BitF: The Carbon Offset, Proof-of-Stake, Bitcoin

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Abstract

BitF (BITF) is a project inspired by the original Bitcoin blockchain. BitF has a total supply of 25m coins that will be minted through a proof-of-state rewards rather than traditional mining. The proof-of-stake reward system removes the unnecessary power consumption associated with mining. Stakeholders and those who run servers (masternode operators) are rewarded for every block that is minted. This is not only an environmentally friendly practice, it is also less costly. Environmental stewardship is the responsibility of every technology. While energy efficient, BitF has a carbon footprint, and the BitF budget outlines the amount that BitF will pay in carbon offset.

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1. Introduction

Satoshi Nakamoto's contribution to the world was nothing short of genius. "His" code allowed for the peer-to-peer transfer of wealth in a secure, direct fashion. Wherever there is an internet connection there is the possibility to securely transfer value using Bitcoin.

Bitcoin does not have any economic controls other than the baked-in inflation mechanism that will continue until 21m coins are minted.

BitF in similar fashion inflated and distributes rewards - however we use POS rather than mining as an energy friendly way to distribute the coin.

POS rewards are paid out to every masternode and stakeholder of BitF.

2. What is Bitcoin and Mining?

Bitcoin is a ledger that is distributed through a large global network of "nodes". The ledger is a record of every coin and every transaction ever made with Bitcoin. When someone initiates a transfer of Bitcoin - each "node" on the network has the task of verifying transactions. When a number of nodes have verified the transaction it gets written to the permanent ledger and the transaction is complete. Having a global network of nodes with copies of the Bitcoin ledger is what makes the network secure.

With Bitcoin, the verified transactions are added to a block that is produced every few minutes through a process called mining. Nodes on the Bitcoin global network compete to add blocks to the ledger by solving a complex math problem. The computer who solves the problem first gets the block and receives a block reward for doing so. Once Bitcoin reaches it max supply of 21m coins there will be no more block reward and miners will survive on transaction fees alone to keep the network going.

Solving the complex math codes has led to record power consumption by miniers. Mining is expensive and it has a measurable detrimental effect on the environment. The power required to mine has increased over the years to the point where Bitcoin now uses more power than some countries.

3. Eliminating Mining For Proof-Of-Stake

Technology has advanced since Bitcoin was released in 2009. It is no secret that Bitcoin is a major consumer of electricity. Until the 21m coins are minted, data centres around the world generate heat through using copious amounts of power attempting to solve blocks and gain more coins. This mining expedition is a short term exercise until all the coins are minted, but in the meantime, Bitcoin's carbon footprint is less than impressive.

Proof-of-stake is more economical way to mint coins than mining. Rather than using complex computing power to mine, new coins that are minted are distributed to the masternodes that run the network and to everyone who holds BitF proportionately. POS ensures everyone has a chance to participate and increase their holding without the negative environmental impact of mining.

A masternode is a server run by someone who believes in the BitF project enough that they are willing to put up "collateral". Masternodes process transactions, vote on budgets and host copies of the blockchain. They are paid a portion of POS rewards to offset server costs as well as provide incentive to participate in keeping the BitF network stable. Masternodes are required to put up collateral which is currently set at 5000 coins in order to run a node. Anyone can operate a node using our Linux or Windows software which is available on Github.

The POS reward system pays out 75% of the block reward to masternodes and 25% to anyone holding the coin. This ensures a secure network with lots of nodes and a fair reward to everyone who stakes BitF before the 25m coins are distributed.

4. The Reward Structure

BitF will control a majority holding which it will never sell increasing scarcity significantly. These funds will be used to host masternodes. The rewards from the masternodes will be used to buy carbon offset credits which will be publicly displayed on the website.

5. BitF Structure

BitF is the Bitcoin based asset with proof-of-stake and a carbon offset plan. Stakeholders gain more BitF simply by owning it - while masternode operators are given the responsibility of helping to run the the network.

6. Masternode System

The masternode system is a democratic system that requires a user to stake at least 5000 coins in order to run a node on our network. As an owner of the node they are entitled to rewards for the cost of their time and energy. This system is different than the original Bitcoin codebase as it allows for participation by committed stakeholders rather than miners ensuring a more stable network.

Running a masternode on the BitF network can be done with an inexpensive VPS server. Through running your own node you have the possibility of earning substantially more BitF than simply by holding it.

6. How is BitF Distributed?

BitF is built on a Bitcoin base which means that it is a scarcity coin - there is a limited supply of 25m BitF. No other coins will ever exist.

There are 17.5m coins that are yet to be discovered - these coins will be distributed via POS rewards to masternodes and anyone who holds the coin until the total 25m have been minted.

7.5m was premined to help secure a stake for the company, its founders, future incentives for BitF development, and the first coins to sell at market. The company stake belongs to the BitF who will use its stake to derive POS rewards to run masternodes and pay Carbon Offset on behalf of the blockchain.

Distribution is as follows:

BitF 4m
Founder 1m
Co-founder 500k
Masternode Stakes 250k
Development Bounties 250k
Sold at market 1.5m

8. Conclusion

BitF is an application of the blockchain to solve the real world problem of providing a digital asset that does not contribute to climate change. It is our aim to reduce any emission contributed by our network by paying carbon offset through an agreement with CarbonFund.org. We have attempted to make our coin as environmentally friendly as possible by providing a framework that can be run on an inexpensive server instance. Through the elimination or mining and the introduction of a carbon offset program - we will both reduce and pay for our environmental impact.

BitF is a transactional currency that aims to be a model for the Digital Asset world. Our coin is not only designed to be energy efficient but BitF has its own stake that it will use to pay Carbon Offset on behalf of the blockchain. The BitF stake reduces the available supply to 21m.

Fast, secure, efficient and low cost as some of the ways to describe BitF. We are trying to build a transactional currency that is efficient, stable, and most of all - environmentally friendly.