

U.S. coal demand seen below 1 billion tons in 2012 for fourth year in a row

Coal consumption by U.S. power plants to generate electricity is expected to fall below 1 billion tons in 2012 for the fourth year in a row. Domestic coal consumption is on track to total 829 million tons this year. That's the lowest level since 1992, according to the U.S. Energy Information Administration's new monthly energy forecast.

Utilities and power plant operators are choosing to burn more lower-priced natural gas over coal to generate electricity.

Lower coal demand has contributed to a drop in U.S. coal production, which is expected to fall by 6 percent this year. However, American coal producers are likely to export a record 124 million tons of coal in 2012 as countries buy U.S. coal to meet their electricity and industrial needs.

But, U.S. coal exports are likely to decline next year due to an expected weaker European economy and lower international coal prices.

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