Notice of decision

Section 2.22 and clause 20 of Schedule 1 of the *Environmental Planning and Assessment Act 1979*

Application type	State significant infrastructure
Application number and project name	SSI-22338205 Kurri Kurri Lateral Pipeline
Applicant	APA Transmission Pty Limited
Consent Authority	Minister for Planning

Decision

Under section 5.19 of the *Environmental Planning and Assessment Act 1979* (the Act), the Minister for Planning has approved the critical State significant infrastructure (CSSI) application for the Kurri Kurri Lateral Pipeline (the project) subject to conditions.

The project would supply natural gas from the existing transmission network at Lenaghan to the approved Hunter Power Project at Kurri Kurri in NSW. The project would involve construction and operation of a new approximately 21 kilometres (km) medium pressure underground gas transmission pipeline with operating capacity of up to 60 terajoules (TJ) per day, a buried looping high pressure gas storage pipeline around 24 km in length, a buried steel interconnector pipeline around 1.3 km and supporting infrastructure, including an offtake facility, delivery station and compressor station. The storage pipeline would provide up to 70 TJ of gas storage to supply the Hunter Power Project at maximum power output for up to 10 hours.

A copy of the Department of Planning and Environment (the Department)'s Assessment Report and the infrastructure approval and conditions is available at https://www.planningportal.nsw.gov.au/major-projects/projects/kurri-kurri-lateral-pipeline-project.

Date of decision 21/12/22

Reasons for decision

The following matters were taken into consideration in making this decision:
- the relevant matters required under the Act, including the objects of the Act;
- relevant Commonwealth and NSW legislation, policies and guidelines;
- all information submitted to the Department during the assessment of the application;
- the findings and recommendations in the Department's assessment report; and
- the views of the community about the project (see **Attachment 1**).

The findings and recommendations set out in the Department's Assessment Report were accepted and adopted as the reasons for making this decision.

The key reasons for approving the application are as follows:
- the project would facilitate the benefits of the Hunter Power Project consistent with relevant NSW and Commonwealth strategic policy framework regarding climate change and energy security by providing firming capacity to supplement the increasing supply of renewable energy and contribute to overall system reliability in the National Electricity Market (NEM), as NSW transitions away from coal fire power generation;
- the project would deliver economic benefits to the Hunter Region and NSW by generating a capital investment value of approximately $264 million, creating up to 398 construction jobs at the peak of construction and up to five jobs during operation;
- the project has been designed to avoid, minimise and/or offset impacts on the environment and surrounding land uses as far as practicable with the proposed alignment;

- the Department has recommended a comprehensive and precautionary suite of conditions in consultation with the key government agencies to ensure that the project would comply with contemporary criteria and guidelines, and that any residual impacts would be effectively minimised, managed, offset and/or compensated for;
- the benefits of the project outweigh any residual impacts associated with the construction and operation of the project; and
- weighing all relevant considerations, the project is in the public interest.

Attachment 1 – Consideration of Community Views

The Department exhibited the application and the Environmental Impact Statement (EIS) for the project from 13 April to 10 May 2022. The Department received 21 public submissions during exhibition of the EIS, nine from special interest groups and 12 from individuals. 19 of the public submissions objected to the project. The key issues raised in public submissions predominantly related to hydrogen capability of the project, greenhouse gas and climate change impacts, the cost and justification for the project with regard to energy security, and land use compatibility, along with impacts on biodiversity, traffic and water resources. A summary of how the key issues raised by the community were taken into consideration is provided in the below table.

Issue	***Consideration***
Greenhouse gas and climate change impacts and the cost and justification for the project with regard to energy security	• The Department considers that these issues are primarily relevant to the Hunter Power Project. • Notwithstanding, the project would facilitate the benefits of the Hunter Power Project, including minimising use of diesel, which is allowed as a backup fuel for up to 2% of the year, and is consistent with the relevant NSW and Commonwealth strategic policy framework regarding climate change and energy security as NSW transitions away from coal-fired power station power generation and provide firming capacity to intermittent renewable energy.
Hydrogen capability of the project	• The project design is consistent with the current regulations, which allows transmission of up to 2% hydrogen in the fuel mix. • While the project's storage pipeline would not be capable of storing hydrogen, this would not preclude the future use of hydrogen at the Hunter Power Project, including the option to inject hydrogen onsite. The infrastructure approval for the Hunter Power Project requires pre operational investigation of the latest technology for displacing natural gas or diesel as the fuel supply, such as use of green hydrogen, and displacing or offsetting 10% of direct greenhouse gas (GHG) emissions until 2029 and all direct GHG emissions from 2040 onwards.
Land use conflict	*Assessment* • The Department considers land use compatibility as one of the key assessment issues, including potential impacts on existing infrastructure and mining operations and other potential existing and proposed land use planning conflicts along the pipeline route. • APA has consulted with relevant asset owners (TfNSW, Hunter Water, and Ausgrid) prior to and throughout the assessment process and has committed to ongoing consultation during the detailed design of the project. • Approximately 10 km of the transmission pipeline would be located within mining lease areas held by Yancoal Australia Limited and the Bloomfield Group. • Following extensive stakeholder consultation, APA amended the project twice to avoid and/ or minimise land use conflicts. This includes proposing two route options for the transmission pipeline through the mining lease areas, with a preferred option to be selected following further consultation and selecting trenchless construction methods where the pipeline intersects existing and proposed infrastructure to avoid impacts. The relevant asset owners advised their satisfaction with this approach. • The Department considers that APA has designed the project to avoid conflicts with existing infrastructure as far as practicable and in accordance with the relevant Australian Standards. The Department has recommended conditions to mitigate and manage potential land use conflicts. *Conditions*

Issue	*Consideration*
	• Requirements to ensure that all new buildings and structures, and any alterations or additions to existing buildings and structures, including within a Mine Subsidence District, are constructed in accordance with the requirements of Building Code of Australia (or any other relevant Australian Standard) and Subsidence Advisory NSW. • Requirements to protect public infrastructure, including any works on or in the vicinity of public infrastructure to be in consultation with the applicable public authority or service provider, repair, or pay the full costs associated with repairing, any public infrastructure that is damaged by the development, and relocate, or pay the full costs associated with relocating, any public infrastructure that needs to be relocated as a result of the development.
Biodiversity	*Assessment* • The project would have direct impacts on terrestrial and aquatic biodiversity through clearing of native vegetation and habitat for listed threatened flora and fauna species and vegetation communities during construction • The Department considers that APA has designed the project to avoid and minimise impacts on high quality vegetation and habitat as far as practicable. • The Department has carefully considered these impacts on biodiversity values, and accepts that they would be suitably managed, mitigated and/or offset under the recommended conditions of approval. The Department considers that the retirement of ecosystem and species credits would sufficiently compensate for residual biodiversity impacts. *Conditions* • Prepare and implement a Biodiversity Management Plan during construction that incorporates proposed avoidance and mitigation measures. • Retire biodiversity credits prior to vegetation clearing and progressive rehabilitation following disturbance. • A mechanism for APA to re-calculate biodiversity credits where additional survey work is completed prior to construction. • Requirement to comply with relevant construction guidelines, including for watercourse crossings of the pipeline. • Prepare and implement a Soil and Water Management Plan during construction that incorporates measures to manage and mitigate potential erosion impacts.
Hazards and risks	*Assessment* • The Department notes that APA's hazards analysis identified that all project components meet the relevant risk criteria for individual facility and injury risks, propagation risk and societal risks. *Conditions* • Prepare and implement additional studies based on the final design of the project, including a Construction Safety Plan, Hazard and Operability Study, Emergency Plan and Safety and Operating Plan.
Socioeconomic impacts and benefits	• The Department considers that the project would facilitate the benefits of the Hunter Power Project which include contributing to energy reliability and security in the NEM as it transitions away from coal-fired power station power generation and provide firming capacity to supplement the increasing supply of renewable energy and contribute to overall system reliability in the NEM. • Updated forecasting and modelling since the approval of the Hunter Power Project identifies energy reliability gaps forecast earlier than

Issue	*Consideration*
	previously expected in NSW from 2025-26, associated with the closure of the Eraring Power Station seven years earlier than its previously modelled closure date. The documents also identify firming capacity needs to be increased and the critical need for peaking gas-fired generation to remain through to 2050 to complement firming generation from batteries and pumped-hydro. The updated forecasting reinforces the stated benefits of the Hunter Power Project and therefore the project • The project would deliver economic benefits to the Hunter Region and NSW by creating up to 398 construction jobs at the peak of construction and up to five jobs during operation. • The Department has undertaken a whole of government assessment of environmental, social and economic impacts of the project, including consideration of issues raised in the submissions. The Department considers that the project design would be able to minimise the project's impacts as far as practicable. • The Department has recommended a comprehensive and precautionary suite of conditions in consultation with the key government agencies to ensure that the project would comply with contemporary criteria and guidelines, and that any residual impacts can be appropriately mitigated, managed and/or offset in accordance with NSW government statutory requirements, guidelines and policy requirements.