



**Planning &
Environment**

***FINAL ASSESSMENT REPORT:
STATE SIGNIFICANT DEVELOPMENT***

***Springvale Mine Extension Project
(SSD 5594)***



Section 89E of the
Environmental Planning and Assessment Act 1979

September 2015

Cover photo: <http://www.smh.com.au/environment/water-issues/springvale-coal-mine-extension-clears-another-hurdle-despite-salinity-worries-20150814-giz5fn.html>

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EXECUTIVE SUMMARY

This final assessment report for the Springvale Mine Extension Project has been prepared by the Department of Planning and Environment (the Department) for consideration by the Planning Assessment Commission (the Commission).

The report focuses on the residual matters identified in the Commission's *Springvale Mine Extension Project Second Review Report* of September 2015 and response to that report by Centennial Springvale Pty Limited (Centennial).

The Commission's report considered the *State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) Amendment (Significance of Resource) 2015* (Mining SEPP Amendment) and made 4 recommendations for amending the conditions of consent. These recommendations involve:

- strengthening the proposed condition of consent relating to a Water Management Plan for the project to require consideration of all available options for ensuring that agreed discharge limits will be met, including the option to transfer minewater for treatment at Mt Piper Power Station;
- expanding the role of the Independent Monitoring Panel proposed within the subsidence management conditions of consent to ensure a greater focus on avoidance or minimisation of swamp impacts and adaptive management measures;
- strengthening the proposed conditions for the Extraction Plan, the Water Management Plan, and the Biodiversity Management Plan to expressly require consultation with the Monitoring Panel in preparing, revising and enforcing these plans; and
- requiring further investigations into low frequency noise.

The Department has broadly accepted the Commission's recommendations and has amended and strengthened its recommended conditions to reflect these recommendations.

The recommended conditions set strict limits on the environmental performance of the mine that reflect the advice of the Environment Protection Authority (EPA) and the draft *Policy Framework for Biodiversity Offsets for Upland Swamps and Associated Threatened Species Impacted by Longwall Mining Subsidence* prepared by the Office of Environment and Heritage in May 2015.

Under the conditions, an independent expert panel will be established to provide advice to the Department about options for avoiding, minimising and potentially offsetting damage to swamps as the mine progresses. Centennial will also be required to lodge a \$2 million bond with the NSW Government to ensure that suitable offsets are identified and secured during the early years of mining, should the impacts of mining result in damage to swamps.

The limits recommended by the EPA require Centennial to improve the quality of water discharged from the mine over time, including short and longer term limits for salinity. Centennial will be required to detail how it will achieve these limits through the preparation of an action and monitoring plan prepared in consultation with the EPA and WaterNSW.

The Department considers that the recommended conditions reflect current practice for the regulation of underground mining projects in NSW, and that with the implementation of the conditions the predicted residual impacts, including potential impacts on water resources and swamps, can be effectively minimised, mitigated and/or compensated for.

Importantly, the Springvale Coal Mine is now the only local mine currently supplying coal to the Mt Piper Power Station, which provides approximately 15% of NSW's electricity. The mine also directly employs more than 300 people with significant flow-on economic benefits for the broader Lithgow community.

The Department has carefully weighed the impacts of the project against the social and economic benefits of the project, including the recent Mining SEPP Amendment and in accordance with the requirements of the *Environmental Planning and Assessment Act 1979*. On balance, the Department remains satisfied that the project's benefits substantially outweigh its residual costs, that it is in the public interest and should be approved, subject to strict conditions of consent.

1.0 INTRODUCTION

1.1 Background

This final assessment report for the Springvale Mine Extension Project (SSD 5594) (the project) has been prepared for consideration by the Planning Assessment Commission (the Commission). It should be read in conjunction with the Department's Preliminary Assessment Report (April 2015) and Addendum Report (August 2015).

The three reports together comprise the Department's environmental assessment report for the project, and have been prepared to satisfy the requirements of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

This report considers the recommendations made in the Commission's *Springvale Mine Extension Project Second Review Report* (September 2015) and the response to that report by Centennial.

1.2 Project Overview

Centennial is seeking approval to extend underground mining at the Springvale Coal Mine to allow the mine to continue operating for an additional 13 years. The project would involve:

- continued longwall mining operations to extract up to 4.5 million tonnes per annum (Mtpa) of run-of-mine (ROM) coal from the Lithgow Seam;
- continued operation of the mine's pit top area, support facilities and utilities;
- extension and continued use of the Springvale Delta Water Transfer Scheme, bore dewatering facilities and ventilation infrastructure;
- continued processing (sizing and screening) of ROM coal at the pit top area;
- continued stockpiling of ROM coal (85,000 tonnes (t) capacity);
- continued transportation of processed coal by overland conveyor to Centennial's Western Coal Services site (WCSS) for further processing or to the Mt Piper Power Station;
- continued transportation of processed coal by road haulage to other local domestic customers (limited to 50,000 tpa); and
- rehabilitation of the pit top area and Newnes Plateau surface infrastructure sites.

A detailed description and plans of the major components of the project are provided in the Department's Preliminary Assessment Report.

1.3 Commission's Review

On 13 August 2015, the Minister for Planning requested that the Commission carry out a further review of the Springvale Mine Extension Project by considering:

- a) *the draft State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) Amendment (Significance of Resource) 2015 (draft SEPP) and explanation of intended effect, notified to the Commission and published on the Department's website on 7 July 2015;*
- b) *the terms and effect of the draft SEPP if it is made;*
- c) *this Addendum Report and recommended conditions;*
- d) *any submissions made to the Commission as part of any public hearings held in relation to this review; and*
- e) *any submissions made by the applicant to the Commission on the matters the subject of this review.*

The Minister also requested that the Commission hold a public hearing on matters arising from or relevant to the review. The public hearing was held on 3 September 2015 in Lithgow with 35 verbal submissions and 19 written submissions from individuals, special interest groups, local businesses and employees of the mine.

2.0 CONSIDERATION OF COMMISSION'S REVIEW

2.1 Overview of Commission's Review

The Commission's Second Review Report concludes that:

"The Commission has carefully weighed the key areas of concern, including minewater discharge impacts and subsidence-related swamp impacts, against the socio-economic benefits. The Commission notes that the Springvale Mine is now the only local mine currently supplying coal to the Mt Piper power station, which provides approximately 15% of NSW's electricity. The Commission is satisfied that the project's benefits as currently understood outweigh its potential impacts, and that on balance the project is approvable. The project is able to proceed to determination, subject to the recommendations outlined in this report."

The Commission accepts that the majority of the recommendations in its previous Review Report (June 2015) have been addressed in the Secretary's Addendum Report, but provides 4 recommendations it considers would strengthen the conditions of consent and ensure that potential impacts are avoided, minimised or mitigated.

The Commission's recommendations for further consideration were primarily in relation to:

- strengthening the proposed condition of consent relating to a Water Management Plan for the project to require consideration of all available options for ensuring that agreed discharge limits will be met, including the option to transfer minewater for treatment at Mt Piper Power Station;
- expanding the role of the Independent Monitoring Panel to ensure a greater focus on avoidance or minimisation of swamp impacts and adaptive management measures;
- strengthening the proposed conditions for the Extraction Plan and the Water and Biodiversity Management Plans to expressly require consultation with the Independent Monitoring Panel in preparing, revising and enforcing these plans; and
- requiring further investigations into low frequency noise.

2.2 Applicant's Response

On 16 September 2015, Centennial provided a formal response to the Commission's Second Review Report. In summary, Centennial indicates that:

- the previously recommended conditions of consent already satisfy the Commission's recommendation in relation to mine water discharges (Recommendation 1);
- it supports the recommendation to expand the role of the Independent Monitoring Panel, but believes this should be in the form of providing a peer review role (Recommendation 2);
- the previously recommended conditions already require the Independent Monitoring Panel to provide advice on key plans (Recommendation 3);
- investigations into the incision of Sunnyside East Swamp have already been undertaken and no further investigations are considered necessary (Recommendation 3);
- the previously recommended conditions already require the economic costs of avoiding swamps and the availability of swamps to be determined (Recommendation 3); and
- it supports a condition requiring continued investigations into low frequency noise (Recommendation 4).

The Department has considered Centennial's response in preparing this report. A copy of Centennial's response is provided at **Appendix A**.

2.3 Consideration

A full list of the Commission's recommendations and the Department's consideration of these recommendations is provided in **Table 1**.

Overall, the Department supports each of the Commission's recommendations. The actions proposed by the Department to ensure that the Commission's recommendations are given effect are provided in the second column of **Table 1**.

Table 1: Commission's Recommendations and the Department's Responses

Commission's Recommendation	Department's Consideration and Action
Mine Water Discharges	
1. That the proposed condition relating to the Water Management Plan should be strengthened to take into account the outcome of the Environment Protection Authority (EPA) review of all licensed discharge points, any further advice from WaterNSW and consider all available options for ensuring that the agreed discharge limits will be met, including the option of transferring minewater for treatment at Mt Piper power station.	The Department agrees with the Commission and has recommended that: - condition 14(d)(ii) of Schedule 4 is amended to include a requirement to consider any EPA review of licensed discharge points and any further advice from WaterNSW as part of the Surface Water Management Plan component of the project's Water Management Plan; and - condition 13(c) of Schedule 4 is amended to require identification of all available water management measures designed to achieve the mine water discharge criteria and associated timeframes, including the option of transferring mine water for treatment at Mt Piper Power Station, as part of the Upper Cocks River Action & Monitoring Plan.
Subsidence and Swamps	
2. That the proposed condition of consent that establishes the [Independent Monitoring] Panel should more explicitly describe the role of the Panel, incorporating the following five responsibilities: - Gathering relevant data in order to establish the potential impacts of the project, which may involve seeking peer reviews or other additional work. - Undertaking an iterative risk assessment with consideration of all options for avoiding or minimising damage to swamps and all possible adaptive management measures. - Determining whether the performance measures can be achieved, with a focus on avoidance of impacts where reasonable and feasible, rather than relying on remediation and offsets. - Ensuring that the monitoring and adaptive management regime is implemented appropriately throughout the life of the project. - Making all information relevant to the Panel's recommendations publically available.	The Department considers that the Independent Monitoring Panel required by condition 11 of Schedule 3 should have a broad advisory and peer review role, as opposed to a regulatory (ie enforceable) role. This is consistent with the NSW Government's approach to other panels of this nature, and ensures that the overall responsibility for implementation of the development consent remains with the consent authority (ie the Minister, or the Department as the Minister's delegate). The Department also accepts Centennial's view that the Panel should not duplicate work already undertaken or proposed by the company. Accordingly, the Department has recommended that: - condition 11 of Schedule 3 is amended to require the Independent Monitoring Panel to provide advice to the Applicant and the Secretary in relation to the first four key responsibilities recommended by the Commission; and - condition 15 of Schedule 5 is amended to require the Applicant to make information and recommendations made by the Independent Monitoring Panel publicly available on its website.
3. That the proposed conditions for the Extraction Plan, the Water Management Plan and the Biodiversity Management Plan expressly require consultation with the Panel in preparing, revising and enforcing these plans. The conditions for these Plans should also incorporate, where relevant, further investigation into the incision feature in Sunnyside East Swamp, the location of piezometers, the risk to hanging swamps, the actual economic cost of avoiding swamps through mine layout redesign, and the availability of appropriate offsets.	The Department agrees with the Commission and has recommended that: - condition 10(f) of Schedule 3 is amended to refer to both the social and economic costs of avoiding swamps through mine layout design to support a 'triple bottom line' approach to considering avoidance measures; - condition 10(h)(iii),(iv) and (v) of Schedule 3 are amended to require the Water Management Plan, Biodiversity Management Plan and Swamp Monitoring Program components of each Extraction Plan to be prepared in consultation with the Independent Monitoring Panel; - condition 10(h)(v) of Schedule 3 is amended to require further investigation into the incision feature in the Sunnyside East Swamp and the risks to hanging swamps, as part of the Swamp Monitoring Program; - condition 10(h)(v) of Schedule 3 is amended to require further consideration of the location of swamp piezometers, as part of the Swamp Monitoring Program; and

	condition 11(c) of Schedule 3 is amended to allow the Independent Monitoring Panel to provide advice regarding the revision of Extraction Plans. The Department considers that enforcement of Extraction Plans should remain the responsibility of the consent authority (ie the Minister, or by way of delegation, the Department) rather than the Independent Monitoring Panel. The Department considers that condition 6(b) (previously condition 6(c)) of Schedule 3 already satisfies the Commission's recommendation that consideration of availability of offsets is incorporated into Extraction Plans.
Low Frequency Noise	
4. <i>That the conditions of consent are revised to require the Applicant to undertake further investigations into low frequency noise, and to address this in consultation with the EPA.</i>	The Department accepts the Commission's recommendation and has recommended that: condition 4 of Schedule 4 is amended to require that an additional investigation into low frequency noise is undertaken as part of the Noise Management Plan, which must be prepared in consultation with the EPA.

3.0 RECOMMENDED CONDITIONS

Appropriate revisions have been made to the Department's recommended conditions of consent to reflect the Commission's recommendations (see **Appendix B**).

Centennial has advised the Department that it accepts the revised conditions as recommended.

4.0 CONCLUSION

In September 2015, the Commission completed its second merit review of the Springvale Mine Extension Project, including consideration of the Mining SEPP Amendment. The Commission concluded that the project is able to be approved, subject to strengthening a number of the Department's then-recommended conditions.

The Department has carefully considered the Commission's review report, and broadly accepts the recommendations made in the report. The Department has amended and strengthened its recommended conditions to reflect these recommendations. This includes amended conditions to require:

- the Water Management Plan to take into account the outcomes of the EPA's review of all of Centennial's licensed discharge points for the Springvale mine, any further advice from Water NSW and consideration of all available options for ensuring that the agreed discharge limits will be met, including the option to transfer mine water for treatment at Mt Piper Power Station;
- expansion of the advisory role of the Independent Monitoring Panel to ensure a greater focus on avoidance or minimisation of swamp impacts and adaptive management measures;
- express requirements for the Independent Monitoring Panel to be consulted during preparation and revision of the Extraction Plan and its associated Water and Biodiversity Management Plans; and
- further investigations into low frequency noise.

With these amendments, the Department considers that its recommended conditions provide a comprehensive, strict, and precautionary approach to ensuring that the project can comply with relevant criteria and standards, and ensure that the predicted residual impacts can be effectively minimised, mitigated and/or compensated for. The Department believes that these conditions reflect current best practice for the regulation of underground mining projects in NSW, and would therefore protect the local environment and the amenity of the local community and promote the orderly development of the region's important mineral resources.

The Department also recognises that the project would provide major economic and social benefits for the region and NSW as a whole. These benefits include:

- provision of the only local source of coal to the Mt Piper Power Station, which provides 15% of NSW's electricity;
- direct employment of 310 full time equivalent staff during operations and around 50 contractors during construction;
- estimated indirect employment of around 1,200 people across NSW; and
- total estimated net economic benefit in excess of \$200 M (Net Present Value), which includes:
 - \$170 M in operational phase incomes;
 - \$160 to \$180 M to the State of NSW in royalty revenue; and
 - \$18 M in Commonwealth, State and local tax revenues.

The Department has carefully weighed the impacts of the project against the social and economic benefits, including the recent Mining SEPP Amendment and in accordance with the requirements of the *Environmental Planning and Assessment Act 1979*.

On balance, the Department is satisfied that the project's benefits substantially outweigh its residual costs, it is in the public interest and should be approved, subject to strict conditions of consent.

5.0 RECOMMENDATION

It is RECOMMENDED that the Planning Assessment Commission exercise the powers and functions delegated to it in the Minister for Planning's Instrument of Delegation, dated 14 September 2011, and:

- **considers** the findings and recommendations of this report;
- **approves** the development application, subject to conditions; and
- **signs** the attached instrument of approval (**Appendix B**).


Howard Reed
Director
Resource Assessments
18.9.15


Mike Young
A/Executive Director
Resource Assessments & Business Systems
18.9.15.

APPENDIX A: APPLICANT'S RESPONSE TO THE COMMISSION'S SECOND REVIEW REPORT

APPENDIX B: RECOMMENDED CONDITIONS OF CONSENT
