

**UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF ELECTRICITY DELIVERY & ENERGY RELIABILITY**

DMG Blockchain Solutions Inc.

Docket No. EA - _____

**APPLICATION OF DMG BLOCKCHAIN SOLUTION INC.
FOR AUTHORIZATION TO TRANSMIT ELECTRICITY TO CANADA**

DMG Blockchain Solutions Inc. (“DMG”) or (“Applicant”) seeks authorization to transmit electricity to Canada pursuant to Federal Power Act (“FPA”) Section 202(e) and Part 205, Subpart W of the United States Department of Energy’s Regulations, hereby files its application for blanket authority to transmit electric energy from the United States to Canada (“Application”) for a term of five (5) years.

I.

Description of Application

The exact legal name of the Applicant is DMG Blockchain Solutions Inc. DMG is a British Columbia corporation with its office and principal place of business in Vancouver, British Columbia, Canada and has a US subsidiary in Sunnyvale, California for software development. DMG is a publicly listed company listed on the TSX Venture Exchange. DMG is a consumer of power, whose primary business is to host servers whose primary function is to ensure the security of public blockchains as well as other high-performance computing applications. This business requires large amounts of power, which DMG is currently consuming approximately 15 megawatts on a steady load basis and has plans to grow to up to 60 megawatts in the next year with potentially larger amounts in the future as DMG may add new facilities. DMG intends to utilize exported power only for its hosting customer needs.

DMG does not own, operate or control any electric power transmission or distribution facilities, nor is it affiliated with an entity that owns, operates or controls such facilities in the United States. DMG does not own, operate or control any electric generation assets, nor is it affiliated with any entity that owns generation assets in the United States. Neither DMG nor any of its affiliates holds a franchise or service territory for the transmission, distribution or sale of electric power.

II.

Correspondence

Correspondence concerning this Application should be directed to the following:

Mr. Sheldon Bennett
DMG Blockchain Solutions Inc.
Chief Operating Officer
1090 Homer Street, Suite 490
Vancouver, British Columbia V6B 2W9
Canada
Phone: (604) 710-7269
sheldon@dmgblockchain.com

III.

Other Government Agencies Having Jurisdiction

DMG believes the Department of Energy (“Department”) is the only governmental agency that has authority over this application.

IV.

Description of Transmission Facilities

DMG intends to export electric energy over existing Transmission interconnections between Canada and the United States. DMG requests authority to export electricity to Canada over any international transmission facility authorized by the Presidential permit that is appropriate for open access transmission by third parties in accordance with the assessment made

by the United States Department of Energy of the transmission limits for operation in the export mode. Initially, DMG intends to export from the Bonneville Power Administration transmission facility in Blaine, WA as authorized by presidential permit PP-10. DMG may expand this over time to include other transmission facilities authorized for export.

V.

Technical Discussion of Proposal

In previous orders granting export authorization, the Department has indicated its reluctance to follow a rigid application of the information filing requirements contained in its regulations. Instead, the Department has employed a flexible approach, taking into consideration the unique nature of the Applicant in terms of the Department's assessment of any reliability analysis. The Department has concluded that the existing technical analyses supporting the present export authorizations via international border transmission facilities are sound and will be applied to Applicants seeking to use these facilities. DMG respectfully requests that the Department continue to use this standard during its review of the Application.

DMG requests authority to transmit electric power to Canada as a power consumer. As noted above, DMG does not own or control any power supply system on which its exports of power could have a reliability or stability impact. DMG will purchase power to be exported from electric utilities, federal power marketing agencies, qualifying cogeneration, small power production facilities and exempt wholesale generators as those terms are defined in the FPA. Any power purchased by DMG for export would be surplus to the needs of those entities selling power to DMG. Thus, as required by FPA Section 202(e), the exports proposed herein by DMG will not impair the sufficiency of power in the United States, nor will the transactions impede or tend to impede the coordinated use of U.S. transmission facilities.

VI.

Compliance with Conditions and Procedures

Approval of this Application could foster a more efficient and competitive North American Energy market. Thus, this Application is consistent with the North American Free Trade Agreement (1993), potential successor agreements and United States energy policy.

DMG proposes to abide the general conditions consistent with previous grants of authorizations to power consumers as set forth in its previous orders, as described herein. From time to time, DMG may enter into agreements with third parties which involve the export of electric power from the United States to Canada. Exports made by DMG over the subject of transmission facilities will not exceed the export limits for the facilities, or otherwise cause a violation of the terms and condition set forth in the export authorizations applicable to each. When scheduling delivery of power, DMG will comply with the applicable North American Reliability Council reliability criteria, standards and guidelines. Within thirty (30) days following the end of each calendar quarter, DMG will provide the Department with reports indicating the gross amount of electricity delivered to Canada, its cost of energy paid during each month and the maximum hourly rate of transmission.

VII.

Exhibits and Attachments

The following Exhibits and Attachments are included with this Application pursuant to 10 C.F.R. Section 205.303:

<u>Exhibit A</u>	Agreements – Not Applicable
<u>Exhibit B</u>	Legal Opinion of DMG’s Counsel
<u>Exhibit C</u>	Transmission System Information
<u>Exhibit D</u>	Non-U.S. Applicant’s Power of Attorney

Exhibit E

Statement of any Corporate Relationship or Existing Contract
Which in Any Way Relates to the Control or Fixing of Electric
Power – Not Applicable

Exhibit F

Operating Procedures Regarding Available Capacity and Energy
Power – Not Applicable

VIII.

Other

Pursuant to 10 C.F.R. Section 205.309, a copy of this Application has been served on the Secretary of FERC.

IX.

Conclusion

WHEREFORE, DMG respectfully requests that the Department review and grant this Application for blanket authority to transmit electric energy to Canada for a term of five (5) years on substantially the same terms and conditions applied to similarly situated Applicants.

Respectfully submitted,



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Attorney for DMG Blockchain Solutions Inc.

Dated: January 29, 2020

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) Docket No. EA - _____

VERIFICATION

Province of British Columbia, Canada)
City of Vancouver)

NOW BEFORE ME, the undersigned authority, personally came and appeared, Sheldon Bennet who, after first being duly sworn by me, did depose and say:

That he is Chief Operating Officer for DMG Blockchain Solutions Inc., that he has the authority to verify the foregoing Application on behalf of DMG Blockchain Solution Inc., and that to the best of his knowledge, information and belief, all of the statements contained in said Application are true and correct:

Sheldon Bennett
Chief Operating Officer
DMG Blockchain Solutions Inc.

Subscribed and sworn to before me on
this _____ day of January 2019

Notary Public

Exhibit A

Agreements

NOT APPLICABLE

Exhibit B

Legal Opinion of DMG's Counsel

LEGAL OPINION

The following opinion is given in support of the Application of DMG Blockchain Solutions Inc. dated January 29, 2020 for an Authorization to Transmit Electric Energy to Canada.

- (1) I am an attorney at law, authorized to practice law in British Columbia, Canada.
- (2) I serve as counsel for DMG Blockchain Solutions Inc., a duly organized and validly existing corporation, which is in good standing under the laws of British Columbia, Canada.
- (3) To the best of my knowledge and belief, DMG Blockchain Solutions Inc., pursuant to a Federal Energy Regulatory Commission authorization Application, is a power consumer in Canada.
- (4) To the best of my knowledge and belief, DMG Blockchain Solutions has complied with Section 202(e) of the Federal Power Act and all pertinent Federal and state laws relevant to the Application.



Carey D. Veinotte

Counsel for DMG Blockchain Solutions Inc.

Dated: January 29, 2020

Exhibit C

Transmission System Information

January 2018

DOE Presidential Permit Electric Transmission Facilities Appropriate for Export

Present Owner	Location	Voltage	Presidential Permit No.¹
Bangor Hydro-Electric Company	Baileyville, ME	345-kV	PP-89
Basin Electric Power Cooperative	Tioga, ND	230-kV	PP-64
Bonneville Power Administration	Blaine, WA	2-500-kV	PP-10
	Nelway, WA	230-kV	PP-36
	Nelway, WA	230-kV	PP-46
Eastern Maine Electric Cooperative	Calais, ME	69-kV	PP-32
International Transmission Co.	Detroit, MI	230-kV	PP-230
	Marysville, MI	230-kV	PP-230
	St. Claire, MI	230-kV	PP-230
	St. Claire, MI	345-kV	PP-230
ITC Lake Erie Connector	Erie County, PA	320-kV	PP-412 ²
Joint Owners of the Highgate Project	Highgate, VT	120-kV	PP-82
Long Sault, Inc.	Massena, NY	2-115-kV	PP-24
Maine Electric Power Company	Houlton, ME	345-kV	PP-43
Maine Public Service Company	Limestone, ME	69-kV	PP-12
	Fort Fairfield, ME	69-kV	PP-12
	Madawaska, ME	138-kV	PP-29
	Aroostook, ME	2-69-kV	PP-29
Minnesota Power, Inc.	International Falls, MN	115-kV	PP-78
	Roseau County, MN	500-kV	PP-398 ²
Minnkota Power Cooperative	Roseau County, MN	230-kV	PP-61
Montana Alberta Tie Ltd	Cut Bank, MT	230-kV	PP-305
New York Power Authority	Massena, NY	765-kV	PP-56
	Massena, NY	2-230-kV	PP-25
	Niagara Falls, NY	2-345-kV	PP-74
	Devils Hole, NY	230-kV	PP-30
Niagara Mohawk Power Corp.	Devils Hole, NY	230-kV	PP-190
Northern States Power Company	Red River, ND	230-kV	PP-45
	Roseau County, MN	500-kV	PP-63
	Rugby, ND	230-kV	PP-231
Sea Breeze Olympic Converter LP	Port Angeles, WA	±450-kV DC	PP-299 ²
Vermont Electric Power Co.	Derby Line, VT	120-kV	PP-66
Vermont Electric Transmission Co.	Norton, VT	±450-kV DC	PP-76

1. These Presidential permit numbers refer to the generic DOE permit number and are intended to include any subsequent amendments to the permit authorizing the facility.
2. These transmission facilities have been authorized but not yet constructed or placed in operation.

Exhibit D

Non-U.S. Applicant's Power of Attorney

TBD

Exhibit E

**Statement of any Corporate Relationship or Existing Contract
Which in Any Way Relates to the Control or Fixing of Electric Power**

NOT APPLICABLE

Exhibit F

Operating Procedures Regarding Available Capacity and Energy

Power

NOT APPLICABLE