Cryptominers, Buy Energy Right to Improve Hashrate Margins

Three Common Energy-Procurement Mistakes that Imperil Profitability – and How to Avoid Them

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Note: As of pre-market February 2, 2026, Bitcoin traded as low as $74,553, its lowest level since April 7, 2025.

Over the last year, we have seen dozens of press releases from large cryptominers celebrating that they have secured deals for hundreds if not thousands of megawatts of power. In a tight energy market, securing a large, long-term energy contract would seem like a big win, wouldn't it?

Ah, but here's the rub. Energy secured – check. **But at what price?**

Simply put, cryptominers are paying too much for energy – often **way too much** – which, over time, will doom them their operating margins.

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A recent article by Ben Harper in the Hashrate Index, "Why Is Bitcoin Mining Hashrate Falling?," details the three-pronged squeeze Bitcoin miners are currently facing. First, bearish Bitcoin prices are compressing hashrate. Second, regulatory scrutiny in China and other mining hotspots is on the rise, adding "incremental downside pressure to global hashrate." And, third, **weather-driven** energy spikes are making it more expensive to mine – look no further than the 70% rise in natural gas prices (a proxy for electricity prices) this January. Combined, this triple whammy is resulting in razor-thin profit margins – if any at all.

All true and worthy of deeper analysis, but for the purposes of this article, let's keep the focus on energy prices. Yes, weather-driven pricing volatility can and does threaten cryptomining margins, **but weather is just the tip of the energy iceberg**. The real issue – which is rooted in a lack of miner expertise in retail and wholesale energy markets – is much bigger than weather.

Here are three big mistakes we see cryptominers making, and here's how to resolve them:

1. Underestimating their worth to the grid, and therefore their buying power.
It pains us to see miners with loads in excess of 50 MW, 100 MW, 300 MW and more, obediently accepting a utility's rate unchallenged. Bitcoin miners need to understand they are highly desirable clients to retail energy suppliers, regardless of what you've heard. Why? Because Bitcoin miners embrace **interruptible** power supply. That means when things get tough for the grid, you can be a good citizen and help out. And, if you're smart about energy, you can make large sums of cash for your curtailment (your willingness to not use energy at times it is most difficult for the grid to provide it). We have customers who have **made anywhere from $2MM to $30MM annually** by enrolling in the right demand response (DR) programs. Additionally, cryptominers can shift production to times when energy is **cheapest**. In both cases, we see too many miners giving this money away purely because they didn't know better and leverage their advantages.

2. Not making energy suppliers work harder – much harder – for your business.
Making retail energy suppliers compete for your energy contracts is the best thing you can do for your hashrate and long-term operating margins. Even in states or territories where the supplier pool is limited, the size of your load should open the door to other opportunities. You need to work with an advisor who knows all the industry players – you'd be surprised what these other players are willing to do to make your situation work, and how much margin they are willing to sacrifice to beat the competition and win your business.

Also, beyond this kind of big deal making, **the smaller details of the contract really matter** and are too often overlooked by cryptominers inexperienced in *retail and wholesale energy deal making*. We've seen recent examples of miners landing seemingly good deals – looking through the lens of commodity price – only to find that they are paying a gobsmacking price for a supplier's "cost to serve," i.e., their minimum margin requirements. In a recent case, we saw a $0.025/kWh adder for cost to serve, when we knew from experience most suppliers who would provide that same service for 90% less.

For a 300 MW site using 200 million kWh per month, this predatory fee adds a whopping $6 million per year to the energy bill. Additionally, this miner is in the midst of rocket ship growth,

which will result in lining the supplier's pocket with extra millions for what we and other experienced advisory services know is a basic commodity service.

That's why we stress competing your energy contract. Our online auction approach maximizes competition for your contract and allows you, with our help, to test every variety of term and product possible, so you can leverage your advantages and extract the best price from the market. For example, knowing you can handle interruptible service, we'll ensure suppliers price your energy flexibility accordingly. We can also auction any adders, such as the cost-to-serve fee mentioned above, so you can see who will provide that basic service for the least amount of money, potentially saving you millions.

3. Whatever you do, don't sole source.

The biggest trap cryptominers fall into is thinking only one utility or supplier can meet their massive power demands. This isn't true. Take a broader view, and let an expert help you. Once you rely on the data and promises of a single supplier, without a process that introduces checks and balances, as well as competition, you are setting yourself up for higher-than-needed energy costs and the possibility of a long-term overhang on your profitability.

Conclusion

It's time to stop celebrating securing needed power without scrutinizing its cost. A great energy advisor knows the right questions to ask, the right players to involve, and the right competitive process to make energy work for you and your operating margins. Servicing the needs of cryptomining clients with nearly 3 GW of load in the U.S., Transparent Energy is the right advisor and should be your first and last call.

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For more information on how Transparent Energy can help your cryptomining operations source energy more strategically, contact us at LetsTalk@TransparentEdge.com.