

Green Cryptocurrencies And Their Importance

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In brief

The corporate world has progressively focused on concerns relating to the environment. As a result, in recent years, several companies have decided to cut their carbon emissions.

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In one of the tweets, Elon Musk of Tesla has told the world that Tesla will not be investing in Bitcoin anymore because he was concerned about the "rapidly increasing use of fossil fuels" for mining purposes. Bitcoin has coal as the maximum emission of any fuel. As a result, Bitcoin consumes greater energy than the entire countries of Sweden and Malaysia, as reported by the Institute of Cambridge Bitcoin Electricity Consumption Index.

Need For Green Cryptocurrencies

Elon Musk wanted to invest in a cryptocurrency that would use less than 1% of Bitcoin's energy. This curved the way for green digital tokens to rise in popularity. Tesla and several other large corporations have started to search for cryptocurrencies with a carbon footprint much smaller than that of Bitcoin.

However, it is to be noted that it is not easy to mark a cryptocurrency that is "greener" than the others. Several cryptocurrencies have a way lower energy footprint naturally due to the lesser number of daily transactions when compared to a popular digital asset like Bitcoin.

Bitcoin depends on a 'proof of work' system, which requires many calculations that process lots of power to create a single token. However, the cryptocurrencies that use 'proof of storage' or 'proof of stake' consume lesser energy, just like currencies that use a technology known as block-lattice, which does not demand to mine.

The Climate Suffers As The Value Of Bitcoin Rises

The market dynamics have a huge role to play in the consumption of energy of digital currencies. In several cases, market crashes resulting in a price drop of cryptocurrencies like Bitcoin and Ethereum lead miners to slow their device down as it is unprofitable to use the machine at that price.

The Digiconomist in 2018 estimated that the miners of Ethereum had halved their energy consumption because of the price rise. As the cost of cryptocurrencies has increased in 2021, so has the consumption of energy by them. Sometimes, trading Bitcoin can require assistance get trading Bitcoin.

Green Cryptocurrencies Present In The Market

Solar Coin is a global, decentralized coin that can be traded and invested like any other cryptocurrency. It creates 1 Solar Coin for each Megawatt hour developed from Solar technology thus, saving electricity.

BitGreen (BITG) - founded in the year 2017, BitGreen was a response to the impact on the environment by Bitcoin. It is a community-driven enterprise and an energy-efficient substitute to proof of work concurrence with digital currencies. A non-profit foundation was built by the company to look after the maintenance of the BitGreen project. BitGreen uses a lower energy proof of stake algorithm. Furthermore, it aims to incentivize eco-friendly actions, for example, buying a small cup of coffee and volunteering for the cause.

Cardano - was established by Charles Hoskinson, the co-founder of Ethereum. Cardano uses a "proof of stake" consensus system; hence, it saves more energy. Those who are willing to participate need to purchase tokens to be a part of the network. This saves a huge amount of energy, consuming around 6GWh of power.

Nano (NANO) - it is free, swift, and uses a lot lesser energy than several other cryptocurrencies. It came into existence in the epilogue of 2015 and had a comparatively smaller carbon footprint. In addition, it operates on lattice technology which is energy efficient.

Conclusion

With the increased exploitation of coal, it is now time to take measures and bring the situation under control. The above-mentioned green cryptocurrencies can be great alternatives to digital currencies that use enormous fuel for electricity.