

Florida's Dependence on Imported Coal

The cost of importing coal is a drain on the economies of many states that rely heavily on coal-fired power. Thirty-seven states were net importers of coal from other states and nations in 2012. The scale of Florida's annual coal import dependence is discussed here, along with ways to keep more of that money in-state through investments in energy efficiency and homegrown renewable energy.¹

Despite having no in-state coal supplies, Florida relied on coal for 20 percent of its in-state electricity generation in 2012 (EIA 2013). Florida's power producers paid nearly **\$1.3 billion** annually to import 14.5 million tons of coal from as far away as Illinois and Colombia. As a result, Florida ranks fifth nationally for money spent on net coal imports and second for expenditures on international imports.

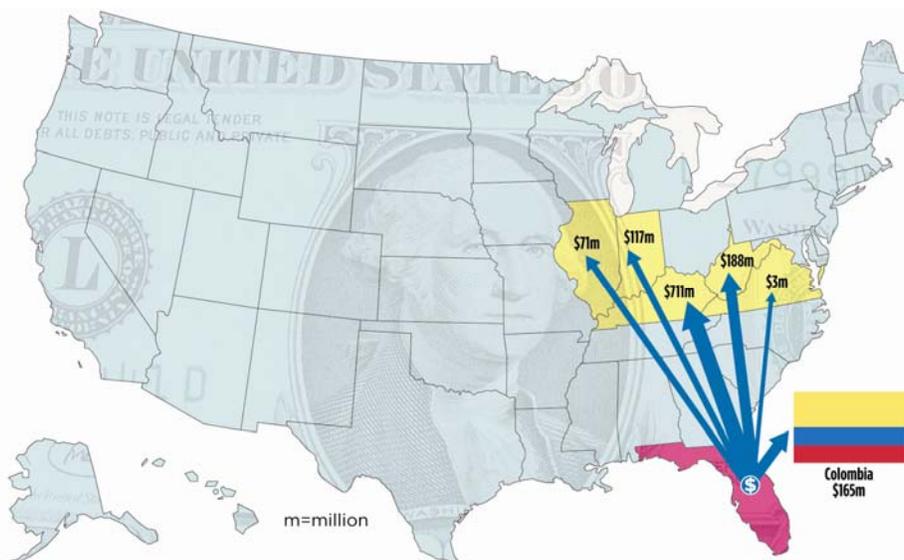
Seminole Electric Cooperative sent \$282 million out of Florida to purchase coal in 2012—22 percent of the state's total and more than any other electricity provider. Four additional Florida utilities also spent more than \$100 million on out-of-state coal imports in 2012, including JEA, TECO Energy, Gulf

Power, and Duke Energy.

Florida's dependence on coal generation and coal imports has been declining primarily as a result of greater dependency on generation from lower-cost natural gas. From 2008 to 2012, natural gas generation in Florida increased from 47 percent to 68 percent as coal generation declined from 30 percent to 20 percent (EIA 2013). During this period the tonnage of coal imported declined by 35 percent. Yet, coal expenditures dropped by just 19 percent as the average price paid for coal in Florida increased from \$70.04 per ton to \$88.16 per ton, which are among the highest prices in the United States.

While switching from coal to natural gas offers some near-term air quality and cost benefits, there is growing evidence that an overreliance on natural gas poses significant and complex risks to consumers, the economy, public health and safety, land and water resources, and the climate (Fleischman, Sattler, and Clemmer 2013). A better solution for consumers and the environment would be to replace more coal generation with renewable energy and energy efficiency.

FIGURE 1. Nearly \$1.3 Billion Annually Leaving Florida to Pay for Imported Coal



The nearly \$1.3 billion spent to import coal is a drain on Florida's economy, which relies on coal for 20 percent of its power generation. Investments in homegrown renewable energy and energy efficiency can affordably help redirect funds into local economic development—funds that would otherwise leave the state.

Note: Based on 2012 data. Not all these funds will necessarily land in the state where the mining occurs. Mine owners may divert the profits to parent companies in other locations, for example. Amounts also include the cost of transportation. In addition, Florida spent more than \$19 million on coal imports from unreported sources.

Clean Energy Can Boost Florida's Energy Independence

Energy efficiency is one of the quickest and most affordable ways to cut coal-fired power while boosting the local economy. Yet Florida's energy efficiency potential remains largely untapped. The state achieved electricity efficiency savings of 0.26 percent in 2011, ranking Florida thirty-fourth nationally (Downs et al. 2013). In 2012, Florida budgeted \$10.35 per person on ratepayer-funded electricity efficiency programs—more than 6 times less than utilities spent on imported coal.

Florida's major utilities are required to implement cost-effective efficiency programs, but the annual goals last set in 2009 are not being fully achieved. The Florida Public Service Commission (PSC) is currently working with utilities to set new efficiency goals for 2015 and beyond. It is important that the PSC establish meaningful goals and ensure utilities develop and carry out strong plans for achieving them (SACE 2013). Twenty-four states require utilities to achieve electricity savings, most with annual targets of at least 1 percent. Leading states require annual cuts of 2 percent or more.

Investing in homegrown renewable energy is also a smart and responsible solution to reducing Florida's dependence on imported coal and keeping more money in the local economy. Florida has a wealth of renewable energy resources like sustainable bioenergy, solar power, and offshore wind power; yet non-hydro renewable resources supplied just 2.1 percent of the state's power in 2012 (EIA 2013).

Florida is beginning to develop its solar resources, with more than 200 megawatts (MW) already installed, including Florida Power and Light's 25-MW solar photovoltaic facility in DeSoto County (see photo). Still, Florida lags behind other leading solar states and lacks sufficient policies to catch up.

The state could do more to spur local renewable energy deployment, cut coal imports, and reduce its growing reliance on natural gas by adopting a renewable electricity standard, requiring utilities to gradually expand their use of renewable resources. Twenty-nine states and the District of Columbia have adopted this effective and affordable clean energy policy.



Florida has excellent potential for developing in-state solar power and other renewable energy resources, which can help reduce the state's dependence on imported coal while creating jobs and other economic and environmental benefits. Photo Source: Sunpower Corporation

ENDNOTES

- 1 This fact sheet is based on the findings from an update of *Burning Coal, Burning Cash: Ranking the States That Import the Most Coal, a 2010 analysis by the Union of Concerned Scientists*. More information about our methodology and assumptions, as well as other state profiles, can be viewed at www.ucsusa.org/bcbc2014update.

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NATIONAL HEADQUARTERS

Two Brattle Square
Cambridge, MA 02138-3780
Phone: (617) 547-5552
Fax: (617) 864-9405

WASHINGTON, DC, OFFICE

1825 K St. NW, Suite 800
Washington, DC 20006-1232
Phone: (202) 223-6133
Fax: (202) 223-6162

WEST COAST OFFICE

2397 Shattuck Ave., Suite 203
Berkeley, CA 94704-1567
Phone: (510) 843-1872
Fax: (510) 843-3785

MIDWEST OFFICE

One N. LaSalle St., Suite 1904
Chicago, IL 60602-4064
Phone: (312) 578-1750
Fax: (312) 578-1751