To be read in conjunction with the companion Presentation Slides

SLIDE 1 – cover page

I thank the Planning Assessment Commission members for the opportunity to speak here today.

My name is **Geoff Miell**. I have no political affiliations.

I am a resident and rate payer in the Lithgow Local Government Area (LGA).

In August 2016, I lodged a Submission with the New South Wales Department of Planning and Environment concerning the proposed Modification 1 to the Springvale Mine Extension Project (SSD 5594 – MOD 1), **opposing this proposal**. You may wish to view it; particularly page 3.

Again today, I will reiterate **arguments against approving** the proposed MOD 1.

On 28th September 2016, we saw South Australia experience a state-wide electricity blackout, which refocussed the Australian public's attention on the nation's electricity supply systems, energy security, reliability and affordability.

Last week we saw the closure of Victoria's 1760 MW capacity Hazelwood brown coal-fired power station. According to the AEMO, Hazelwood met about 22% of Victoria's energy demand in 2015-16.

SLIDE 2 – Springvale Extension MOD 1 implications

What are the implications of the proposed Springvale Mine Extension MOD 1?

Centennial Coal is seeking to extract Springvale Mine's remaining coal reserves at up to a 22% faster permissible extraction rate.

Increasing the rate of extraction of a finite resource means the time to depletion of that resource will occur sooner. In this case, if MOD 1 is approved, then Springvale Mine's remaining reserves could potentially be fully depleted as soon as year 2024, as stated in the Statement of Environmental Effects – Volume 1: Main Report document, in Section 4.2.3.

There may be more jobs, but these additional jobs plus the existing ones could end possibly as soon as 2024 – 7 years away – up to 4 years before 2028.

SLIDE 3 – Proposed MOD 1 justification

Also in the Statement of Environmental Effects, under the headline "Justification and Conclusion" it outlines why the proponent is seeking approval for the proposed MOD 1, and I have picked out some of the points and highlighted them in this slide.

But I ask these two questions:

1. What is the likely outlook for the coal industry, both domestically and globally, and is there demand for more coal? Evidence I see indicates that global coal demand has begun and is likely to continue a sustained decline.
2. How does MOD 1 benefit the State of New South Wales and the Commonwealth of Australia's energy security interests in the 2020s? I would argue MOD 1 could jeopardise Australia's energy security interests.

SLIDE 4 – Mt Piper power station

Springvale Mine's primary role is to supply thermal coal to Mount Piper power station.

Mt Piper is currently middle aged, and its generating capacity represents nearly 14% of New South Wales' current rated coal-fired generating capacity.

Mt Piper's coal demand, apparently up to around 3.7 megatonnes per year, is well within Springvale Mine's current permissible maximum production rate of 4.5 megatonnes per year.

Springvale Mine is currently the only supplier of thermal coal to Mt Piper.

Therefore **Springvale Mine is currently a significant contributor to** New South Wales and the **National Electricity Market's electricity generation capability.**

SLIDE 5 – Other NSW coal-fired power stations

Here's a list of recently closed and the other currently active coal-fired power stations in New South Wales.

Liddell, with an even larger generating capacity than Hazelwood, is due to retire in about five years. Vales Point B could also close soon.

And there doesn't seem to be any effective plan at present to replace these retiring 'dispatchable' generation capacities. So it would be prudent not to jeopardise Mt Piper's coal supply.

SLIDE 6 – Nearby thermal coal mines

This is a list of some nearby thermal coal mines.

Angus Place Mine, currently with a 4.0 megatonnes per year maximum permissible extraction rate, is the only suitable nearby mine with the capacity to fully replace Springvale Mine's supply to Mt Piper power station, if Springvale Mine was to exhaust its remaining reserves by 2024. **But Angus Place is currently 'mothballed'**, with its current development consent **lapsing on 18 August 2024**. And **it would be risky to assume that Angus Place Mine would easily acquire an extension to operate beyond 2024, or economic factors would continue to enable it to be profitable in the 2020s**, given the rapid developments and increasing competition occurring in the energy sector.

SLIDE 7 – Will Springvale's overland conveyor remain handy?

Increasing evidence suggests a global crude oil supply-demand gap may emerge within the next few years, meaning petroleum fuels may become more expensive soon.

Can the global oil industry find, develop and bring online equivalent to one-third of current annual demand by 2025, as Michael Hovers from BHP Billiton states it needs to do?

If it cannot, and Springvale Mine exhausts its coal reserves by 2024, then transporting coal to Mt Piper power station could become much more expensive.

SLIDE 8 – Top 5 coal country rankings in 2015

The world's known coal reserves are heavy concentrated within only a few countries.

USA, the Russian Federation, China, Australia and India held 72.4% of the world's total proved coal reserves in 2015.

80.5% of the world's coal production, on an energy content basis, **was contributed by only five countries in 2015**, shown here in this slide.

76.3% of the world's total coal consumption, on an energy content basis, **was by only five countries in 2015.**

SLIDE 9 – Current top 5 coal producer outlooks

China is on a rapid diversification of its entire electricity-generating capacity away from coal towards hydro, renewables and nuclear. It has 200 gigawatts of idle, new coal-fired capacity. China's total coal generation utilisation rate on average dropped to a record low 47.5% in 2016. This is a huge stranded asset risk for China, and consequently, at the start of this year, announced they were cancelling 100 gigawatts of new coal-fired power plants.

In the US of A, in the next four years, utilities have plans to close 40 coal plants, according to federal figures. Six closures have been announced since Trump's victory in November. Beset by stagnant power demand, and presented with cheaper alternatives like natural gas and wind, there's little incentive to build new coal-fired generation. **And there have been massive write-downs on coal mine assets.** Peabody Energy was at US$18 billion market capitalisation at the start of this decade, and they went to zero, along with four of the other biggest US coal companies recently.

Two years ago, Indian energy minister Goyal articulated a clear plan to cease thermal coal imports by around 2020. Imports in December dropped 25% year on year, and in January 2017, was down another 22%. Solar in India is now cheaper than existing domestic coal-fired power generation, and it's half the price of new imported coal-fired power generation.

With China and India likely to cease all thermal coal imports by around 2020, the seaborne thermal coal market will be in total structural decline, greatly reducing Australia and Indonesia's respective exports.

SLIDE 10 – Oppose Springvale Mine Extension MOD 1 because

I call upon the New South Wales Planning Assessment Commission to **oppose the proposed Springvale Mine Extension MOD 1.**

MOD 1 is not needed and may jeopardise our nation's energy security interests around the mid 2020s.

SLIDE 11 – Final thoughts

I leave you with these quotes to ponder. **Thank you.**