

Georgia'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 Georgia'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, Georgia relied on coal for 33 percent of its in-state electricity generation in 2012 (EIA 2013a). Georgia's power producers paid nearly **\$1.7 billion** to import 23.4 million tons of coal from six states, mainly from Kentucky and Wyoming. As a result, Georgia ranks third amongst all states for money spent on net coal imports.

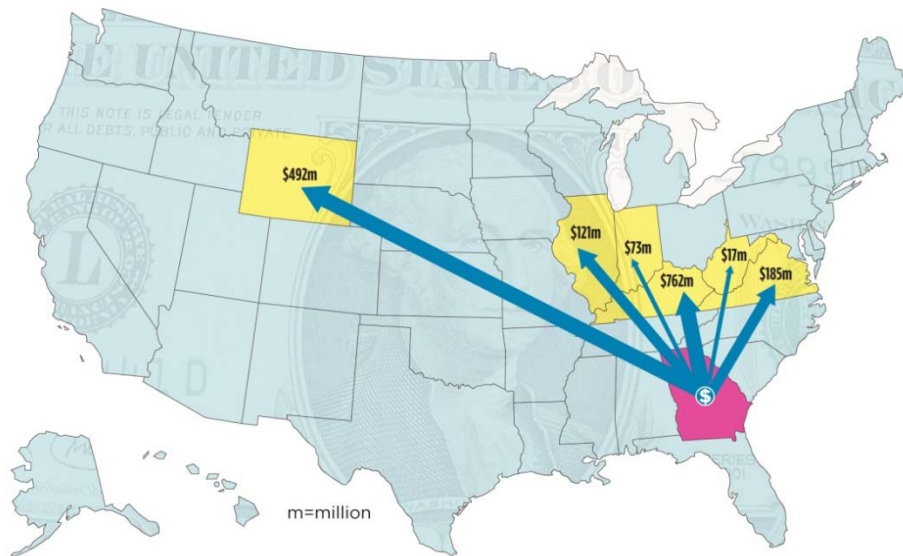
Georgia Power, the state's largest power provider, sent more than \$1.1 billion out of Georgia to purchase coal in 2012—nearly 70 percent of the state's total. Georgia Power's parent company, Southern Company, ranks first among all U.S. power providers for coal import dependency in 2012, having spent more than \$2.2 billion on out-of-state coal across its major

subsidiaries in four southeast states.

Georgia's dependence on coal generation and coal imports has been declining primarily as a result of a large-scale shift toward generation from lower-cost natural gas. From 2008 to 2012, coal generation in Georgia declined from 63 percent to 33 percent while natural gas generation more than tripled from 10 percent to 35 percent (EIA 2013a). During that time, expenditures on net coal imports declined by 36 percent. In addition, Georgia Power has made recent decisions to retire more than 2,600 megawatts of old and inefficient coal generators in the state (SNL Financial 2013).

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). And because Georgia imports all the natural gas it consumes, it creates a new dependency on an out-of-state fossil fuel (EIA 2013b).

FIGURE 1. Nearly \$1.7 Billion Annually Leaving Georgia to Pay for Imported Coal



The nearly \$1.7 billion spent to import coal is a drain on Georgia's economy, which relies on coal for 33 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, Georgia spent more than \$13 million on coal imports from unreported sources.

Clean Energy Can Boost Georgia's Energy Independence

Instead of over-relying on natural gas to replace polluting coal generation, a better solution for consumers and the environment would be to invest more in renewable energy and energy efficiency. Energy efficiency is one of the quickest and most affordable ways to cut coal-fired power while boosting the local economy. Yet Georgia's energy efficiency potential remains largely untapped. The state achieved electricity efficiency savings of 0.11 percent in 2011, ranking Georgia forty-second nationally (Downs et al. 2013). In 2012, Georgia budgeted just \$3.01 per person on ratepayer-funded electricity efficiency programs—55 times less than utilities spent on imported coal.

Georgia could boost efficiency investments by adopting an energy efficiency resource standard. Twenty-four states have adopted such a standard, with most requiring utilities to achieve annual electricity savings 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 Georgia's dependence on imported coal and keeping more money in the local economy. Georgia has a wealth of renewable energy resources like sustainable bioenergy, solar power, and offshore wind power; yet non-hydro renewable resources supplied just 2.3 percent of the state's power in 2012 (EIA 2013a).

In 2013, Georgia took a strong step toward becoming a leader in solar power when the Public Service Commission voted to expand Georgia Power's Advanced Solar Initiative as part of the utility's long-term energy plan. Under the approved plan, Georgia Power will procure 735 MW of solar power capacity through 2016 (Haddix 2013).

The state could further 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.



Georgia 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: Dennis Schroeder/NREL

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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