

4th March 2019

Gordon Kirkby – Panel Chair
Stephen O'Connor – Panel Member
Wendy Lewin – Panel Member

Independent Planning Commission NSW (IPCN)

Email: ipcn@ipcn.nsw.gov.au

Dear IPCN Panel Members,

D532-18 – Bylong Coal Project Determination

Last week, I became aware of correspondence to the IPCN from Hansen Bailey, dated 18 December 2018, re **Response to Submissions in Relation to Economic Impact Assessments**, posted on the IPCN Bylong Coal Project webpage on 16 January 2019.

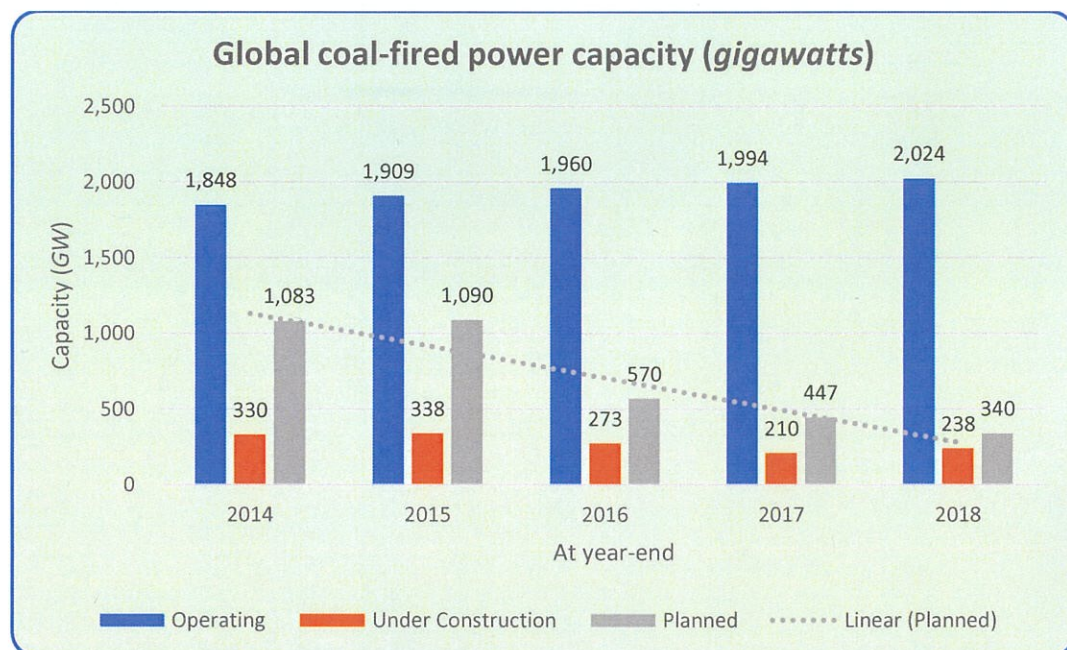
The Hansen Bailey correspondence provides a summary of matters raised and a response by KEPCO that includes the following points:

- **Reference for Information Regarding New Power Plants** – *The Gillespie Economics report clearly sources [sic] this information from the journal of the Office of the Chief Economist, the Energy and Resources Quarterly (September 2017).*
- **International Demand/Trade of Thermal Coal is Declining** – *This is contradictory to the recent report released by the International Energy Agency (IEA) (2018) which indicates for its Current Policy Scenario (CPS) that global thermal coal demand, production and trade to 2040 is forecast to grow, with Australian coal exports expected to increase from 350 Million tonnes per annum (Mtpa) to 428 Mtpa (i.e. an 22.3% increase).*

In response to the KEPCO Response points above I wish to draw the IPCN Panel Members' attentions to the following information:

1. The Australian Chief Economist produces the *Energy and Resources Quarterly* editions for March, June, September and December each year. Why didn't Gillespie Economics update its report to reflect more recent data, to at least September 2018? The December 2018 edition shows a marginal decline in imports for Japan and South Korea over the outlook period, because of ongoing government efforts to reduce coal consumption. Is KEPCO 'cherry picking' favourable data and ignoring more recent inconvenient information?
2. The day after the IPCN public meeting for the Bylong Coal Project at Mudgee, one of the major global industry benchmarks was updated and published: *Lazard's Levelized Cost of Energy Analysis – Version 12.0*. This latest analysis infers that an inflection point has been reached where, in some cases, it is more cost effective to build and operate new alternative energy projects than to maintain existing conventional generation plants. Lazard's figures are based on US data and US conditions but provides an insight into global trends. See: <https://reneweconomy.com.au/lazard-hails-inflection-point-as-wind-solar-costs-beat-new-and-old-fossils-72497/>

3. The CSIRO and AEMO collaboratively published their inaugural *GenCost 2018* report in December 2018, confirming that while existing fossil fuel power plants are competitive due to their sunk capital costs, solar and wind generation technologies are currently the lowest-cost ways to generate electricity for Australia, compared to any other new-build technology. See: <https://www.csiro.au/en/News/News-releases/2018/Annual-update-finds-renewables-are-cheapest-new-build-power>
4. CoalSwarm's Global Coal Plant Tracker (GCPT) is an online database that identifies, maps, describes, and categorises every known coal-fired generating unit and every new unit proposed since 01 January 2010 (30 MW and larger). The tracker uses footnoted wiki pages to document each plant and is updated biannually (see: <https://endcoal.org/global-coal-plant-tracker/>). Within the last fortnight the GCPT has updated and published its data to January 2019. Shown below is a bar chart I've compiled of global coal-fired power capacities operating, under construction and planned from 2014 through 2018, indicating a declining trend for planned capacity (i.e. Announced + Pre-permit + Permitted).



Source: <https://www.carbonbrief.org/mapped-worlds-coal-power-plants> & GCPT's *Coal Plants by Country (MW)* – Jan 2019 data table

5. The GCPT data table *Changes from January 2018 to January 2019 (MW)* shows global coal-fired capacities during the reporting period that:
 - a. **started construction:** **30,141 MW;**
 - b. resumed construction (from 2017): **52,686 MW;**
 - c. started operations (added to existing operating fleet): **50,265 MW;**
 - d. **were retired (from the operating fleet):** **30,890 MW;** and
 - e. were projects that were cancelled: **119,427 MW.**

It appears global generator retirements (i.e. item d. above) are beginning to exceed new start constructions (i.e. item a.). If trends continue, with the coal capacity planning pipeline also continuing to shrink (from 1,090 GW in 2015 to 340 GW to Jan 2019, a loss of more than two-thirds), global coal-fired power capacity should peak within a few years, and then begin a sustained decline.

With a decline in the global coal-fired power generator fleet capacity likely to begin soon, then global coal demand will also decline with it.

6. Last week, Tim Buckley at IEEFA published a report titled *Over 100 Global Financial Institutions Are Exiting Coal, With More to Come: Every Two Weeks a Bank, Insurer or Lender Announces New Restrictions on Coal*. The main message of this report is: ***“Global capital is fleeing the thermal coal sector. This is no passing fad.”*** See: <http://ieefa.org/ieefa-report-every-two-weeks-a-bank-insurer-or-lender-announces-new-coal-restrictions/>

Any new coal mines (like Adani's Carmichael coal mine and KEPCO's Bylong Coal Project) will add more competition to a likely shrinking market. Any new coal mines are likely to take jobs away from existing operating mines in the Queensland's Bowen and Surat basins, and from NSW's coalfields.

On February 8, Chief Justice Brian Preston in the NSW Land and Environment Court handed down his decision in an appeal by Gloucester Resources on the Rocky Hill open-cut coal mine. The judge concluded that an open-cut coal mine ***“would be in the wrong place at the wrong time”***.

“Wrong place because an open-cut coal mine in this scenic and cultural landscape, proximate to many people's homes and farms, will cause significant planning, amenity, visual and social impacts,” he said.

“Wrong time because the greenhouse gas emissions of the coal mine and its coal product will increase global total concentrations of [those gases] at a time when what is now urgently needed, in order to meet generally agreed climate targets, is a rapid and deep decrease in [those] emissions.”


“These dire consequences should be avoided.”

See: <https://www.smh.com.au/environment/climate-change/these-residents-stopped-a-coal-mine-made-history-and-sent-ripples-through-boardrooms-around-the-world-20190214-p50xw9.html>

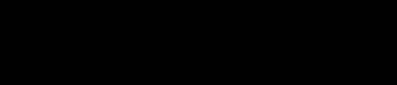
I do hope you, as the IPCN Panel Members deciding the fate of the Bylong Coal Project, won't ignore the issues I have raised in my IPCN presentation on 07 November 2018 and additional information in this letter.

Please choose wisely.

Yours Sincerely,



Geoff Miell



Mobile:

