

Ohio'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 Ohio'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

Ohio imported 20.1 million tons of coal from seven states in 2012, 58 percent of the coal its power plants used. To pay for those imports, Ohio sent **\$1.2 billion** out of state. In-state mines supplied the rest of Ohio's coal and also exported coal worth \$720 million to other states. As a result, Ohio spent \$490 million on net coal imports, which ranks sixteenth nationally.

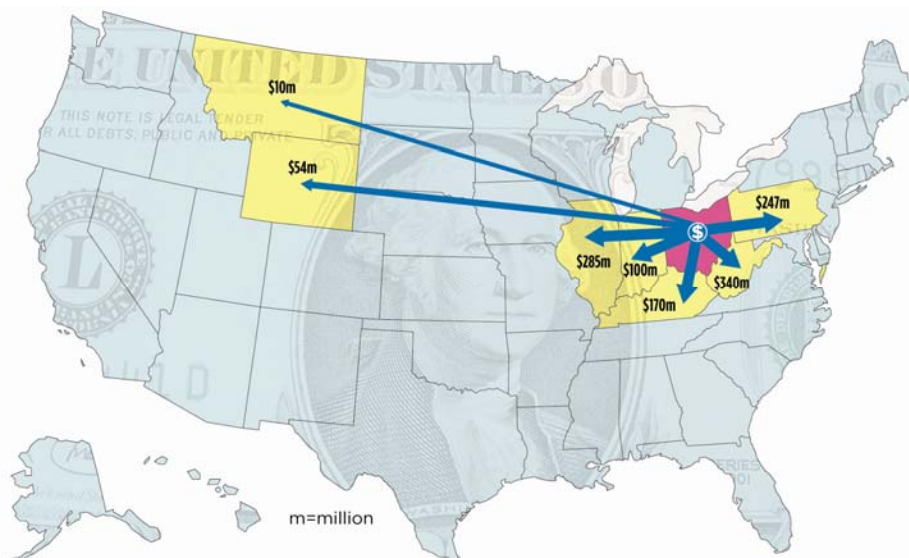
AEP Ohio, the state's largest power provider, sent \$348 million out of Ohio to purchase coal in 2012—29 percent of the state's total and more than any other power producer in Ohio. AEP Ohio's parent company, American Electric Power, ranks fifth among all U.S. providers of electricity for coal import dependency in 2012, having spent more than \$1.2 billion on out-

of-state coal across its major subsidiaries in 11 states.

Ohio's dependence on coal generation and coal imports has recently declined primarily as a result of a large-scale shift toward generation from lower-cost natural gas. From 2008 to 2012, coal generation in Ohio fell from 85 percent to 67 percent while natural gas generation increased from less than 2 percent to 17 percent (EIA 2013). During that time, expenditures on net coal imports declined by more than two-thirds. In addition, Ohio utilities have made decisions to already retire or schedule for retirement about 7,600 megawatts of old and inefficient coal generators in the state by 2015 (Gomberg 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). A better solution for consumers and the environment would be to replace more coal generation with renewable energy and energy efficiency.

FIGURE 1. \$1.2 Billion Leaving Ohio to Pay for Imported Coal



The \$1.2 billion spent to import coal is a drain on Ohio's economy, which relies on coal for 67 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.

Clean Energy Can Boost Ohio's Energy Independence

Investing in homegrown renewable energy is a smart and responsible solution to reducing Ohio's dependence on imported coal and keeping more money in the local economy. Ohio has a wealth of renewable energy resources like wind, solar, and bioenergy; yet these resources supplied just 1.3 percent of the state's power in 2012. However, utilities are making strides toward meeting a requirement to produce 12.5 percent of the state's power needs from renewable energy by 2025, with 426 megawatts (MW) of Ohio-based wind power already online and another 1,546 MW in development (Gomberg 2013). Solar has also taken hold, with almost 2,000 photovoltaic systems providing clean power across the state. Similar standards have been adopted in 28 other states and the District of Columbia, with 17 states setting targets of 20 percent or more.

Investing in energy efficiency is another quick and affordable way to replace coal-fired power while boosting the local economy. Ohio took an important step to tap into its tremendous energy efficiency potential in 2008 by requiring utilities to reduce electricity use by an average of 1.3 percent annually (or 22 percent in total) through 2025. Twenty-three other states have adopted similar power-saving targets.

The policy has been a success in Ohio—from 2009 to 2011, electric utilities achieved 3.1 billion kilowatt-hours (kWh) of electricity savings at a cost of just over 1 cent per kWh saved (Neubauer et al. 2013). Furthermore, a 2013 study found that the state's efficiency and renewable energy standards combined have led to a 1.4 percent reduction in consumer costs between 2008 and 2012, for a total savings of \$230 million (AEEOI 2013).

Despite their success, Ohio's renewable energy and efficiency standards faced attacks from fossil-fuel funded opponents in 2013. Rather than gut them, Ohio's clean energy standards should instead be maintained and strengthened. Doing so could reduce the state's growing reliance on natural gas and spur more local clean energy investments that deliver important economic and environmental benefits. It could also further reduce money leaving Ohio to pay for coal imports.



Ohio's renewable energy and energy efficiency standards are effectively and affordably spurring in-state clean energy deployment, which can help reduce the state's dependence on imported coal while creating jobs and other economic and environmental benefits. Photo source: R. Baranowski/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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