

17 June 2022

Mr Stephen O'Donoghue
Director Resource Assessments Energy, Resources and Compliance
Department of Planning, Industry and Environment
Locked Bag 5022
PARRAMATTA NSW 2124

Re: Colongra Power Station Planning Approval Administrative Modification

Dear Mr O'Donoghue,

A. Urgent Planning Approval Condition Administrative Modification

Thank you for meeting with us today to discuss the inconsistency between conditions of Colongra's EPL and Condition 2.8 of Colongra Power Station (**Colongra**)'s Planning Approval on air concentration limits and exemptions permitted by the EPL, which is affecting Colongra's ability to respond to the current energy crisis and maintain and restore security and reliability of the National Electricity Market (**NEM**).

As you are aware:

1. Colongra is a dual fuel (natural gas and fuel oil) facility, with a limited storage capacity of both fuel types. The power station ordinarily operates on natural gas, but, under conditions where natural gas is unavailable, the station will operate on fuel oil (diesel);
2. Colongra's Nitrogen Oxide (**NOx**) emission limits are governed by its EPL (**EPL**) and Planning Approval. Both instruments set the same Nitrogen Oxide (**NOx**) emission limits;
3. the Australian Electricity Market Operator (**AEMO**) has suspended the spot market under the National Electricity Rules (**NER**), effectively directing generators, such as Snowy Hydro when to generate to ensure secure supply and the suspension remains in force;
4. there is urgency to maintain and restore security and reliability of the NEM;
5. NSW EPA has confirmed on 16 June 2022 that Snowy Hydro has met the requirements of Condition L3.5 (air concentration limit emergency exceedance condition) of its Environmental Protection Licence (**EPL**) to temporarily exceed the

Nitrogen Oxide (**NOx**) emission limits specified until 5pm 23 June 2022 due to a direction by AEMO to supply energy to the network under Lack of Reserve (LOR) 3 conditions;

6. there are inconsistencies between conditions of Colongra's EPL and Condition 2.8 of Colongra's Planning Approval on alternate air concentration limits and exemptions permitted by the EPL, which is preventing Snowy Hydro to utilise the exemption granted by EPA without breaching Condition 2.8. of the Planning Approval and maintain and restore security and reliability of the NEM.

Given the circumstances outlined above, Snowy Hydro is seeking an urgent administrative modification to Condition 2.8 of Colongra's Planning Approval from DPIE to ensure consistency between EPL and the Planning Approval to the effect that:

1. air concentration limits or alternative air concentration limits set by the EPL will override the Planning Approval; and
2. air concentration limit emergency exemptions granted under EPL are also permitted under the Planning Approval.

Further details of our request are outlined below.

B. Inconsistent Conditions between EPL and Planning Approval

NSW EPA Approval

As Colongra's air concentration limits are also governed by EPL and the EPL requires that any variations to the EPL is reviewed first, we have discussed the current circumstances with the EPA to ensure consistency across both instruments.

On 16 June 2022, Snowy Hydro submitted a request to the EPA to temporarily exceed NOx concentration limits specified in the licence for seven days to allow for a reduced rate of demineralised water injection, which will extend the plant operation duration on fuel oil (diesel).

On 16 June 2022, NSW EPA has confirmed that Snowy Hydro has met the requirements of Condition L3.5 (air concentration limit emergency exceedance condition) of its EPL to temporarily exceed the Nitrogen Oxide emission limits specified until 5pm 23 June 2022.

The exemption to NOx emission limits granted by the EPA will allow for a reduced rate of demineralised water injection, which will extend the plant operation duration on diesel which will support the security and reliability of the electricity system for longer and more effectively.

Attached is a copy of NSW EPA's confirmation.

Currently, condition L3.5 of Colongra's EPL provides that Snowy Hydro may temporarily exceed its air concentration limits (NOx emission limits) specified in the EPL under the following circumstances:

1. If AEMO or a person authorised by AEMO directs Snowy Hydro under the National Electricity Law (**NEL**) and National Electricity Rules (**NER**) to take relevant actions to maintain or restore the security or reliability of the electricity network; and
2. the relevant AEMO direction referred to above remains in force; and
3. Snowy Hydro takes all practical measures to prevent and minimise air pollution.

However, this exemption under the EPL is not available under Condition 2.8 of the Planning Approval and Snowy Hydro would still be in breach of its Planning Approval Condition despite the effect of the exemption. As such, Snowy Hydro currently cannot:

- a. utilise this exemption and exceed its current limits under the EPL and Planning Approval despite EPA's confirmation; and
- b. comply with a direction issued by AEMO to take relevant actions to maintain or restore security or reliability under NER or NEL to respond to the current energy crisis if it results in NOx emission exceedance as we would be in breach of our Planning Approval condition.

C. Proposed Administrative Modification to Condition 2.8 of Colongra's Planning Approval

Given the inconsistency, Snowy Hydro is requesting an urgent administrative modification to Condition 2.8 of Colongra's Approval be granted by DPIE in accordance with the proposed amendments below (in bold and italics) to ensure consistency between EPL and the Planning Approval, which will permit Snowy Hydro utilise the air concentration limit emergency exceedance condition granted by EPA to respond to the energy crisis and comply with AEMO's direction to maintain and restore security and reliability of the NEM.

The proposed administrative amendments are consistent with other Major Planning Approvals granted by DPIE, such as the Snowy Hydro's Hunter Power Project.

"Condition 2.8

SPECIFIC ENVIRONMENTAL CONDITIONS

Discharge Limits

2.8 The proponent shall design, construct, operate and maintain the project to ensure that for each turbine stack discharge point (***or alternative limits as permitted by the applicable EPL***), the concentration of each pollutant listed in Table 2 is not exceeded when utilising the specified fuel **except for exemptions permitted by the applicable EPL and/or**

EPA. This condition only applies to the operation of the project, and to avoid any doubt, does not apply during start-up or shut down.”

Table 2 - Maximum Allowable Discharge Concentration Limits (Air)

Pollutant	Fuel Type	100 Percentile limit (mgm -3)	Reference conditions
Nitrogen dioxide (No2) or nitric oxide (NO) or both (as NO2)	Natural Gas	60	Dry, 273K, 101.3kPA, and 15% O2
	Diesel	90	

Thank you for your consideration.

Should you have any further queries, please do not hesitate to contact me on 0427 773 504.

Your Sincerely,



Rachael Williams
Senior Environmental Advisor G&D

On behalf of
Charlie Litchfield
Manager Environmental Services

