

Our reference: FIL08/6074:DOC12/52948:GN
Contact: Greg Newman, (02) 4224 4100

Department of Planning and Infrastructure
(Attention: Ms Ashley Cheong)
GPO Box 39
SYDNEY NSW 2001

Dear Sir

MODIFICATION TO SOYBEAN PROCESSING AND BIODIESEL PROJECT, PORT KEMBLA (08 0083)

I am writing further to a letter from the Department of Planning and Infrastructure (DoPI) to the Environment Protection Authority (EPA) dated 17 December 2012 and a meeting between the Proponent and the EPA on 11 December 2012. This letter and meeting provided additional information on the above Major Project modification in response to questions previously raised by the EPA.

As previously advised, odour and dust impacts are key environmental issues for the EPA. A summary of the Proponents response to EPA questions related to these concerns is included as **Attachment A**. Following our review of all the available information, the EPA provides this submission on the proposed modification which also includes required modifications to the existing Approval Conditions and the current Statements of Commitment as listed in **Attachment B**.

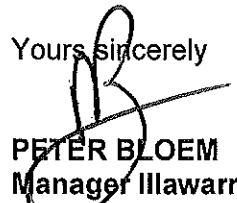
The Proponent believes that due to the characteristics of biodiesel and soybeans as well as their observations with similar existing operations, specific odour control is not required. Should odour become an issue, the Proponent advised that odour control options (such as thermal oxidisers) can be provided by the equipment manufacture and readily retrofitted to the existing plant. Given this advice and the availability of add on odour controls, EPA is seeking more specific conditions and stronger commitments to be included in any determination.

Other modifications relate to legislative changes, consistency with legislative/policy definitions, timing, and the new biodiesel importation activity.

The Proponent will also need to make a separate application to EPA to obtain an Environment Protection Licence (EPL) should approval be granted. The EPA has previously provided approval conditions to the Proponent and DoPI with our original submission on the exhibited Environmental Assessment. EPA would use these conditions in developing an EPL. Further, these conditions should also be taken into account before determining this modification.

The EPA is happy to meet with DoPI and the Proponent to discuss these matters at a mutually convenient time if required. If you have any questions, please contact Greg Newman on the above details.

Yours sincerely

 24/12/12
PETER BLOEM
Manager Illawarra
Environment Protection Authority

Att: A and B

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Attachment A - Proponents Response to EPA Questions

Summary of information provided in response to the EPA questions raised in our letter of 3 December 2012.

1. Scale of Biodiesel Operation

Up to 250,000 tonnes per annum of biodiesel will be imported from early 2014 until the completion of the manufacturing facilities. The timing of the completion of the manufacturing facilities is presently unknown.

2. Environmental Controls for Odour and Dust

i. Biodiesel Unloading and Storage

The Proponent advised:

- Biodiesel is non volatile and its physical properties means it does not give off significant odours.
- Odours have not been an issue with previous/current importation operations at Port Kembla and other locations.
- Vapour recovery and desiccant breathers are not appropriate for biodiesel operations and soybean storage and will not be used for emissions/odour control.
- Company policies applying to fuel transport trucks means only biodiesel fume is displaced from the truck storage tanks.
- Soybeans will be transported via closed conveyor systems
- Soybeans will be supplied and stored dry
- Much of the soybean refining processing does not result in air emissions or utilises recirculates air with minimal emissions.

For these reasons no specific odour controls are proposed for biodiesel importation or soybean refining operations.

The Proponent said odour control options can be provided by the equipment manufacturer should they be necessary.

ii. Soybean Handling

Soybeans will be transported via closed conveyor systems. The truck dumping station will be covered and include dust control equipment, the exact design of which will be determined during the detailed design phase of the project.

Attachment B - Comments on Modification document

1. Comments on Current Approval Conditions - Schedule 3

General

Due to changes in NSW Government Departments since the original approval, reference to the Department of Environment and Climate Change (DECC) should be changed to the Environment Protection Authority (EPA) with the exception of condition 24 which should be changed to the Office of Environment and Heritage (OEH).

Condition 2

The Protection of the Environment Operations (Clean Air) Regulation was revised in 2010 and the 2002 date should be modified accordingly.

Condition 3

This condition focused on nitrogen oxide emissions from the boilers. A timing should be added to the condition to ensure EPA "satisfaction" with the technology choice prior to ordering the relevant equipment. The EPA has discussed this matter with the Proponent and have agreed on the following revised wording, ... *Prior to purchasing the boiler equipment for the project, the proponent must demonstrate to the satisfaction of the EPA that they have implemented Best Available Control Technology into the design of the boiler equipment to minimise, as far as practicable, the nitrogen oxide emissions of the project.*

Condition 8 Air Emissions Validation Report and Condition 11 Noise Validation Report

The conditions specify that the submission of the reports must be *within 6 months of the commencement of operations*. This timing should be modified to account for the staggered commencement of the two separate operations, that is, biodiesel importation and soybean refining. The conditions are relevant to both operations. The condition should be modified to say... *"within 6 months of the commencement of importation of biodiesel and within 6 months of the commencement of soybean refining"*. Thus two reports would be required for each condition.

Condition 8 (c) Demonstration factors for Air Validation Report

Bullet 2 of this condition currently specifies the Proponent must *"demonstrate the air emissions comply with the relevant approval emissions limits in this approval"*. The air emissions validation assessment must also include the dust conditions specified in condition 6. To reflect this requirement the bullet 2 wording should be modified to *"..comply with relevant emission limits and other air emissions conditions in this approval"*.

Condition 8 (d) Odour Audit

The existing condition refers to "non-compliances" but the assessment criteria is not listed, that is, Section 129 of the POEO Act. Thus the last part of the condition should be amended to, *"and if any non-compliances are detected against Condition 1 of this Approval"*.

Condition 8 (e) Contingency Requirements

In consideration of the concerns raised in the cover letter, the EPA believes this condition should be made more specific and modified as follows:

If the air quality monitoring or the odour audits identify any non-compliance with the Condition 1 or 2 of this Approval, the Proponent must detail what additional measures will be implemented to ensure compliance, clearly indicating who would implement these measures, when these measures would be implemented, and how the effectiveness of these measures would be verified and reported to the EPA.

2. Comments on Appendix 2: Statements of Commitment

Air Quality

Bullet 4

The current SOC states, *"The Proponent will ensure that no plant-generated offensive odours are detected at the closest sensitive receptor"*. This terminology is not consistent with Section 129 of the POEO Act and Condition 1 of the Project approval and should be modified accordingly.

Bullet 5

The Leak Detection and Repair (LDAR) SOC should reference both the biodiesel importation and soybean refining operations.