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15 June 2018

Carolyn McNally  
Secretary, Department of Planning and Environment  
by email: [Carolyn.mcnally@planning.nsw.gov.au](mailto:Carolyn.mcnally@planning.nsw.gov.au)

CC: Mike Young, Director, Resource Assessments, Department of Planning and Environment  
Prof Mary O’Kane, Chair, Independent Planning Commission

Dear Carolyn

We write to provide you with further new information that we believe has been overlooked in the Department’s consideration of the proposed Bylong coal project. We apologise that this information has come so late in the assessment process for the mine, but we believe it is important that it be considered by the Department.

The Bylong Valley Protection Alliance has obtained advice from the Institute for Energy Economics and Financial Analysis that indicates key information relied upon by the Department in its assessment of the Bylong coal project is out of date.

In our view, the more recent information and analysis provided by IEEFA in the attached report should trigger revision of the Department’s previous analysis of the economic justification of this project.

Notably, the January 2018 letter of support for the project provided to the Department by KEPCO Australia from its parent company as evidence that coal from the mine will be needed in South Korea pre-dates the appointment by the South Korean Government of a new CEO for KEPCO in April 2018. According to IEEFA, this change of leadership “could see a reassessment of strategy resulting in a shift toward renewables and away from coal.”

IEEFA’s analysis describes fundamental recent changes in South Korean energy policy that should prompt a revision of the NSW Government’s assessment of the coal mine’s justification:

- South Korea’s new energy plan, released a month prior to KEPCO’s January 2018 letter, calls for less reliance on imported coal and nuclear, and forecast’s coal’s share of the country’s power mix will fall from 45.3% in 2017 to 36.1% by 2030.
- In April, the South Korean Government lifted its coal consumption tax to US\$34 per tonne, imposed on top of the country’s existing carbon pollution price which is around US\$20 per tonne.

- The International Energy Agency's World Energy Outlook in 2017 foresaw "Korean coal imports dropping by nearly 50% to less than 60Mtce [million tonnes coal equivalent] in 2040"

Finally, IEEFA's analysis should trigger a revision of the Department's assessment of the royalties likely from the project. KEPCO's estimates of the royalties New South Wales would receive from the mine were based on 2014 coal price forecasts that have since been superseded. Further, the low energy and high ash content of the coal to be mined at Bylong puts it below the Newcastle benchmark for quality, so the price the company would likely get for the coal will be lower than forecast benchmark prices.

Since the Independent Planning Commission is required to weigh the expected economic benefits of resources projects against their negative environmental and social consequences, new information that queries the expected economic benefits of the project should prompt a revision of the Department of Planning's previous support for the mine.

We ask that this information be incorporated into the Department's final assessment report for this project, and that the Department will form the view that the negative impacts of this project outweigh its benefits.

Sincerely

Warwick Pearse  
Bylong Valley Protection Alliance

Georgina Woods  
Lock the Gate Alliance