

12<sup>th</sup> April 2017

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NSW Planning Assessment Commission (PAC)

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Dear Commissioners,

**D459/17 – Springvale Mine Extension MOD 1**

I write to you as a follow-up to my presentation to you as the 2<sup>nd</sup> speaker at the PAC public hearing last Friday, 7<sup>th</sup> April 2017, at the Lithgow & District Workmen's Club.

There are a number of questions, highlighted in red text, which I think you need to ask the proponent before you make your determination.

**If Centennial Coal wishes to produce more coal, why doesn't it ramp-up production at its Airly mine?** According to a WIN Central West Local News TV broadcast earlier this year Airly mine is currently producing at around 0.8 million tonnes per annum. But its current development consent allows production up to 1.8 million tonnes per annum. So Airly has around 1 million tonnes per annum spare production capacity which is roughly the same as that which the proponent it is seeking to increase production capacity further in its proposed Springvale MOD 1.

**If Centennial Coal wishes to produce more coal, why doesn't it reopen Angus Place mine now?** According to an article in the *Lithgow Mercury*, dated 28 Oct 2014, headlined "Closure of Angus Place Colliery means devastating job losses for Lithgow", it included this statement:

The company plans at this stage to reopen Angus Place in 2023 when Springvale reserves are exhausted, or earlier if market conditions improve.

I see there is a clear presumption as early as in 2014 that Springvale MOD 1 would be approved, Springvale mine's reserves would be exhausted **as early as 2023**, and Angus Place would get an extension beyond August 2024, or Mount Piper power station could then maybe have difficulty remaining operational because coal supplies would need to be transported from further away and be more costly in doing so.

**Where is the demand for more coal in future?** As I mentioned in my presentation, Liddell power station is due to close in 5 years time so domestic coal demand is likely to begin falling in the early 2020s. What I intended to include, but due to time constraints was unable to do so on Friday in my presentation, was refer you to evidence that 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, and as a consequence this would greatly reduce Australia's coal exports.

I draw your attention to the recently completed Australian Senate inquiry into the "Retirement of coal fired power stations". On Wednesday, 22 February 2017, this inquiry held a public hearing in Sydney, which I attended as an observer, where



witness Tim Buckley as Director of Energy Finance Studies, Institute for Energy Economics and Financial Analysis (IEEFA), was called and examined. In Tim Buckley's opening statement, on the Committee Hansard transcript, page 39, he said (highlighted text my emphasis):

As I mentioned, I work for IEEFA, a public-interest research organisation. We come at it from a financial analyst perspective, and I look at the global energy market transformation. Today I would like to bring across how that transformation is occurring in the global context and, if I could, I will reference India and China to illustrate the rate of change in two of the largest economies in the world, and to highlight the point that it is an inevitable change. The two largest economies, population groups, in the world are moving far faster than anyone in Australia understands. So I will bring in that global perspective. Secondly, I would like to talk about financial institutions because, globally, financial institutions are rapidly waking up to the issue and are changing their position dramatically to accommodate the inevitability of this change.

Please read Tim Buckley's testimony. I see increasing evidence that global demand for thermal coal has begun and is likely to continue a sustained decline.

**If Springvale MOD 1 is approved, is Centennial Coal intending to 'mothball' Airly mine soon after, and transfer its workers from Airly to Springvale?** Airly mine uses the more expensive 'bord and pillar' extractive technique, so if there is no increase in demand for coal then Centennial Coal may be tempted to cut costs by suspending mining operations at Airly and ramping-up production at Springvale to compensate. This would mean there would be a minimal net increase in employment, and potentially no net increase in coal production and thus no net increase in NSW state mining royalties.

By depleting Springvale mine's reserves by 2024 (or as soon as 2023 as mentioned in the *Lithgow Mercury* article above) I believe Centennial Coal could potentially have some leverage over the State of NSW when it comes time for Angus Place to extend its development consent beyond August 2024. This must not be allowed to happen.

I found it puzzling that the miners currently working at Springvale mine, and the CFMEU representative, who spoke at the PAC hearing on Friday, would support a proposal that could end their jobs at the Springvale mine years earlier.

Also, I note that EnergyAustralia, owner of Mount Piper power station, seems unconcerned by the proposed Springvale MOD 1. However, I refer to EnergyAustralia's Submission #071 to the Australian Senate inquiry into the "Retirement of coal fired power stations", where it stated (my highlighting):

EnergyAustralia is committed to transitioning Australia's energy sector to a lower emissions future, without compromising the delivery of reliable and affordable energy to customers. This challenge is referred to as "the energy policy trilemma" and there are choices and a balance to be made between price, reliability and emissions objectives.

Please choose wisely. NSW and Australia's energy security is at stake here.

Yours Sincerely,

Geoff Miell

