



# Planning & Environment

## ASSESSMENT REPORT

### Section 75W Modification BlueScope Steel PCI Facility (DA 154-05-00 MOD 3)

#### 1. INTRODUCTION

This report assesses a modification request by BlueScope Steel Limited (the Proponent) to the BlueScope Steel Pulverised Coal Injection (PCI) Facility. The request has been lodged pursuant to section 75W of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

#### 2. BACKGROUND

The Proponent owns and operates the BlueScope Steelworks (the steelworks) at Port Kembla in the Wollongong local government area (see **Figure 1**). The steelworks are located on approximately 742 hectares (ha) of land adjacent to Port Kembla Harbour. The closest residential suburbs to the site within the steelworks are Mount Saint Thomas, Cringila and Port Kembla, which are located approximately 2.9 kilometres (km) north-west, 1.6 km west and 1.5 km south of the site respectively (see **Figure 1**).



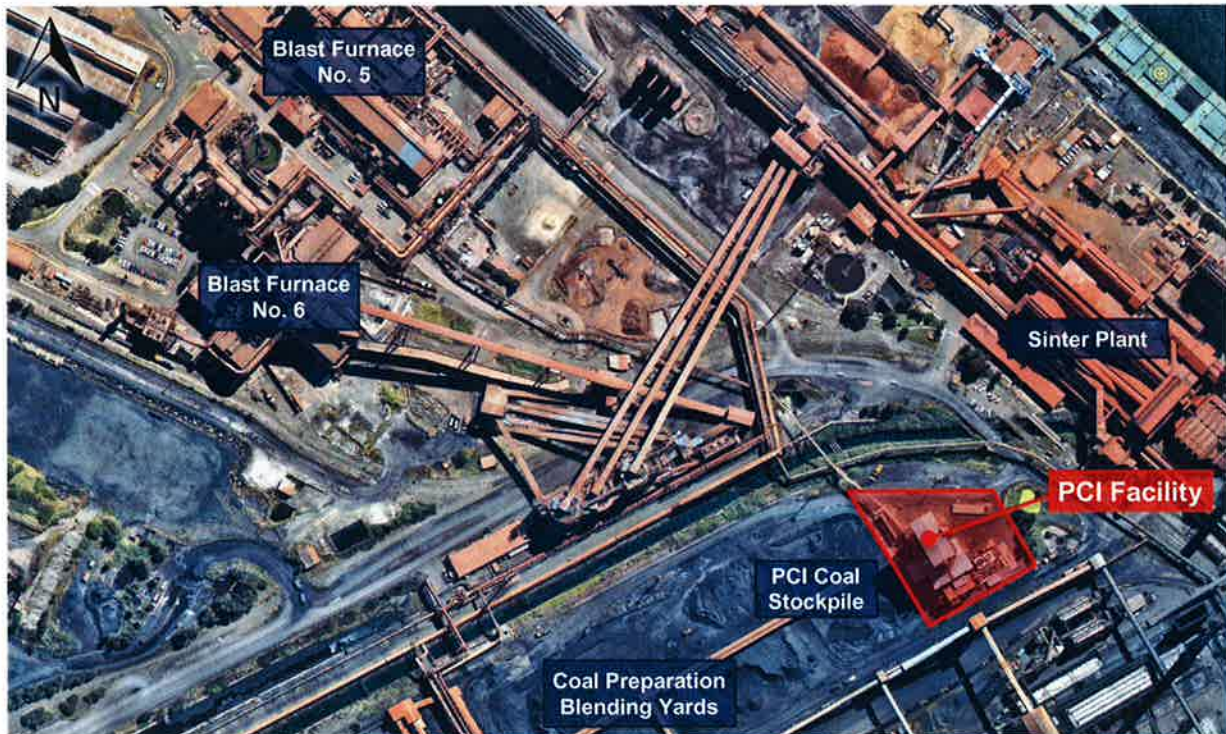
**Figure 1:** Location of the Port Kembla Steelworks and the PCI Facility



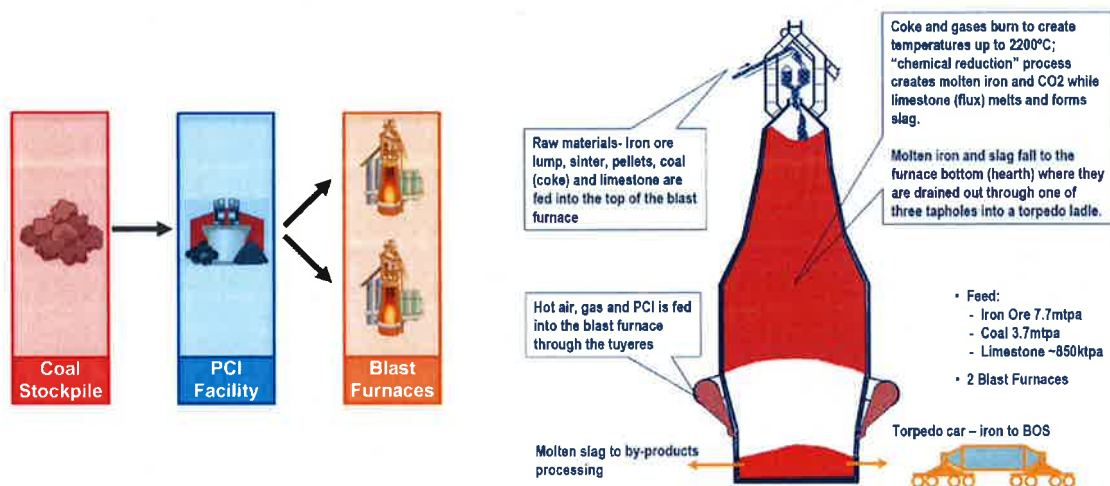
The Proponent is Australia's largest steel manufacturer, and at its peak in the 1980s, the steelworks employed approximately 22,000 people. However due to a weakening global demand for steel and increased competition from overseas, production at the steelworks has dropped by around 50%, and the site now employs a significantly smaller workforce of approximately 3,000 employees.

The steelworks has two blast furnaces, No. 5 and No. 6, which convert coke (a type of fuel with high carbon content) and iron oxide into iron and slag at extremely high temperatures (see **Figure 2**). Prior to 2000, the blast furnaces were fuelled by coke, coke oven gas and natural gas.

The Proponent operates a Pulverised Coal Injection (PCI) Facility at the steelworks (see **Figure 2**) which is covered under a consent (DA 154-05-00) issued by the then Minister for Urban Affairs and Planning. The PCI facility receives coal which is pulverised and used as a fuel in the blast furnaces.



**Figure 2: Location of the PCI Facility**



**Figure 3: Overview of the Pulverised Coal Injection Process**

Pulverised coal injection is a fuelling process which involves the introduction of large volumes of fine coal granules into the blast furnace. This provides a supplementary carbon source to speed up the production of metallic iron, reducing the amount of coke fuel required and allowing for an improvement in blast furnace operation. The process also results in a reduction in energy use and emissions when compared to traditional fuelling methods (see **Figure 3**).

The PCI facility is approved to process up to 1.1 million tonnes per annum (tpa) of coal, which are sourced from any combination of the collieries listed below:

- Baal Bone and Clarence collieries near Lithgow; and
- West Cliff colliery near Wollongong.

The development consent does not permit the Proponent to source coal from any other colliery unless it has consulted with the Environment Protection Authority (EPA) and Wollongong City Council (Council) and obtained prior written approval of the Secretary. This is to ensure:

- coals used at the PCI facility are of a similar composition and quality, particularly sulfur content which must not exceed 1% by weight (air dried basis); and
- downstream air emissions do not change.

### 3. APPROVAL HISTORY

A number of development consents and approvals apply to the steelworks, with a number of conditions in these approvals prescribing detailed environmental performance and reporting requirements.

On 10 August 2000, development consent was granted by the then Minister for Urban Affairs and Planning for the construction and operation of the Port Kembla PCI facility (DA 154-05-00). The development consent permits the construction and operation of the PCI facility to receive, dry, and crush up to 1.1 million tpa of coal. The ground coal is injected into the No. 5 and No. 6 Blast Furnaces at the Port Kembla Steelworks as a substitute for coke.

The development has been modified on two previous occasions to improve the operation of the PCI facility. On 4 July 2002, a section 96(1A) modification to the development consent (DA 154-05-00 MOD 1) was granted by the then Minister for Planning. The modification sought approval to:

- remove the proposed installation of a radial stacker for stockpiling PCI feed coal;
- construct three yard conveyors and associated receival bins for blending; and
- construct a conveyor to transport and discharge PCI feed coal into the existing receival hopper.

On 2 September 2008, a section 96(1A) modification to the development consent (DA 154-05-00 MOD 2) was granted by the then Executive Director, Major Development Assessment. The modification sought approval to remove the limit placed upon the facility's pulverised coal injection rate for each blast furnace, which would allow the Proponent to improve its utilisation of the PCI Facility.

The Proponent is now seeking to modify the development consent following a recent amendment to the site's Environment Protection Licence (EPL) to oversee the sourcing and use of new coals for the PCI facility. The EPL regulates discharges and emissions from the steelworks site and is administered by the EPA. In addition, the Proponent is also seeking to modify the frequency of its environmental management reporting required by the development consent.

### 4. PROPOSED MODIFICATION

The Proponent has lodged a modification request (DA 154-05-00 MOD 3) under section 75W of the EP&A Act to modify the PCI facility development consent, including:

- amending Condition 19, which currently requires the Proponent to seek written approval from the Secretary to source additional coals for use in the PCI facility; and
- modifying its environmental reporting requirement (Condition 68) from annually to triennially (every three years).

The modification is described in full in the Proponent's request included in **Appendix B**.

#### 4.1 The Proponent's Need and Justification

Under Condition 19 of the consent, the Proponent is required to use specific coals in the PCI facility and must seek written approval from the Secretary if it wishes to use different coal sources. To date, the Proponent has sought and received approval from the Secretary to source an additional 25 individual

PCI coals for use in the PCI facility. The Proponent is also required to consult with the EPA and Council each time it wishes to use a new coal source. As such, the Proponent considers the process outlined under Condition 19 for sourcing new PCI coals introduces a level of administrative delay, business risk and duplication in the evaluation process for sourcing new coals.

The Proponent, in consultation with the EPA, recently completed a review of the composition of currently approved PCI coals to determine a more streamlined mechanism for assessing and reporting on new PCI coal sources. The EPA subsequently amended the Proponent's EPL and has now included a reporting condition in the EPL requiring the Proponent to provide composition data and trace element analysis on new PCI coals in its annual monitoring report back to the EPA. The Proponent has now requested Condition 19 be modified to be consistent with the EPL condition.

In addition to the above, the Proponent has also requested to modify Condition 68 to change the current environmental reporting frequency from annually to once every three years. The Proponent wishes to align the environmental reporting period with the facility's hazard audit reporting period which is currently conducted once every three years. The Proponent also considers reducing the reporting frequency would assist in reducing the complexity, time and cost in reporting against the consent conditions for the PCI facility.

## **5. STATUTORY CONTEXT**

### **5.1 Approval Authority**

The Minister for Planning is the approval authority for the request. However, as reportable political donations were made by the Proponent, the request will be determined by the Planning Assessment Commission (the Commission) in accordance with the Minister's Instrument of Delegation, dated 14 September 2011.

### **5.2 Section 75W**

In accordance with Clause 12 of Schedule 6A of the EP&A Act, section 75W of the EP&A Act as in force immediately before its repeal on 1 October 2011 and as modified by Schedule 6A, continues to apply to transitional Part 3A projects.

Under clause 8J(8)(b) of the *Environmental Planning and Assessment Regulation 2000* (EP&A Regulation), a development consent granted by the Minister for Planning for State significant development under *State Environmental Planning Policy No. 34 – Major Employment-Generating Industrial Development* is to be modified under section 75W of the EP&A Act. Despite the repeal of Part 3A of the EP&A Act on 1 October 2011, the effect of section 75W is continued for such consents by the operation of Clause 12 of Schedule 6A of the EP&A Act.

The Department notes that:

- the primary function and purpose of the approved project would not change as a result of the proposed modification;
- the modification is of a scale that warrants the use of section 75W of the EP&A Act;
- the approved production rate of the PCI facility would remain unchanged as a result of the proposed modification; and
- any potential environmental impacts would be appropriately managed through the existing or modified conditions.

Therefore, the Department is satisfied the proposed modification is within the scope of section 75W of the EP&A Act and does not constitute a new development application. Accordingly, the Department considers the request should be assessed and determined under section 75W of the EP&A Act rather than requiring a new development application to be lodged.

## **6. CONSULTATION**

Under section 75W of the EP&A Act, the Department is not required to notify or exhibit the modification request. Upon receipt, the request was placed on the Department's website and following a review of the documentation, the Department did not consider that further consultation was necessary. Notwithstanding, the Department sought comments from Council and the EPA.

**Council** did not object to the modification, noting the EPA is the appropriate regulatory authority for assessing the suitability of PCI coals, and that the proposed condition amendments are reflected in the requirements of the site's existing EPL.

The EPA did not object to the modification, and noted it has worked closely with the Proponent to develop an EPL condition for assessing and reporting on new PCI coal sources. In addition, the EPA noted it had no objection to the requested change in auditing frequency, as it was not aware of any non-compliances at the facility.

## 7. ASSESSMENT

The Department has assessed the merits of the proposed modification. During this assessment, the Department has considered the:

- SEE and assessment report for the original application;
- existing conditions of consent (as modified);
- the EA letter supporting the proposed modification (**Appendix B**);
- submissions from Council and the EPA (**Appendix C**);
- the Proponent's response to issues raised in submissions;
- relevant environmental planning instruments, policies and guidelines; and
- requirements of the EP&A Act, including the objects of the EP&A Act.

The Department considers the key assessment issues relate to the Proponent's justification to modify the PCI coal sourcing and frequency of environmental reporting requirements. These issues are considered below.

### 7.1 Modification of PCI Coal Sourcing Requirement

Condition 19 of the development consent currently states that coal supplied to the PCI facility must be sourced from three collieries (Baal Bone, Clarence and Westcliff), unless the Proponent receives written approval from the Secretary to use alternative coal sources.

As discussed in **Section 4.1**, the Proponent has previously consulted with the EPA and Council and received written approval from the Secretary under Condition 19 to source and use an additional 25 individual coals in the PCI facility. The Proponent considers this process results in administrative delays and duplication in the evaluation process. In response, the Proponent undertook a review of PCI coal composition in consultation with the EPA, which involved comparing each of the approved coals for any variation in trace metal concentrations, coal properties and potential changes to air emissions. The analysis found:

- the average trace element trends in black coals used at the PCI facility are typically consistent with, or lower than, the broader trace element levels in Australian and international black coal data sourced from the Commonwealth Scientific and Industrial Research Organisation (CSIRO);
- the coal compositions are similar, with the exception of some natural variation between the individual coal types; and
- any variation in the trace metal concentrations is not expected to result in any change to downstream emissions and would not adversely impact on the Proponent's ability to continue meeting its compliance requirements.

The EPA did not raise any concerns and concluded the risk of the Proponent sourcing highly variant coals for the PCI facility is likely to be low. As such, the EPA supports the proposed modification and is satisfied a new EPL annual monitoring and reporting condition would oversee new coal type usage at the PCI facility. The new EPL reporting condition will allow the Proponent to report on and include data and laboratory analysis of any new PCI coals that are used at the facility, which is subject to evaluation by the EPA on an ongoing basis. Council did not raise any objections and agrees with the advice given by the EPA.

The Department considers the new EPL condition is appropriate for managing new PCI coals and notes there have been no recent compliance issues with the PCI facility, particularly in regards to air emissions. The Department is satisfied the Proponent will continue to work closely with the EPA to ensure air emissions from the facility continue to meet the requirements of the EPL. The Department also notes the development consent still contains a sulfur content limit of no more than 1% to control the quality of coals used at the PCI facility and ultimately the facility's downstream air emissions. Further to this, PCI production rates have halved since the closure of the Blast No. 6 furnace in 2011, which has resulted in a reduction in both the volumes of material handled at the facility and its associated impacts.



As such, the Department recommends the deletion of Condition 19 and instead require the Proponent to report on any new PCI coals used during the reporting period as part of the Environmental Monitoring Report (EMR) required under the existing Condition 68. The Department's assessment concludes the composition of the approved coals used at the PCI facility are similar, and the suitability and assessment of new PCI coals will be adequately managed and is unlikely to result in any significant changes to downstream air emissions from the facility.

## 7.2 Annual Reporting Requirement

Condition 68 of the development consent requires the Proponent to prepare and submit for the approval of the Secretary an EMR on a yearly basis. The Proponent has requested to amend Condition 68 to reduce the frequency of its environmental reporting to once every three years (or triennially).

The Proponent states a triennial reporting frequency of the EMR would be consistent with the reporting frequency of the PCI facility's hazard audits and the environmental reporting requirements for other activities at the site with Ministerial approvals, including the Sinter Plant Waste Gas Cleaning Plant, Ore Preparation Upgrade Project and Gypsum Plant. The Department notes the Proponent has recently embarked on a process of streamlining its reporting, auditing and regulatory requirements for a number of approvals and consents that cover the entire steelworks site.

The Department also notes no recent issues of environmental performance or non-compliances at the PCI facility have been raised by the EPA or by the Department in its review of previous annual EMRs and Independent Environmental Audits. In addition, the Proponent has worked closely with the EPA over the past few years to appropriately manage the site. The EPA did not object to the Proponent's proposal to reduce its environmental reporting frequency and Council also did not raise any objections.

The Department considers that modifying the frequency of the EMR to once every three years is consistent with the Proponent's other approvals and consents for the site and is justified based on the Proponent's past performance and compliance history. As the most recent annual EMR was submitted to the Secretary in late 2016, the Department has recommended the next EMR be submitted by 30 September 2019, and then every three years thereafter as part of this modification.

The Department's assessment concludes the recommended change in the reporting frequency is appropriate and in updating this condition, the Proponent is able to streamline its reporting requirements with its other consents and approvals for the site.

## 8. CONCLUSION

The Department has assessed the proposed modification in accordance with the relevant requirements of the EP&A Act. The Department considers the proposed modification would not result in an increase in environmental impacts from the approved development. The recommendations do not alter the operation of the site but simplify the consent by amending administrative conditions.

Consequently, the Department considers on this basis the modification is approvable, subject to the recommended conditions.

## 9. RECOMMENDATION

It is recommended that the Planning Assessment Commission, as delegate of the Minister for Planning:

- **considers** the findings and recommendations of this report, noting the Department considers the modification is approvable, subject to conditions;
- **determines** the Proponent's request is a modification under section 75W of the EP&A Act; and
- if the Commission determines to modify the consent, **signs** the attached instrument of modification.

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ENDORSED:

  
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