

Presentation
to the
NSW State Government
Planning Assessment Commission
concerning
D465/17 - Springvale Mine Extension MOD 2

by: **Geoffrey Miell**

At: **Civic Ballroom**, George Coates Avenue LITHGOW NSW 2790

On: **17 May 2017**

What's Springvale MOD 2 about?

SSD 5594 Springvale Mine Extension Project was approved by the PAC on 21 Sep 2015 which set performance measures that require water quality improvements in mine discharges as follows:

1. Salinity levels of 700 $\mu\text{S}/\text{cm}$ (50th percentile), 900 $\mu\text{S}/\text{cm}$ (90th percentile) and 1000 $\mu\text{S}/\text{cm}$ (100th percentile) by 30 June 2017;
2. Elimination of acute and chronic toxicity to aquatic species by June 2017; and
3. A salinity level of 500 $\mu\text{S}/\text{cm}$ (90th percentile) by June 2019.

The proposed SSD 5594 MOD 2 seeks to:

1. Remove the interim salinity reduction target (listed as 1 above); and
2. Defer the elimination of mine water toxicity (listed as 2 above) by two years, to June 2019.

The long-term salinity reduction target (listed as 3 above) remains unchanged.

Centennial Coal agreed to the SSD 5594 conditions in order to gain approval. Now Centennial Coal is seeking to 'move the goal posts' by removing/deferring (in effect relaxing) requirements with MOD 2.

Is Centennial Coal 'gaming' the planning system? I think so.

MOD 2 is not fixing an error in the consent or making a minor change that causes minimal environmental impact, but rather it allows a continuation of a major environmental impact and so it can't be said to be substantially part of the same project.

Is Centennial Coal engineering energy security crises to get its own way? (#1)

On 28 Oct 2014 Centennial Coal announced that Angus Place Colliery would be 'mothballed'. *Lithgow Mercury* article "**Closure of Angus Place Colliery means devastating job losses for Lithgow**", dated 28 Oct 2014, stated:

Mine operators Centennial Coal said that the action is part of a restructuring necessary in light of the prolonged downturn in international coal markets.

Why 'mothball' Angus Place? Why wasn't Clarence or Springvale mine 'mothballed', or their other mines instead? At that time Springvale mine had only less than a year remaining of its development consent, and was seeking an extension of operations beyond 2015.

Was it perhaps because apart from Springvale mine, Angus Place mine was the only other readily accessible alternative coal supply for Mt Piper power station?

Lithgow Mercury article "**PAC public forum: rejection a risk to Mt Piper**", dated 28 May 2015, referring to EnergyAustralia's representative, stated:

Mr Gray said that Springvale was the principal supplier of coal to Mr Piper power station and any disruption to supply would have serious implications for the power station that supplies more than 15 per cent of the state's electricity requirements.

Was the fear of Mt Piper power station closing used to gain SSD 5594 approval in 2015? Did Centennial Coal engineer this crisis situation to get their own way? Did Centennial Coal 'game' the system?

Is Centennial Coal engineering energy security crises to get its own way? (#2)

SSD 5594 MOD 1 was approved by the PAC on 19 Apr 2017 changing these consent conditions:

1. Maximum employees (full-time equiv.): from 310 to 450 (45% increase);
2. Maximum production rate: from 4.5 to 5.5 Mtonnes/yr (22% increase);
3. Maximum ROM stockpile: from 85 to 200 Mtonnes (135% increase).

By increasing the rate of coal extraction Springvale mine's reserves could all be depleted as soon as year 2024. Possibly more jobs, but for a shorter time.

Lithgow Mercury article “**Breaking: Springvale mine expansion approved**”, dated 20 Apr 2017, reported a statement from NSW Minister for Planning and Housing **Anthony Roberts** commenting on the decision:

“This bolsters energy security by enabling the mine to supply additional coal to the power station, ensuring it can operate at full capacity for during periods of high demand.”

How does exhausting Springvale mine's reserves sooner (2024 instead of 2028) “bolster energy security”? Springvale mine's reserves could be exhausted around 2024, at approximately the same time that Angus Place mine's current SSD consent expires (18 Aug 2024). Is this another engineered crisis in future?

And what is Mt Piper's maximum coal demand? If it's <4.5 Mt/yr (perhaps around 3.7 Mt/yr?) then why the need for a higher extraction rate of 5.5 Mt/yr?

Is Centennial Coal engineering energy security crises to get its own way? (#3)

Lithgow Mercury article “**Mine’s final hurdle**”, dated 12 May 2017, stated:

Centennial Coal and EnergyAustralia say the mine cannot fulfill water quality conditions unless the plan to reuse mine water at the power station goes ahead. Centennial Coal has issued a poster claiming 600 jobs are on the line.

Is the fear of Mt Piper closing being used to gain approval of Springvale MOD 2?

The NSW Environmental Defenders Office (EDO) on behalf of 4nature Incorporated in its submission to the NSW Department of Planning and Environment, dated 28 Feb 2017, stated:

Our client queries exactly when it was that Centennial Coal became aware that it would be unable to comply with the undertakings it gave to the EPA (and therefore also to the PAC during the course of the PAC’s consideration of whether to approve the development), given that it applied for this modification on 22 December 2016, just 15 months after the PAC’s approval of SSD 5594 subject to the conditions to which Centennial had agreed. For the WTP, Centennial Coal sought the Secretary’s Environmental Assessment Requirements just four months after the PAC’s approval of SSD 5594.

SSD 5594 was approved on 21 Sep 2015 (>19 months ago). Why is the WTP taking so long to proceed? Why isn’t the WTP already approved and already under construction? Is Centennial Coal intentionally delaying the progress of the WTP? If MOD 2 is approved, will there be another MOD sought, in say late 2018, to defer the water quality improvement requirements again, to beyond Jun 2019, & so on?

What if Springvale MOD 2 was denied?

What are Mt Piper's coal supply options?

On 30 August 2016, I wrote to Paul Toole MP, NSW Member for Bathurst. and requested that **some questions be directed to Anthony Roberts MP, then Minister for Industry, Resources and Energy including:**

Is there a 'Plan B' should Mount Piper Power Station's long-term coal supply become compromised? Does Mt Piper have a life beyond 2024-28?

Minister Roberts responded to this question in Nov 2016 with the following statements:

The sourcing of domestic coal supply for Mount Piper Power Station is a matter for the owner of the power station, EnergyAustralia. The power station was acquired from the NSW Government in September 2013 and is one of the cleanest and most efficient coal-fired power stations in NSW.

Springvale Mine is the sole supplier of coal to Mount Piper Power Station. Modification 1 to the Springvale Extension proposal is currently being assessed by the Department of Planning and Environment, and may see completion of mining by 2024 if efficiencies are achieved and markets are accommodating. As an alternative to Springvale, there are mine development proposals in the Lithgow region that could potentially supply coal to Mount Piper Power Station in the future, such as Angus Place and Invincible, providing the mine proposals meet all environmental assessment criteria and the mines are economic to operate.

If mines in the immediate Lithgow area are unable to supply coal, the power station has the option to rail coal from other mines in the Western Coalfield, such as Wilpinjong, Ulan or Moolarben, likely at higher cost. The operating life of Mount Piper Power Station beyond 2024-2028 is a commercial decision for EnergyAustralia and will be based on the economics of continuing to supply electricity to the National Electricity Market.

According to Minister Roberts, Mt Piper does have other coal supply options.

Perhaps EnergyAustralia should be exploring those options and not rely on MOD 2 being approved?

Should MOD 2 not be approved, then Centennial Coal could reopen Angus Place mine and ramp-up production at Airly mine from 0.8 to 1.8 Mt/yr, until the WTP is completed?

2015 top 5 coal country rankings (all coal, both black and brown)

All Coal in year 2015	Rank 1 Country	Rank 2 Country	Rank 3 Country	Rank 4 Country	Rank 5 Country
Reserves (proved) (Mtonnes) (% world share) R/P (years)	USA 237 295 26.6 292	Russian Fed. 157 010 17.6 422	China 114 500 12.8 31	Australia 76 400 8.6 158	India 60 600 6.8 89
Production (Mtoe) (% world share)	China 1 827.0 47.7	USA 455.2 11.9	India 283.9 7.4	Australia 275.0 7.2	Indonesia 241.1 6.3
Consumption (Mtoe) (% world share)	China 1 920.4 50.0	India 407.2 10.6	USA 396.3 10.3	Japan 119.4 3.1	Russian Fed. 88/7 2.3

Top 5 countries held: 72.4% share of Reserves; 80.5% share of Production; 76.3% share of Consumption. Mtoe = million tonnes oil equiv. = 41.87 petajoules (IEA);

R/P = Reserves-to-production. Source: **BP Statistical Review of World Energy 2016**, pp30, 32-33

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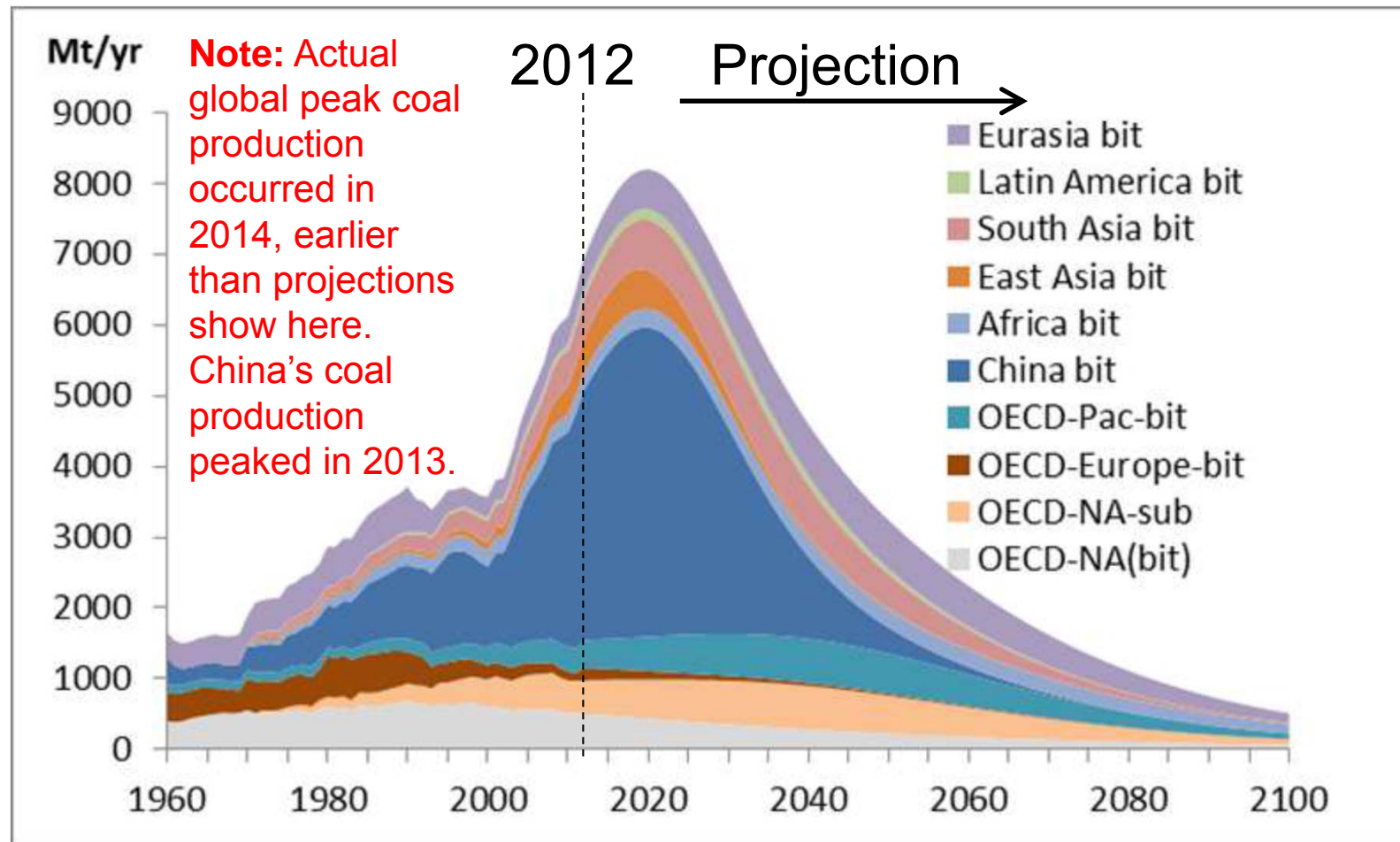
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Current top 5 coal producer outlooks:

1. **China:** peaked at an all-time high in 2013 at 1894.6 Mtoe, declined 3.6% to 1827.0 Mtoe in 2015, decline a further 9.4% in 2016, and is expected to decline substantially further in the next few years. **China is on a rapid diversification of its entire electricity-generating capacity away from coal towards hydro, renewables and nuclear.**
2. **USA:** peaked at an all-time high in 2008 at 596.7 Mtoe, declined 23.7% to 455.3 Mtoe in 2015, and is expected to decline a further 20% by around 2020. Utilities have plans to close 40 coal plants by 2022; 6 have been announced since Trump's election victory. 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 4 of the other biggest US coal companies recently.
3. **India:** increased 12.4% from 252.4 Mtoe in 2010 to 283.9 Mtoe in 2015, but a draft national electricity plan announced in December 2016 indicates there's no need to build a single new coal-fired plant in the 2020s. **2 years ago, Indian energy minister Goyal articulated a clear plan to cease thermal coal imports by around 2020.**
4. **Australia:** 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's exports. Plenty of coal but few will need it soon!**
5. **Indonesia:** similar to Australia's export outlook. Domestic demand is increasing.

EWG: World hard coal production 1960 – 2100 by region



Source: Energy Watch Group, *Fossil and Nuclear Fuels – the Supply Outlook*, 2013, p12

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Why I think Springvale MOD 2 should be denied:

- The WTP is only now being considered for approval, >19 months since SSD 5594 was approved. I believe this should have occurred last year. **I believe Centennial Coal is demonstrating through slow progress & inaction that it has no intention to build the WTP, and is using delay tactics wherever possible to avoid doing so.**
- I believe Centennial Coal has engineered situations to put pressure on the local community, and the State of NSW to enable Centennial Coal to get what it wants, at the expense and to the detriment of others and to the environment. **I think this is not the behaviour of a corporate citizen that should be rewarded by approving Springvale MOD 2.**
- **There are other coal supply options for Mount Piper Power Station until the WTP is approved, constructed and operational.**

We live on a finite planet

- Finite **lands**;
- Finite **oceans, seas, lakes, rivers and streams**;
- A finite **atmosphere**; and
- A finite **Total Solar Irradiance (TSI)**.

Good planets are hard to come by!

Photo: NASA



Final thoughts

“It is difficult to get a man to understand something when his salary depends upon his not understanding it.”

Upton Sinclair (1878 – 1968), US novelist & socialist politician

“The difficulty lies, not in the new ideas, but escaping from the old ones...”

John Maynard Keynes (1883 – 1946), English economist

The proposed Springvale Water Treatment Plant (WTP) & the Western Services Project MOD 1 should be APPROVED.

The Springvale Mine Extension Project MOD 2 should be DENIED.

Thank you for your attention

All data & opinions included within are presented in good faith