10. As a result of the March 2022 ruling, only two issues remained to be decided in the reopened Phase 1: Contravention 1 (operating Westlock contrary to the *Hydro and Electric Energy Act* and Rule 007) and Contravention 2 (the concealment allegation).⁸

11. In addition to the withdrawal of the own-use issue, in their response to a Commission request for further submissions on Contravention 2, Enforcement staff proposed to withdraw Contravention 2 from further consideration in Phase 1 and instead consider the issue of concealment in the second phase of this proceeding. To support their proposal, they noted that Green Block had admitted Contravention 1 and that the issue of concealment, if proven, may properly be taken into account when considering penalty.

12. In a recent ruling, the Commission accepted Enforcement staff's proposal to withdraw the concealment charge as a stand-alone contravention from the reopened Phase 1 of this proceeding.⁹

13. As a result of the foregoing, only one issue remains to be considered here: did Green Block operate the Westlock Power Plant contrary to the *Hydro and Electric Energy Act* and Rule 007 (Contravention 1)?

3 Did Green Block operate the Westlock Power Plant contrary to the Hydro and Electric Energy Act and Rule 007 (Contravention 1)?

14. The Westlock Power Plant is a facility comprised of six 1.475-megawatt (MW) gas generators in Westlock County, Alberta, which supply power to a set of computers used to mine bitcoins. The general set up of the facility is similar to the Sturgeon and Kirkwall power plants described in greater detail in Decision 26379-D02-2021. Green Block began operating the Westlock Power Plant on March 10, 2021.¹⁰

15. At the time of this alleged contravention, an exemption from the general requirement to obtain Commission approval of a power plant existed under Section 13 of the *Hydro and Electric Energy Act* and Rule 007 for a person who generated electric energy solely for the person's own use. The particulars of the exemption were described in more detail in Rule 007, which required a party to meet all of the following conditions to operate under the exemption:

- the power plant's capacity is less than 10 MW
- the person generates electric energy solely for their own use
- no person is directly and adversely affected
- the power plant complies with Rule 012: *Noise Control*
- there is no adverse effect on the environment.¹¹

⁸ For Contravention 1 see Exhibit 26379-X0087, Application AUC Enforcement Staff re Westlock, paragraphs 8-10, 25-34; for Contravention 2 see paragraphs 35-44.

⁹ Exhibit 26379-X0128, Ruling on further process, May 19, 2022.

¹⁰ Exhibit 26379-X0087, Application AUC Enforcement Staff re Westlock, paragraph 3; Exhibit 26379-X0058, LINK GLOBAL Response to October 15, 2021 Ltr from AUC Enforcement re Investigation of Additional Power Plants, PDF page 2.

¹¹ Decision 26379-D02-2021, paragraph 1.

16. Green Block has admitted that it operated the Westlock Power Plant contrary to the *Hydro and Electric Energy Act* and Rule 007.¹² In particular, Green Block has acknowledged that prior to operating, it failed to take steps to ensure that the Westlock Power Plant: (i) complied with Rule 012; and (ii) would not result in adverse environmental effects. Green Block acknowledged that it did not conduct a noise impact assessment before starting up the Westlock Power Plant, nor did it take steps to determine the environmental effects of the Westlock Power Plant before operating.¹³ The Commission finds that Green Block failed to take any steps to ensure the Westlock Power Plant was in regulatory compliance, including failing to obtain approval for the facility from Alberta Environment and Parks under the *Environmental Protection and Enhancement Act*.¹⁴

17. The Commission accepts Green Block's admission and acknowledgments, and finds that Green Block operated the Westlock Power Plant in contravention of the *Hydro and Electric Energy Act* and Rule 007. The Commission considers that this contravention occurred from March 10, 2021, when the Westlock Power Plant began operating until November 30, 2021, when Green Block ceased operating its Westlock Power Plant in response to a motion by Enforcement staff requesting that the Commission order that the facility be shut down.¹⁵

18. The Commission will consider sanctions for this contravention in the second phase of this proceeding and will issue a process letter for that phase shortly.

Dated on May 25, 2022.

Alberta Utilities Commission

(original signed by)

Kristi Sebalj
Commission Member

(original signed by)

Cairns Price
Commission Member

(original signed by)

Vera Slawinski
Commission Member

¹² Exhibit 26379-X0116, Written Submission on All Outstanding Matters in Proceeding 26379 of Link Global, paragraph 9.

¹³ *Ibid*, paragraphs 8-13.

¹⁴ *Ibid*, paragraph 13.

¹⁵ Exhibit 26379-X0103, AUC ruling – Link Global Technologies Inc. confirmation of voluntary shutdown; Exhibit 26379-X0109, LINK GLOBAL Response to AUC's November 19, 2021 Letter re Voluntary Shutdown Periodic Update #3.