

February 5, 2018

To: Suzanne Holt - UCEDA
From: Steve Burger – Central Hudson

Re: Northeast Solite – Coal to Natural Gas Conversion

Northeast Solite, (Solite) is a manufacturer of lightweight aggregates used in the concrete industry. In the manufacturing process, kiln temperatures of 2100°F are maintained to allow raw shale material to expand and bloat creating a new ceramic product that is stronger than common shale and 30% lighter by volume.

Solite currently uses coal in their kilns with annual consumption of 825,000 DTH/year. They operate 10 months of the year and are shut down during January and February. Annual coal costs are \$4.56/DTH with approximate annual bills of \$3,762,000. Solite is one of only two coal burners in the Central Hudson service territory and has recently agreed to convert from coal to natural gas. The Solite plant is located along Central Hudson’s AH gas transmission line on Kings Highway in Saugerties. The cost of the necessary infrastructure including a new transmission to distribution gas regulator station, 1,800 feet of 60 psig pipeline including a bore under the CSX Railroad is \$1.5 million. The conversion from coal to gas will save the customer approximately \$852,000 annually by taking gas service under the company’s SC 9 gas service tariff, and \$395,000 under SC 11 firm, Table 1. Solite’s conversion of the kilns to natural gas will cost approximately \$200,000. Additionally, there will be a significant reduction in carbon gas emissions by converting from coal to natural gas.

Table 1

Northeast Solite Gas vs Coal Cost Comparison								
For discussion purposes only								
CHGE Tariff Rate	Annual gas Usage MCF*	Annual Gas Delivery	Annual Gas Commodity	Total Gas Cost for 9 months	One month Coal Cost	Total Annual Cost	Annual Coal Cost	Annual NE Solite Savings
SC 9 - Int	742,500	\$ 380,229	\$ 2,153,250	\$ 2,533,479	\$ 376,200	\$ 2,909,679	\$ 3,762,000	\$ 852,321
SC 11 - Firm	742,500	\$ 836,754	\$ 2,153,250	\$ 2,990,004	\$ 376,200	\$ 3,366,204	\$ 3,762,000	\$ 395,796

NE Solite currently employs approximately 40 workers at the facility. Central Hudson is looking to partner with UCEDA to provide funding to help offset the conversion costs at the facility. The coal to gas conversion will provide significant operating expense reductions thereby helping to generate additional jobs and create industrial expansion within Ulster County, while substantially reducing carbon emissions.