

ASSESSMENT REPORT

PROPOSAL TO PROCESS AWABA COAL AT NEWSTAN COLLIERY

Section 75W Modification Newstan Colliery (DA 73-11-98 MOD 3)

1 BACKGROUND

Centennial Newstan Pty Limited operates the Newstan and Awaba Collieries. Centennial Mandalong Pty Limited operates the Mandalong Coal Mine. Both companies are subsidiaries of the Centennial Coal Company Limited (Centennial).

Newstan Colliery and Awaba Colliery are underground coal mines located near the towns of Fassifern and Toronto respectively and the Mandalong underground coal mine is located west of the Eraring Power Station, all of which are within the Lake Macquarie local government area (see Figure 1).

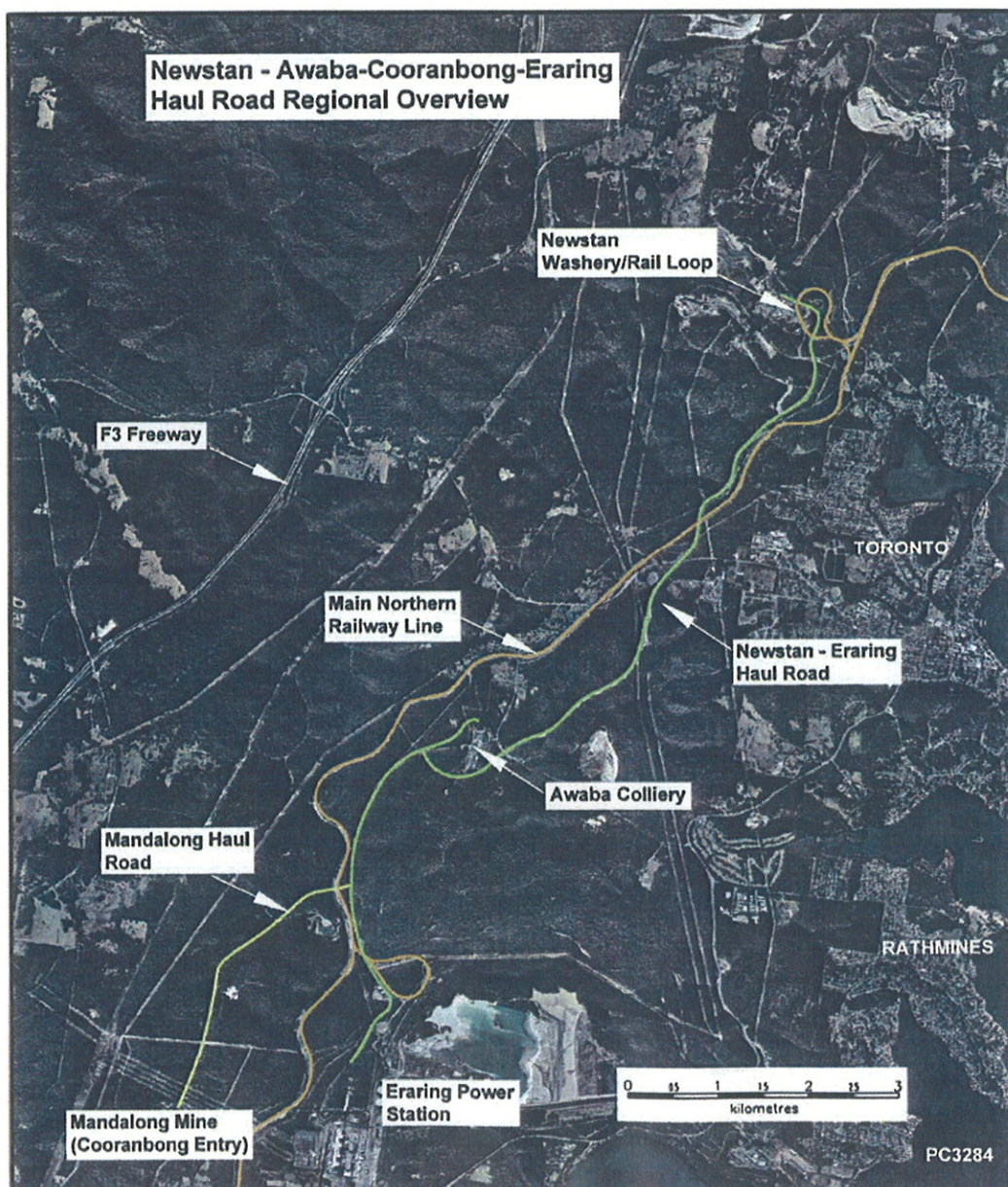


Figure 1: Location of the Newstan, Awaba and Mandalong Collieries.

On the 14 May 1999, the Minister of Planning granted the Newstan development consent (DA 73-11-98), which has subsequently been modified twice. This consent allows Centennial to undertake longwall mining at Newstan to extract up to 4 million tonnes per annum (Mtpa) of coal and to process this coal through a washery. Under the existing Newstan consent, approval already exists to receive Awaba coal, but only for stockpile at the rail loop and dispatch by rail. Awaba coal cannot currently be processed through the Newstan washery.

2 PROPOSED MODIFICATION AND PROJECT NEED

On 6 October 2010, Centennial submitted an application to the Department under Section 75W of the *Environmental Planning and Assessment Act 1979* (EP&A Act) to further modify the Newstan development consent. The proposed modifications involve:

- transport via internal haul roads and washing of 880,000 tpa of Awaba's raw coal at Newstan;
- acceptance of Mandalong's stone reject material at Newstan for the capping the former Northern Reject Emplacement Area (NREA) tailings dam; and
- establishing a 30,000 tonne emergency coal stockpile at Newstan.

Newstan is seeking approval for up to 880,000 tpa of Awaba coal to comprise a portion of the approved 4 Mtpa throughput of the Newstan washery. As the Newstan Colliery operations were placed on "care and maintenance" in May 2009, there is presently capacity for Awaba mine to utilise Newstan's washery and to dispatch washed coal via the Newstan Rail Loop for rail delivery to the Port of Newcastle for export. Newstan has already obtained approval to receive and wash 2 Mtpa of Run of Mine (ROM) coal from Mandalong.

Under the proposal, haul trucks arriving at Newstan from Awaba would deliver coal to an existing 80,000 tonne stockpile at the washery, which is approximately 300 metres (m) from the rail loop. This coal would then be reclaimed into the Newstan washery and undergo the usual processing. Storage of the washed coal would be on the existing rail loop pad. Haul trucks to and from both Mandalong and Awaba would use existing private haul roads (see Figure 1) with no use of public roads.

The proposed modifications would not change the currently approved development consent area, mining area, extraction rates or mining extraction methodology at Newstan, Awaba or Mandalong.

3 STATUTORY CONTEXT

Section 75W

This application is a proposal to modify the mine's original Part 4 consent (DA 73-11-98). Newstan has sought to modify this consent under section 75W of Part 3A of the EP&A Act.

Under clause 8J(8)(c) of the *Environmental Planning and Assessment Regulation 2000*, DA 73-11-98 can only be modified under section 75W of the Act, since it is a development consent granted by the Minister under Part 4 of the Act (relating to State significant development) before 1 August 2005 and in force immediately before the commencement of Part 3A of the Act. If the development consent is modified, it remains a consent under Part 4, and does not become an approval under Part 3A of the Act.

Consent Authority

While the modification is assessed under Part 3A, the modified development consent would remain a consent under Part 4 of the Act. Consequently, the Minister for Planning is the consent authority for the proposed modification. However, under the Minister's delegation of 25 January 2010, the Director, Mining and Industry Projects, may determine the modification application.

4 CONSULTATION

Under Section 75W of the EP&A Act, the Department is not required to notify or exhibit the application. Given the minor nature of the proposed modifications and their minimal environmental impact, the Department has not undertaken any public consultation for the proposal. However, the Department consulted directly with the Department of Industry and Investment, which had no objection to the proposed modification.

5 ASSESSMENT

The Department's assessment of the key issues is summarised in Table 1 below:

Table 1: Assessment of key issues

Issue	Potential Impacts & Consideration	Conclusion
<i>Noise</i>	As indicated above, noise impacts associated with coal haulage have already been assessed and approved under the existing Newstan consent. The proposed modification would result in haulage trucks from Awaba unloading coal 300 m further west, at the Newstan washery stockpile instead of the rail loop stockpile (see Figure 2). This is a minor change to existing operations and would not result in additional truck movements within the Newstan site. This minor change in noise source locations is unlikely to increase noise impacts, given that the closest receivers are well to the east, at Fassifern. The Department is satisfied that any noise impacts associated with the proposed modification would be negligible and would not impact any sensitive receivers. The minor changes in operations at Newstan would be adequately managed by Newstan's existing consent and noise management practices.	Negligible
<i>Water</i>	The proposal will not result in any significant changes to water management at Newstan or along the Newstan-Eraring private haul road. The proposal will not increase water impacts beyond the limits imposed under the Newstan consent and controlled under the mine's Water Management Plan. However, the Department notes that water management at Newstan, and specifically at the Reject Emplacement Area, is subject to ongoing discussions between Newstan and the Department of Environment, Climate Change and Water. The Department is satisfied that the proposed modification will not have a significant impact on water management systems at Newstan.	Negligible
<i>Air Quality</i>	The proposed modification has the potential to cause minor air quality impacts due to changed operational conditions. However, the proposed modification would generate insignificant quantities of dust when compared to air quality impacts generated from existing operations. Dust suppression strategies will continue to be implemented in accordance with Awaba's and Newstan's approved Dust Management Plans. The Department is confident that any additional air quality impacts would be minimal and would have negligible impact on sensitive receivers.	Negligible
<i>Waste / Reject Management</i>	The impact of washing Awaba coal at Newstan and the subsequent management of reject material has not previously been assessed. The Newstan 1998 EIS assessed recovery of the mine's product coal from its washery to be approximately 80%. Centennial has undertaken a washability assessment based on ROM coal samples from Awaba Colliery, which indicates a similar product coal recovery rate of 80%. As the maximum amount of ROM coal that can be processed at Newstan would not change from the approved 4 Mtpa, the capacity of Newstan's coal reject emplacements to accept reject generated by processing Awaba coal would not be exceeded over the life of its existing consent. Coal from different areas can have distinct chemical properties, which could result in reject material requiring specific management. Recent chemical analyses show that the quality of Newstan coal is comparable to Awaba coal. Accordingly, the existing Newstan reject emplacement infrastructure and methodology is appropriate for the storage and management of Awaba reject. Stone reject material from Mandalong would be utilised to cap the NREA tailings dam and for minor drain construction. Once complete, stone will then be stored in the Southern Reject Emplacement Area at a rate of approximately 150 tonnes per week. The Department is satisfied the existing reject emplacements at Newstan can adequately accommodate and manage the reject generated by processing Awaba coal.	Nil
<i>Transport</i>	The proposed modifications would not result in any additional truck movements or impacts to public roads beyond those already assessed and approved, albeit that laden trucks would be travelling north to Newstan, rather than south, along the private haul road.	Nil
<i>Other issues</i>	The proposed modifications do not require additional construction, clearing, increases to approved processing / extraction rates, or changes to existing licence conditions. Accordingly, there would not be any impacts to soil, biodiversity, greenhouse gasses or heritage.	Nil

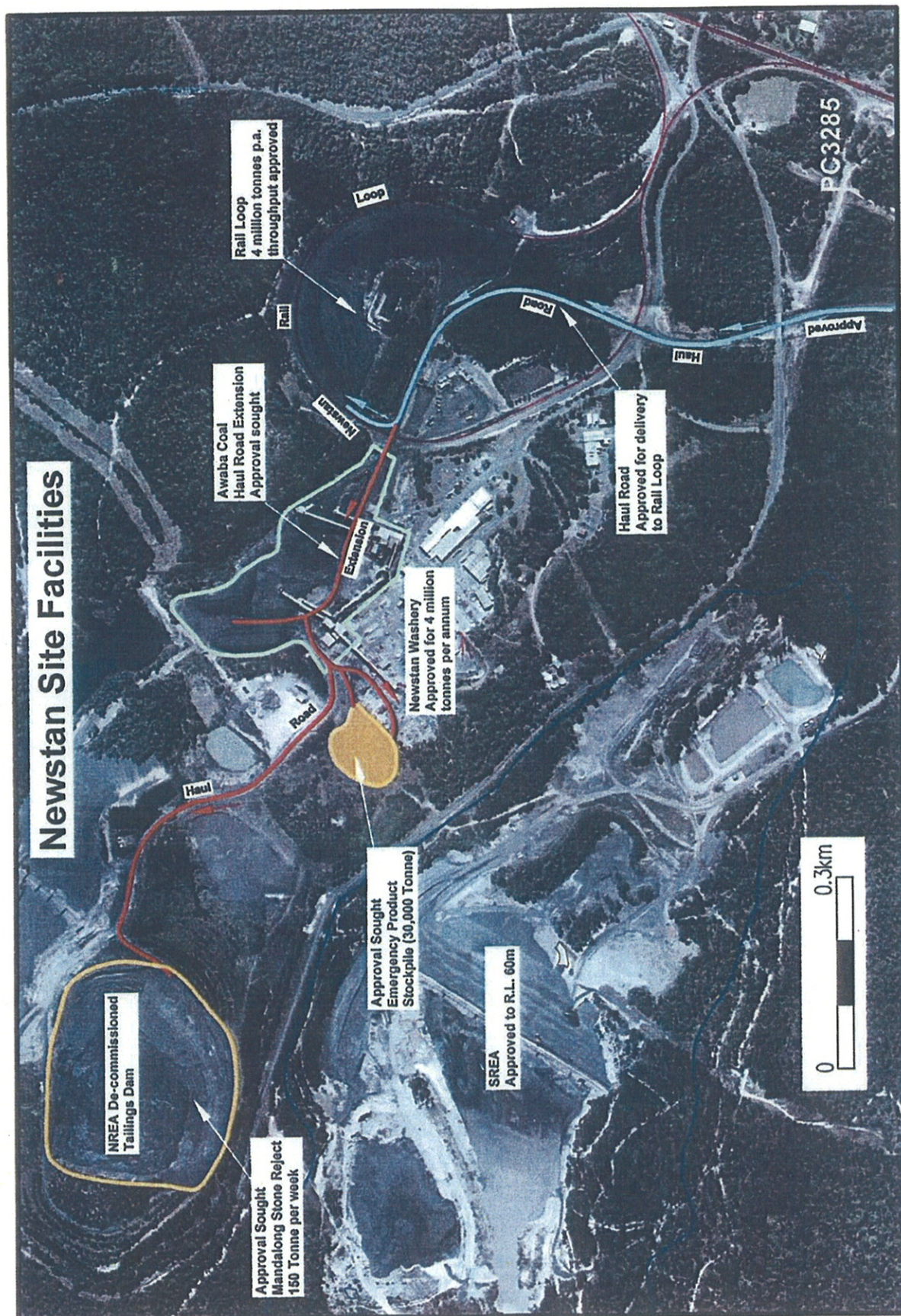


Figure 2: Newstan Colliery and associated infrastructure.

6 RECOMMENDED CONDITIONS

The Department has recommended modified conditions of consent for the Newstan Mine.

Newstan accepts these revised conditions.

7 CONCLUSION

The Department has assessed the application in accordance with the relevant requirements of the EP&A Act. This assessment has found that the proposed modifications would be of minimal environmental impact, and could be appropriately managed to ensure an acceptable level of environmental performance. Consequently, the modifications would result in minor additional environmental impact above which is already approved. The overall benefits outweigh any potential minor impacts, which would be adequately managed under existing conditions of consent and/or management plans.

On this basis, the Department is satisfied that the proposed modifications are acceptable, and should be approved.

8 RECOMMENDATION

It is RECOMMENDED that the Director, as delegate of the Minister:

- consider the findings and recommendations of this report;
- determine the proposed modification falls within the scope of section 75W of the EP&A Act;
- approve the applications under Section 75W of the EP&A Act; and
- sign the attached notice of modification (Tagged A).



Colin Phillips
A/Manager
Mining Projects

26/11/10



Howard Reed
A/Director
Mining and Industry Projects

26.11.10