

# Duke to buy non-mountaintop coal - if the price is right

By Bruce Henderson

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Duke Energy says it will buy coal that wasn't mined by blasting Appalachian mountaintops when it doesn't cost more, a new policy that for now will supply about 10 percent of its Carolinas needs.

Duke asked suppliers last year to quote the price and availability of non-mountaintop removal coal. The move was a recognition of growing public and regulators' opposition to the environmentally destructive practice.

The response: about 10 percent could be guaranteed as non-mountaintop without costing a premium. Duke says it has signed contracts, mostly for one or two years, for that amount.

"I won't say it's a surprise, but the question had never been asked before," said senior vice president Paul Newton, who oversees fuel purchases. "It could be more or less in the future. What we do intend to do is continue to ask the question in the future."

Producers couldn't guarantee more than 10 percent because coal from underground and mountaintop mines is usually blended together, Duke said. Above that level, non-mountaintop coal gets more and more expensive.

Duke estimates that about 25 percent of the coal it burns in the Carolinas comes from mountaintop mines in Virginia, West Virginia and Kentucky.

There's not enough non-mountaintop coal available at any price, Duke said, to supply the 15 million to 16 million tons it burns each year at its eight Carolinas plants. While its plants are designed to burn Central Appalachian coal, Duke is test-burning coal from other regions such as the Illinois Basin.

Price is important from more than a business perspective. State laws say utilities have to supply the "least cost" electricity to consumers.

Fuel costs typically make up 20 percent to 25 percent of its average residential bills in the Carolinas, Duke says. By law, fuel costs are passed to customers without a profit margin.

The N.C. Utilities Commission's Public Staff, which represents customers, sees no way the least-cost principle would permit Duke to pay extra for non-mountaintop coal.

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"We don't like blowing up mountains more than anyone else, but we think they have to follow least-cost," said executive director Robert Gruber.

Gruber said allowing an exception on environmental grounds "could lead to a slippery slope" of other exemptions that would drive up consumer costs.

Federal permits for mountaintop mines became harder to get under the Obama administration, and some existing permits have been revoked. About 2,000 miles of Appalachian streams have been buried by the practice, the Environmental Protection Agency says.

A measure to ban use of MTR coal by N.C. utilities is before a N.C. House committee. Similar bills have failed.

"Any reduction in dependence on mountaintop-removal coal is a good thing, but long-term Duke Energy needs to move beyond coal," said Molly Diggins, state director of the Sierra Club.

North Carolina's offshore winds, one of the largest wind resources on the East Coast, go unexploited, she said.



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