

# ASSESSMENT REPORT

## BOGGABRI COAL PROJECT – MODIFICATION

### Rail Haulage Modification (09\_0182 MOD 6)

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#### 1 BACKGROUND

The Boggabri Coal Mine is an open cut coal mining operation located approximately 15 kilometres (km) north east of Boggabri in the Narrabri local government area. Boggabri Coal Operations Pty Ltd (Boggabri Coal) operates the mine on behalf of Idemitsu Australia Resources, a subsidiary of Idemitsu Kosan Co. Ltd.

The mine operates under project approval (09\_0182) granted by the Planning Assessment Commission (the Commission) on 18 July 2012, under delegation from the then Minister for Planning and Infrastructure.

The approval, known as the Boggabri Coal Project, has been modified on 4 occasions and currently allows Boggabri Coal to extract up to 8.6 million tonnes per annum (Mtpa) of run-of-mine (ROM) coal until December 2033, operate a train loading facility, coal handling and preparation plant (CHPP), rail loop and rail spur line, and transport coal from the site by rail.

As part of the approval, Boggabri Coal is also permitted to handle, process and transport coal from the neighbouring Tarrawonga coal mine, which is owned and operated by Tarrawonga Coal Pty Ltd (TCPL), a joint venture between Whitehaven Coal Limited (70%) and Boggabri Coal (30%).

The approval allows Boggabri Coal to transport up to 10 Mtpa of coal from the site by rail, comprising up to 7 Mtpa from the Boggabri coal mine and up to 3 Mtpa from the Tarrawonga coal mine.

At this stage, TCPL has been unable to reach a commercial agreement with Boggabri Coal for the use of the Boggabri CHPP and rail spur, and is currently using alternate approved methods for coal processing and transportation, through the existing Gunnedah CHPP.

Nevertheless, the approval continues to allow Boggabri Coal to handle and transport coal from the Tarrawonga coal mine in the event that an agreement is reached in the future.

#### 2 PROPOSED MODIFICATION

Boggabri Coal is seeking a further modification to the project approval under Section 75W of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

The proposed modification involves a minor change to the conditions that would allow Boggabri Coal to utilise the rail capacity that is reserved for, and not currently being utilised by the Tarrawonga coal mine.

The proposal would not increase the maximum approved capacity of the rail spur line of 10 Mtpa, or increase the approved extraction limit of the mine (i.e. 8.6 Mtpa of ROM coal).

The proposed modification is described in the attached Environmental Assessment (EA) (see Appendix A).

### 3 STATUTORY CONTEXT

The Boggabri Coal Project was approved under Part 3A of the EP&A Act.

Although Part 3A was repealed on 1 October 2011, the project remains a 'transitional Part 3A project' under Schedule 6A of the EP&A Act, and hence any modification to the approval is to be made under the former Section 75W of the Act.

The Department is satisfied that the proposed modification can be characterised as a modification to the existing approval, as it would:

- not increase the approved mining footprint or approved mining methods;
- not increase the approved maximum extraction rate;
- not alter the approved transportation methods;
- not increase the maximum transport rate; and
- not significantly increase the approved environmental impacts of the mine.

Given these considerations, the Department is satisfied that the proposal is within the scope of Section 75W, and may be determined accordingly.

Under Section 75W of the EP&A Act, the Minister for Planning is the approval authority for the modification application. However, under the Minister's delegation dated 16 February 2015, the Director of Resource Assessments may determine the application.

Under Section 75X of the EP&A Act, the Secretary is required to make the modification application publicly available. In accordance with this provision, the Department placed the application and accompanying EA on its website. The Department also consulted with Narrabri Shire Council which did not raise any concerns with the proposed modification.

### 4 ASSESSMENT

In assessing the merits of the proposal, the Department has considered:

- the modification application and supporting information;
- the EA and conditions of approval for the Boggabri Coal Project;
- relevant environmental planning instruments, policies and guidelines; and
- the requirements of the EP&A Act.

The Department considers that the proposal is unlikely to result in any material impacts beyond those previously assessed and approved. This is because the modification would not increase the maximum amount of product coal transported via the Boggabri rail spur line or the approved extraction limit.

Nevertheless, the Department notes that Boggabri Coal would be unable to utilise the full capacity of the rail spur line. This is because it is constrained to a maximum extraction rate of 8.6 Mtpa of ROM coal. Even in the unlikely event that none of the coal is washed in the CHPP, the theoretical maximum able to be produced and transported from the site would be 8.6 million tonnes in any given year.

Boggabri Coal argues that the increased transportation rate of up to 10 Mtpa is required to address potential disruptions to rail or port facilities which would necessitate the need for Boggabri Coal to stockpile coal on the site and increase its transportation rate in the following calendar year.

The Department has considered these arguments and believes that any disruptions to transport facilities and other exceptional circumstances should be dealt with on a case-by-case basis. The Department also notes that the rail spur would continue to be under-utilised since Boggabri Coal would be constrained by its extraction rate and the fact that the Tarrawonga coal mine is not currently utilising the rail spur.

Given the above, the Department has recommended a condition which would increase the maximum amount of coal that may be transported from the Boggabri Coal Mine from 7 Mtpa to 8.6 Mtpa. It has also recommended that the total amount of coal to be transported on the rail spur, from both the Boggabri and Tarrawonga mines, remain the same as currently approved (i.e 10Mtpa).

The Department considers that this recommendation would not increase the approved noise, air quality, and transport impacts of the mine.

The Department notes that the noise and air quality and cumulative transport impacts associated with the transport of up to 10 Mtpa of coal were considered, and approved, in the Department's assessment of Modification 2 to the Boggabri project approval.

Additionally, Boggabri Coal would be required to comply with the existing noise and air quality criteria and to manage any impacts from the transportation of coal in accordance with its approved air quality and noise management plans.

## 5 RECOMMENDED CONDITIONS

The Department has prepared a Notice of Modification (see Appendix A) and a consolidated version of the project approval (see Appendix B) for the proposal.

The notice includes a change to the current conditions that would allow the transportation of up to 10 million tonnes of product coal via the Boggabri Rail Spur Line in any calendar year comprising up to 8.6 Mtpa from the Boggabri Coal Mine and up to 3 Mtpa from the Tarrawonga Coal Mine.

## 6 CONCLUSION

The Department has assessed the merits of the proposed modification in accordance with the requirements of the *Environmental Planning and Assessment Act 1979*.

The Department notes that the proposed modification would allow Boggabri Coal to transport coal up to the approved extraction rate of the mine, thereby maximising the benefits of the operation including royalties to the State of NSW. Importantly, the Department's assessment has found that the proposal would not result in additional impacts to that already approved.

Consequently, the Department believes that the proposal should be approved subject to conditions.

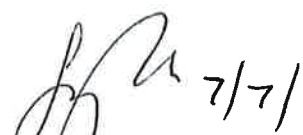
## 7 RECOMMENDATION

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

- **considers** the findings and recommendations of this report;
- **determines** that the proposed modification is within the scope of Section 75W of the EP&A Act;
- **approves** the modification application under Section 75W, subject to conditions; and
- **signs** the Notice of Modification in Appendix B.

 7/7/17

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## **APPENDIX A: ENVIRONMENTAL ASSESSMENT**

## **APPENDIX B: NOTICE OF MODIFICATION**

## **APPENDIX C: CONSOLIDATED APPROVAL**