

6 July 2020

Seq No: 48/20

Mr Steve O'Donoghue  
Director Resource Assessments  
Department of Planning, Industry & Environment  
GPO Box 39  
Sydney, NSW 2001

Dear Mr O'Donoghue,

**Subject: Modification 4 Biodiversity Offset Security**

The purpose of this letter is to provide a written update on the status of Ulan Coal Mines Pty Limited' (UCMPL) assessment of the various options being considered for the retirement of credits to offset the impacts of the Ulan Continued Operations Project- Modification 4 Longwall Optimisation Project (MOD 4). UCMPL are also seeking an extension of time to fulfil the requirements of Condition 43A, Schedule 3 of Project Approval PA08\_0184.

Condition 43A, Schedule 3 of Project Approval PA08\_0184 requires:

*Within 12 months of determination of Modification 4, unless otherwise agreed by the Secretary, the Proponent must retire 61 ecosystem credits of Plant Community Type (PCT) 478 and calculate and retire species credits to offset the biodiversity impacts of Modification 4. The retirement of credits must be carried out in consultation with OEH and in accordance with the Biodiversity Offsets Scheme of the BC Act.*

As MOD 4 was approved on 17 July 2019, condition 43A requires that the credits are retired by 17 July 2020.

Within the Response to Submissions (RtS) document prepared for MOD 4, UCMPL committed to assessing four options for the retirement of credits. These options included:

- Securing a land based offset on land owned by UCMPL;
- Securing a land based offset on land identified by the National Parks and Wildlife Service (NPWS);
- Securing required credits through the open credit market; and
- Paying into the Biodiversity Conservation Fund (established under the *Biodiversity Conservation Act 2016* (BC Act)).

UCMPL engaged Eco Logical Australia Pty Ltd (ELA) to undertake an assessment of the various options. The findings of the assessment are summarised below.

**MOD 4 Offset Option 1 (UCMPL owned property)**

The MOD 4 Offsets Option 1 property has been assessed in accordance with the requirements of the Biodiversity Assessment Method (BAM) under the BC Act to identify the vegetation (ecosystem) offset credit potential for the property. This included a desktop review and field survey.

The assessment has identified that the property offers the Plant Community Type 478 ecosystem credits required to satisfy Condition 43A of PA 08\_0184, plus surplus credits. The property has not been assessed for species credits required for the squirrel Glider or Koala due to the low credit requirement for these species and UCMPL's preference to pay into the Biodiversity Conservation Fund given the low quantum of required credits.

UCMPL obtained an expert report from Dr Stephen Debus for the Regent Honeyeater, which concluded that the Regent Honeyeater is unlikely to occur within the MOD 4 disturbance footprint and species credits are not required. UCMPL intend on including this in the Credit Retirement Strategy to be prepared, which will detail the proposed offset strategy, once known. However, a copy of the report prepared by Dr Debus can be provided prior to completion of the strategy report if required.

#### MOD 4 Offset Option 2 (suitable NPWS Offset)

In the RtS prepared for MOD 4, UCMPL committed to open discussion with NPWS in an effort to explore any opportunities to secure offsets locally within a parcel of land preferred by NPWS. UCMPL consulted with the Mudgee NPWS office, which determined that the NPWS' preference for land-based biodiversity offsets is that any properties to be secured, adjoin NPWS Reserve, wherever possible.

The UCMPL owned MOD 4 Offsets Option 1 property adjoins the Durridgere SCA along its northern boundary. NPWS provided confirmation (**Error! Reference source not found.**) that the MOD 4 Offsets Option 1 property would meet their preferences and no further assessment of local land-based offsets would be required.

#### MOD 4 Offset Option 3 (Securing credits through the open credit market)

A search of the Department of Planning, Industry and Environment' public register was undertaken in May 2020 to determine availability of PCT 478 ecosystem credits and Koala and Squirrel Glider credits. The search revealed:

- No credits for PCT 478 were found to be available for purchase; and
- Credits are available for both the Koala and Squirrel Glider.

#### MOD 4 Offset Option 4 (payment into the Biodiversity Conservation Fund)

On 10 June 2020 ELA determined the likely costs required to pay into the Biodiversity Conservation Fund for the required ecosystem and species credits.

Based on the findings of the assessment of the options outlined above, UCMPL have determined that:

- The two most suitable options to retire the required PCT 478 ecosystem credits are considered to be either payment in the Biodiversity Conservation Fund or securing the MOD 4 offset option 1 property as a Biodiversity Stewardship site; and
- Given the small quantum of credits required for both the Squirrel Glider and Koala, payment into the Biodiversity Conservation Fund is considered the most viable option to retire the species credits.

UCMPL are in the process of determining the most appropriate option to secure the required PCT 478 ecosystem credits.

UCMPL have invested substantial resources in thoroughly assessing the suitability of the various options outlined above. A comprehensive assessment of the suitability of the UCMPL owned land (option 1) via desktop and field assessment was required to determine the suitability of option 1. Consultation with a number of stakeholders was required in considering the various options, along with assessment by relevant experts to:

- Determine the most suitable land based offset option from NPWS' perspective;
- Obtain an assessment of reasonable equivalence from the Department of Planning, Industry and Environment- Biodiversity Conservation Division;
- Calculate the offset requirement of the residual disturbance using the *Framework for Biodiversity Assessment*;
- Obtain an expert report for the Regent Honeyeater and expert advice in relation to whether an expert report would be viable options for the koala and squirrel glider; and
- Determine the suitability of retiring credits through the open market or paying into the Biodiversity Conservation Fund.

Considering the progress that has been made in assessing and determining the most suitable option for retirement of credits to offset the biodiversity impacts of MOD 4, UCMPL respectfully requests that DPI&E approve an extension of time to the date required by Project Approval PA08\_0184, Schedule 3, Condition 43A. UCMPL intends to seek to finalise security of credits to offset the impacts of MOD 4 as soon as possible and prior to commencement of activities associated with MOD 4, if possible, noting no action associated with the MOD 4 approval has occurred to date.

Given UCMPL are further considering securing the MOD 4 offset option 1 property as a Biodiversity Stewardship Site and the steps involved (consultation with the Department of Planning, Industry and Environment- Biodiversity Conservation Division, preparation of relevant Management Plans and a Biodiversity Stewardship Site Assessment Report, having the BSS secured on title and other associated actions), we request that the deadline be extended to 31 December 2020.

If you require any additional information or have any questions, please contact Brad Tanswell on 0429 598 542 or via email: [Bradley.Tanswell@glencore.com.au](mailto:Bradley.Tanswell@glencore.com.au)

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Allan'.

**Charlie Allan**  
**General Manager**  
**Ulan Coal Mines Pty Limited**

## **Attachment A: NPWS Correspondence**