

Government Day Report

Analysis of Key Discussions and Outcomes

Date: July 9, 2024

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Premier Danielle Smith

Premier Danielle Smith provided a compelling keynote address, emphasizing Alberta's commitment to becoming a leader in blockchain technology and digital assets.

Key Takeaways from Premier Danielle Smith's Address:

- Premier Smith emphasized Alberta's commitment to becoming a leader in blockchain technology and digital assets.
- She highlighted the province's competitive advantages, including its robust technological infrastructure and business-friendly environment.
- Premier Smith called for an integrated approach to policy-making that balances innovation with regulation.

Quotes from Premier Danielle Smith:

- "Alberta is poised to be at the forefront of the digital asset revolution. Our government is committed to creating a supportive environment that balances innovation with robust regulatory frameworks."

- "We are introducing a 'Bring Your Own Power' policy for miners, allowing them to generate their own electricity and sell excess power back to the grid. This initiative aims to support sustainable and cost-effective mining operations."

Government Remarks:

- She addressed the audience with a mix of personal anecdotes and policy updates, emphasizing her commitment to fostering a business-friendly environment in Alberta. She acknowledged past interactions with Koleya and expressed some nervousness about the progress on making the province more investor-friendly. The Premier highlighted the importance of the technology and FinTech sectors, mentioning efforts to reduce bureaucratic hurdles and regulatory red tape, including a regulatory sandbox for financial services.

She outlined Alberta's competitive tax regime and efforts to support FinTech and innovation, such as reducing compliance costs and creating a Financial Services Concierge to help businesses navigate regulations. The Premier also emphasized the need for cross-ministry collaboration and highlighted specific ministers and officials involved in these efforts.

The Premier shared insights on Alberta's digital strategy, including the integration of AI and data centers into the energy sector. She stressed the importance of affordable energy supply for the tech industry and suggested that companies develop their own electricity solutions to streamline processes. The talk concluded with an invitation for feedback and continued dialogue to drive innovation and investment in the province.

Minister Dale Nally

Minister Dale Nally of Service and Red Tape Reduction provided an insightful presentation on Alberta's efforts to eliminate unnecessary regulations and bureaucracy.

Key Takeaways from Minister Dale Nally's Speech:

- Alberta has eliminated over 200,000 regulatory requirements, saving job creators approximately \$2.75 billion.
- The province offers low corporate taxes and expedited approval processes for energy projects, making it an attractive destination for blockchain businesses.
- Minister Nally emphasized Alberta's business-friendly environment and commitment to supporting the blockchain and digital asset industries.

Quotes from Minister Dale Nally:

- "When we campaigned in 2018, we said we're going to eliminate 33% of the red tape, and we've made significant progress. Alberta is open for business, and we welcome blockchain and digital asset companies to our province."
- "We want to be a jurisdiction where you can do business easily. We have low corporate taxes and reduced red tape. For example, a 10-megawatt generator can get approved in under 10 days. We are working on an automatic 'yes' policy to further streamline regulatory processes."

Government Remarks:

- Minister Dale Nally, the Minister of Service and Red Tape Reduction, spoke about his role in reducing regulations and bureaucracy to create a more business-friendly environment in Alberta. He highlighted the province's commitment to eliminating 33% of regulatory red tape, having already removed over 200,000 regulatory requirements and saving job creators \$2.75 billion. Nally emphasized Alberta's openness to blockchain and Bitcoin, contrasting the province's supportive stance with other jurisdictions that may vilify the industry. Nally also discussed Alberta's business advantages, such as low corporate taxes, reduced red tape, and quick approval processes for generators. He introduced an initiative for an "automatic yes" policy, ensuring timely approval or rejection of projects to further enhance business efficiency. Overall, Nally reinforced Alberta's dedication to fostering a supportive environment for the blockchain and cryptocurrency industries.

He highlighted Alberta's commitment to supporting the blockchain and cryptocurrency industries. He expressed gratitude to his colleagues, including various ministers and the premier, for their presence and support at the event, demonstrating the government's dedication to the industry. Nally shared his realization that Bitcoin is a "freedom currency" during a trip to Texas, appreciating its transparency and resistance to government interference, which aligns with Alberta's values as a freedom-loving jurisdiction.

Nally emphasized Alberta's business-friendly environment, noting the province's low corporate taxes, absence of a provincial sales tax (PST), and affordable living costs. He highlighted Alberta's significant natural gas reserves, which provide affordable energy crucial for data mining and blockchain operations. The province's regulatory advantages include a financial services sandbox for FinTech startups, a financial services concierge, and welcoming regulations for captive insurance companies.

He outlined a roadmap with three pillars to further support the blockchain industry:

1. Financial steps to create a desirable space for the blockchain industry, including exploring legal possibilities for provincial classification of cryptocurrencies.
2. Leveraging Alberta's abundant resources for the crypto mining industry, identifying areas where energy can be recycled or captured, and exploring options to increase energy production limits.
3. Exploring opportunities for government support of blockchain technology beyond crypto mining, both within government and the private sector.

Nally encouraged ongoing feedback from the industry to help shape these initiatives and thanked the Canadian Blockchain Consortium for their role in raising awareness and facilitating connections. He invited attendees to reach out with recommendations on how the government can further support the blockchain industry's growth in Alberta.

Executive Summary

The Government Day roundtable discussions on July 9th, 2024, brought together key stakeholders from the digital asset industry and government officials to address critical issues and opportunities within the sector. The meeting focused on four primary areas: innovation in

digital assets, energy and sustainability in mining, policy and regulatory frameworks, and collaboration between government and industry.

Key Takeaways

- **Innovation in Digital Assets:** Alberta must foster continuous innovation to remain competitive on a global scale. Participants highlighted the role of blockchain technology and digital assets in driving future economic growth.
 - **Energy and Sustainability:** The conversation addressed the environmental impact of digital asset mining and discussed sustainable practices and technologies to mitigate these effects. It underscored the importance of renewable energy sources and energy-efficient mining operations.
 - **Policy and Regulatory Framework:** Participants stressed the need for a clear and robust regulatory framework that supports industry growth while protecting consumers. They called for policies that encourage innovation and investment while ensuring compliance and security.
 - **Collaboration:** Highlighted the critical role of government-industry cooperation in developing effective policies and initiatives. Participants advocated for ongoing dialogue and partnerships to drive forward-thinking solutions and support the digital asset ecosystem in Alberta.
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Introduction

The roundtable discussions held on July 9th, 2024, were part of a concerted effort by the Government of Alberta and the Canadian Blockchain Consortium to engage with regulators, industry leaders, and stakeholders in the digital asset sector. The objective was to explore the industry's challenges and opportunities and develop actionable strategies for fostering innovation, sustainability, and regulatory compliance.

Background and Context

The digital asset industry has seen significant growth over the past decade, driven by advancements in blockchain technology and increasing adoption of cryptocurrencies. With its robust technological infrastructure and supportive business environment, Alberta is well-positioned to become a hub for digital asset innovation. However, this growth comes with challenges, including environmental concerns related to mining operations and the need for a comprehensive regulatory framework.

Objectives of the Meeting

The primary objectives of the roundtable discussions were to:

1. Identify critical areas of innovation within the digital asset industry.
 2. Address environmental sustainability issues associated with digital asset mining.
 3. Discuss the development of a robust policy and regulatory framework.
 4. Foster collaboration between the government and industry stakeholders.
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Key Topic Discussions

Topic 1: Innovation in Digital Assets

Discussion Points:

- The importance of fostering a culture of innovation within the digital asset sector.
- The role of blockchain technology in driving economic growth and transformation.
- Emerging trends and technologies in digital assets, including decentralized finance (DeFi) and non-fungible tokens (NFTs).
- There is a need for investment in research and development to stay ahead in the global market.

Key Takeaways:

- Continuous innovation is crucial for maintaining a competitive edge.
- Collaboration between academic institutions, industry, and government can drive significant advancements.
- Investment in emerging technologies will position Alberta as a leader in the digital asset space.

Action Items:

- Develop a funding program for R&D in blockchain technology.
- Establish partnerships between academic institutions and industry for collaborative research projects.
- **Timeline:** Q3 2024

Quotes:

- "Innovation is the lifeblood of the digital asset industry. We must invest in R&D to stay ahead of global trends."
- "Blockchain technology has the potential to transform our economy. We must foster an environment conducive to innovation."

Analysis:

The discussions highlighted the need for a supportive ecosystem that encourages innovation. Participants emphasized the importance of collaboration between various stakeholders to drive advancements in the digital asset sector. The role of blockchain technology as a transformative force in the economy was a recurring theme, underscoring the need for investment in research and development.

Topic 2: Energy and Sustainability in Mining

Discussion Points:

- The environmental impact of digital asset mining operations.
- Sustainable practices and technologies to reduce the carbon footprint of mining.

- The potential of renewable energy sources to power mining operations.
- Strategies for energy-efficient mining and reducing operational costs.

Key Takeaways:

- Sustainability is a critical issue for the digital asset industry.
- Renewable energy sources can significantly reduce the environmental impact of mining.
- Energy-efficient mining practices are essential for long-term viability and cost reduction.

Recommendations:

- **Simplify and streamline the application process** for digital asset miners by creating a joint statement and checklist from regulatory bodies such as the AUC, AESO, and AER.
- **Establish a unified development code** specific to data centers and Bitcoin mines to streamline the barrier of entry and reduce the need to interact with multiple departments.
- **To ensure consistent messaging and policies, better cohesion and communication** among regulatory bodies (AER, AESO, AUC) must be fostered.
- **Encourage off-grid mining strategies** and support using stranded gas assets for digital asset mining.
- **Develop a framework to classify and manage different types of gas** (vented, flared, production, stranded) for better integration with the Tier program.
- **Explore opportunities for digital asset miners to contribute to grid stability** through demand response programs and selling power to the grid during peak demand times.
- **Promote the creation of business parks** that allow companies to co-locate their generation facilities with data centers, reducing transmission and distribution costs.
- **Signal support from multiple regulatory sources for the use of associated or flared gas in Bitcoin mining** to clarify existing policies and encourage oil and gas operators to explore Bitcoin mining.
- **Timeline:** Q4 2024

Quotes:

- "Sustainability must be at the forefront of our mining operations. We need to adopt practices that reduce our carbon footprint."
- "Renewable energy is not just an option; it's a necessity for the future of digital asset mining."

Analysis:

Participants were highly concerned about digital asset mining's environmental impact. Discussions centred on the need for sustainable practices and the adoption of renewable energy sources. Participants highlighted the importance of energy-efficient mining operations to reduce costs and minimize environmental harm. The consensus was that sustainability should be a top priority for the industry moving forward.

Topic 3: Policy and Regulatory Framework

Discussion Points:

- There is a need for a clear and comprehensive regulatory framework for the digital asset industry.
- Balancing regulation with the need to encourage innovation and investment.
- Ensuring consumer protection and compliance with security standards.
- The role of government in facilitating industry growth through supportive policies.

Key Takeaways:

- A robust regulatory framework is essential for industry growth and consumer protection.
- Policies should strike a balance between regulation and fostering innovation.
- Government support is crucial for creating a conducive environment for the digital asset industry.

Recommendations:

- **Collaborate with banks and cybersecurity experts** to develop best-in-class standards to support the digital asset industry and improve access to banking.
- **Engage with financial institutions** to ensure restricted dealers have access to bona fide financial institutions, addressing systemic risks and compliance issues.
- **Consider implementing regulatory frameworks and policies** that encourage the use of blockchain and digital assets in government operations and for service payment.
- **Develop a strategic plan for Canada** to adopt digital assets into the ecosystem, ensuring global competitiveness.
- **Address the need for specific asks when approaching regulators** to ensure clear and actionable responses.
- **Timeline:** Q1 2025

Quotes:

- "We need a regulatory framework that protects consumers while encouraging innovation and investment."
- "Government policies should facilitate industry growth and provide a clear roadmap for compliance."

Analysis:

The discussion's need for a clear and comprehensive regulatory framework was a key theme. Participants emphasized balancing regulation with the need to encourage innovation and investment in the digital asset sector. Ensuring consumer protection and compliance with security standards were identified as critical components of any regulatory framework. The role of government in facilitating industry growth through supportive policies was also highlighted.

Topic 4: Collaboration between Government and Industry

Discussion Points:

- The importance of ongoing dialogue between the government and industry stakeholders.
- Collaborative efforts to develop effective policies and initiatives.
- The role of partnerships in driving innovation and addressing industry challenges.
- Strategies for fostering a collaborative environment.

Key Takeaways:

- Collaboration between government and industry is essential for developing effective policies.
- Ongoing dialogue and partnerships can drive innovation and address industry challenges.
- A collaborative environment is crucial for the long-term success of the digital asset industry.

Recommendations:

- Organize regular roundtable discussions and forums for ongoing dialogue.
- Establish a task force to oversee collaborative projects and initiatives.
- Increase awareness and education about digital assets and blockchain technology among Alberta residents, government sectors, municipalities, the international community, and Canadian entrepreneurs.
- **Timeline:** Ongoing

Quotes:

- "Collaboration between government and industry is the key to developing effective policies and driving innovation."
- "We must foster a collaborative environment to address the challenges and opportunities in the digital asset sector."

Analysis:

The discussions underscored the importance of collaboration between the government and industry stakeholders. Participants advocated for ongoing dialogue and partnerships to develop effective policies and initiatives. The role of collaboration in driving innovation and addressing industry challenges was highlighted as a critical factor for the long-term success of the digital asset industry.

Summary

The roundtable discussions on July 9th, 2024, provided valuable insights into the challenges and opportunities within the digital asset industry. The key takeaways highlighted the importance of fostering innovation, addressing sustainability, developing a robust regulatory framework, and encouraging collaboration between the government and industry stakeholders. The follow-up action items outlined in this report provide a roadmap for leveraging the opportunities identified during the meeting.

Appendices

The appendices include transcription excerpts, additional data, and charts relevant to the discussions.

This report captures the essence of the roundtable discussion, providing detailed insights into the economic, regulatory, and technological aspects of integrating blockchain technology in Alberta. It serves as a valuable resource for stakeholders looking to understand and navigate the evolving blockchain landscape in the province.