

**Washing of Mandalong Coal at Newstan
Section 96(1A) Application
Statement of Environmental Effects**

Introduction

This Statement of Environmental Effects has been prepared to accompany a Section 96(1A) applications to modify existing Part 4 development consents for Newstan Colliery (Newstan) and Mandalong Mine (**Mandalong**).

In summary, the relevant subsidiaries of Centennial Coal Company Limited (**Centennial**) which respectively operate Newstan and Mandalong seek to modify their consents to enable:

- (a) Coal from Mandalong to be washed at Newstan, and
- (b) Coal to be transported to Newstan via a conveyor to Eraring Power Station (**Eraring**), and then by truck on the existing haul road to Newstan, for a temporary period only until the link road from Mandalong is completed (estimated to be February – March 2010).

Modifications)

There are a variety of consequential changes in operations described in detail below.

The environmental impacts of the components of the coal movement process have been assessed in detail under the existing consents and the proposals will not cause any increase to these impacts.

1 The currently approved operation of Newstan and Mandalong - General

Newstan and Mandalong are both underground coal mines located in the Lake Macquarie area of NSW. The two mines are operated by subsidiaries of Centennial. Newstan is operated by Centennial Newstan Pty Limited and Mandalong is operated by Centennial Mandalong Pty Limited.

Newstan is a longwall mine located near the township of Fassifern, approved to mine, handle and transport up to 4 million tonnes of coal per annum. The mine site facilities include a coal washery, coal washery reject emplacement area and a rail loop.

Some coal is transported on the Newstan-Eraring private haul road to Eraring for use in the production of electricity and some coal is loaded onto rail for export.

Mandalong is a longwall mine located near the town of Morisset, developed as an extension of, and is connected underground to, the former Cooranbong Colliery (Cooranbong), located near Dora Creek. It is approved to produce 6 million tones of coal per annum, 4 million tonnes of which is approved to be brought to the surface at the former Cooranbong workings. The Cooranbong site has approval for a washery facility and associated reject emplacement. To date the washery has not been constructed.

The Mandalong consent includes the construction and use of a new private haul road from Cooranbong to join the Newstan-Eraring Private Haul road, approximately 2km

north of Eraring. This then provides a link to the Newstan site and particularly to its rail loop. The existing consent provides for Mandalong to dispatch 2 million tonnes per annum by road to the Newstan rail loop along this route. The consent provides for another 2 million tonnes per annum to be transported to Eraring by conveyor.

The conveyor has been constructed and is in use. The new link road is under construction and is anticipated to be completed in approximately February – March 2010 (subject to construction delay).

The regional layout and key facilities are shown on **Figure 1**.

2 The Proposed operation of Newstan and Mandalong – General

It is proposed to wash Mandalong coal in the Newstan washery prior to its dispatch via the Newstan rail loop to the Port of Newcastle for export. The washing is required from November 2009.

It is proposed to temporarily transport Mandalong coal to Eraring on the conveyor and then from Eraring along the existing Newstan-Eraring Haul Private Haul road to Newstan.

The conveyor is already approved for transporting coal from Mandalong to Eraring but consent condition 1A(c) limits coal delivery to Eraring by conveyor to 2 million tonnes per annum. This will be exceeded (pro rata) for a temporary period until the completion of the Mandalong Haul Road. This is currently scheduled for February 2010, however may extend beyond this if construction difficulties are encountered.

It is estimated that approximately 400,000 tonnes will be transported on the conveyor to Eraring and then trucked to Newstan during this temporary period.

The Newstan development consent authorises the trucking of 2 million tonnes per annum along the Newstan-Eraring Private Haul road, but in the reverse direction (from Newstan to Eraring). However this is currently not occurring to this capacity. The proposed haulage of approximately 400,000 tonnes of Mandalong coal will not exceed the approved 2 million tonne per annum limit for coal haulage on this route.

The Modifications sought are of a minor, technical nature. They utilise existing, approved infrastructure and do not involve any construction or additional infrastructure.

3 Reason for the Proposed Change in Operations

There are a number of reasons for the Modifications.

From a process perspective, Mandalong has always intended to produce export coal product. This product has always intended to be dispatched through Newstan. These two aspects are already approved.

However there is current capacity at the Newstan washery to make it more economically and environmentally appropriate to utilise the existing washery infrastructure rather than construct a similar facility at Cooranbong. It is proposed to use the Newstan washery in lieu of constructing a washery at Cooranbong while this capacity exists.

From a timing perspective, the reason for the Modifications is driven by the current inability for both Eraring and Vales Point Power Stations to accept Mandalong coal in its contracted volumes. Due to a mild winter the local coal stockpiles are relatively high. This has resulted in both Power Stations attempting to reduce coal flows from Mandalong. However, as Mandalong is a complex mine, there is limited ability to provide a start/stop coal flow. If coal cannot be continually produced at the design rate, there is jeopardy to the security of the 300+ workforce.

This timing is a mismatch for the not yet completed Mandalong Haul Road, hence drives the requirement for the Modifications to include a temporary ability to transport Mandalong Coal to Eraring first and then from Eraring to Newstan.

Coal that is impacted by reduced capacities at Vales Point Power Station can then also be redirected underground for delivery to Eraring for dispatch to Newstan.

4 Detailed Description of Changes Proposed to the Operations

The current approved processes relative to the Proposal are shown diagrammatically on Figures 2 to 4.

4.1 Coal Delivery from Mandalong to Eraring

The Mandalong consent approves delivery of 4 million tonnes per annum of coal to the Cooranbong site. It then distinguishes that 2 million tonnes per annum can go from Cooranbong to Eraring by conveyor and 2 million tonnes per annum can be loaded onto trucks for delivery to Newstan. The proposed Modifications will see all coal temporarily delivered to Eraring by conveyor and then approximately 400,000 tonnes moved from Eraring to Newstan by end June 2010 (Figure 2).

4.2 Coal Handling at Eraring

The approximate 400,000 tonnes of coal transported to Eraring (but ultimately destined for Newstan) will be taken from the conveyor and placed within the Eraring approved coal storage area. The coal will be delivered by the existing conveyor system and stockpiled through the Eraring stacker system at the stacker/reclaim stockpile. Under normal circumstances excess coal would then be dozed out from the stacker/reclaim to a live storage area and then returned by dozer for reclaim when the product is required. The proposal will see the approximate 400,000 tonnes removed from the stacker/reclaim stockpile, thereby reducing the second layer of handling that would normally occur.

4.3 Coal Dispatch from Eraring, North to Newstan

The movement of trucks from Eraring to Newstan is approved as part of the Newstan consent. However under that consent, those would be returning empty trucks (Figure 3a). Under the Modifications the north moving trucks would be coal laden. Under the Mandalong consent, 2 million tonnes per annum can be transported by road to the north, using the link road (under construction) and then on to the existing Newstan-Eraring Haul Rd (Figure 3b).

Essentially the proposed change means there is a small section of the existing Newstan-Eraring road (approximately 1.8 km closest to Eraring)

where coal laden truck movements from south to north has not been approved. However coal movement in that area has been approved for the southern direction –Newstan is approved to deliver 2 million tonnes per annum by road to Eraring. It is currently not utilising that capacity and the proposed tonnage from Mandalong will not result in an exceedance of that 2 million tonnes per annum.

4.4 Coal Delivery to Newstan

Instead of Mandalong trucks arriving at Newstan and delivering coal to the rail loop, as contemplated in the Mandalong consent, the Modifications see the coal being delivered to an existing stockpile at the washery. This existing stockpile is approximately 300 metres from the rail loop, and is fully within the Newstan mine site (see Figure 4). The existing stockpile has 80,000 tonne capacity and is the storage area for Newstan run-of-mine coal, prior to feed to the washery. The Mandalong coal would be delivered by truck to this stockpile and then reclaimed into the washery through reclaim tunnels. From the point of reclaim, the coal handling and processing will be the same as is used and approved for Newstan coal. It will not result in any exceedance of the approved rate of coal into the washery (i.e. 4 million tonnes per annum).

4.5 Washing of the Coal

The washing process will be unchanged from that described in the 1998 EIS. The rates will be within those approved by the Newstan consent, which is 4 million tonnes per annum. It is proposed to use the Newstan washery in lieu of constructing a washery at Cooranbong while spare capacity exists at Newstan.

4.6 Storage of Washed Product

The washed product will be stored on the rail loop pad. This is consistent with both the Newstan and Mandalong consents. The volume of storage will be within those approved.

4.7 Reject Management

The reject management process will be consistent with current Newstan practices, as approved in 1998. Both the coarse and fine tailings products will be delivered to the Southern reject emplacement area. The Mandalong coal is of inherently better quality than Newstan. This will result in a greater yield and less reject than that of Newstan coal. The overall volume of reject will be within that contemplated in the Newstan EIS.

5 Environmental Impact Assessment

As can be seen from the description of the component parts above, the Modifications will not result in any significant change from any current approved practices. It is therefore considered that there is no additional environmental impact beyond that which is already approved. Each of the component parts of the Modifications have already been assessed and approved.

The key points of difference are:

- Additional tonnage of Mandalong coal delivered from the conveyor to Eraring

- Direction of travel of coal transport for 1.8 km of road
- Coal stockpiling at the Newstan washery, 300 metres from the approved stockpile at the rail loop

The potential impacts from these three points are specifically discussed below.

5.1 Noise

There are potential sources of noise from each of the component parts described above. However each of those parts has already been assessed. The most sensitive area for noise receivers would be around the Newstan site. Newstan currently has noise limits and monitoring indicates the site is in compliance. This proposal will not increase the noise beyond the limits currently imposed on the site.

The additional tonnage being delivered by conveyor to Eraring is essentially in lieu of what could be removed from the Cooranbong site by truck. It is therefore not considered that use of the conveyor would result in noise greater than that approved on the Cooranbong or Eraring sites.

The Eraring site currently handles approximately 6 million tonnes per annum. The coal handling to allow dispatch of Mandalong coal to the North will not impact upon the current noise emissions from the site. The transport along the approximate 1.8 km where northern haulage is yet to be approved is not considered to make any additional contribution to noise than is currently approved. There are no sensitive receivers or road conditions that would cause noise sensitivity based on direction of loaded truck travel.

The additional 300 metres of travel on the Newstan mine site is not considered to cause any additional noise. In this area reject and product trucks already run to service the Newstan site. The proposal will not result in any more trucks than would be required to service Newstan at its approved capacity of 4 million tonnes per annum.

5.2 Dust

There are potential sources of dust from each of the component parts described above. However the impact of dust from each of these parts has already been assessed. The most sensitive area for dust receivers would be around the Newstan site. Newstan currently has dust limits and monitoring indicates the site is in compliance. This proposal will not increase the dust beyond the limits currently imposed on the site.

The additional tonnage being delivered by conveyor to Eraring is essentially in lieu of what could be removed from the Cooranbong site by truck. It is therefore not considered that use of the conveyor would result in dust greater than that approved on the Cooranbong or Eraring sites.

The Eraring site currently handles 6 million tonnes per annum. As described at section 5.1, the Modifications result in less coal handling than under normal operating circumstances.

The additional 300 metres of travel on the Newstan mine site is not considered to cause any additional dust. In this area reject and product trucks

already run to service the Newstan site. The Modifications will not result in any more trucks than would be required to service Newstan at its approved capacity of 4 million tonnes per annum.

5.3 Water

There are potential impacts on water from each of the component parts described above. However the impact on water from each of these parts has already been assessed. The proposal will not result in any change to water management at Eraring, on the Newstan-Eraring Private Haul Road or at Newstan. The proposal will not increase water impacts beyond the limits currently imposed on the sites.

Water management at Newstan and specifically the Reject Emplacement Area is a matter of ongoing discussions between Newstan and the Department of Environment, Climate Change and Water. The Modifications will not change any aspect of the approved system.

5.4 Other

There is no surface disturbance proposed therefore no impact on ecology, archaeology, soils or heritage. There will be no increased output of coal so therefore no additional impact on greenhouse emissions. There will be no additional traffic and all traffic associated with the development will be on private roads.

6 Section 96(1A) Details

In accordance with the requirements of clause 115 of the Environmental Planning and Assessment Regulation, 2000, the following details are provided.

6.1 Name and address of the applicant

The Applicant for the modification of the Newstan Consent is Centennial Newstan Pty Limited. The registered company address is:

Level 18, BT Tower
1 Market St
Sydney, 2000

The Applicant for the modification of the Mandalong Consent is Centennial Mandalong Pty Limited. The registered company address is:

Level 18, BT Tower
1 Market St
Sydney, 2000

6.2 Description of the development to be carried out under the consent (as previously modified)

Newstan – Consent granted on 14 May 1999 to DA 73-11-98 (as modified) (the "Newstan Consent")

An Environmental Impact Statement (EIS) was prepared in 1998 to accompany DA 73-11-98 for an extension to Newstan Colliery. The EIS, at page 1.2, summarises the Development as comprising:

- Underground mining at an extraction rate of three to four million tonnes per annum,
- Continued underground transportation of extracted coal to the existing Newstan Colliery surface facilities
- Establishment of additional reject emplacement capacity at the existing Newstan Colliery surface facilities
- Upgrading of the rail loading facilities at the existing Newstan Colliery surface facilities and
- Future construction and operation of a ventilation shaft and men and materials access shaft at Awaba Colliery surface facilities

The EIS describes and assesses the (then) existing surface infrastructure at Newstan, including a coal preparation plant (washery) and rail loop. The EIS describes and assesses the use of the rail loading facilities for other coal including Awaba, Myuna and Cooranbong (now known as Mandalong).

Mandalong – Consent granted on 12 October 1998 to DA 97/800 (as modified) (the "Mandalong Consent")

An EIS was prepared in 1997 to accompany DA 97/800 for an extension to the Cooranbong Colliery, now known as Mandalong Mine. The EIS, at page 1 describes the development as comprising:

- Extension of the existing Cooranbong Colliery mining operations
- Construction of new surface and access facilities (Mine Access Site)
- Construction of a downcast shaft and an upcast shaft
- Upgraded coal handling, processing (washery) and transport facilities at Cooranbong Colliery site
- Construction of a private haul road to link to the existing Newstan-Eraring haul road

6.3 Address, and formal particulars of title, of the land on which the development is to be carried out

See Attached Plans PC1685 and PC3134.

6.4 Description of the proposed modification to the development consent

A detailed description of the proposed changes to operations is included in Section 4.

The Consents would be modified to enable these changes as follows –

The Newstan Consent

Condition 1.1

Insert after paragraph (c)

- (d) Document titled "Washing of Mandalong Coal at Newstan, Section 96(1A) Application, Statement of Environmental Effects"

Renumber paragraph (d) as paragraph (e)

The Mandalong Consent

Condition 1

Insert after paragraph (vii) –

- "(viii) Document titled 'Washing of Mandalong Coal at Newstan, Section 96(1A) Application, Statement of Environmental Effects' "

Renumber paragraph (viii) as paragraph (ix)

Condition 1A

Insert at the beginning of paragraph (c) the words –

"Except as set out in the document referred to in condition 1 (viii)"

6.5 Effect of Modification

The effect is to make a minor modification to the manner in which the approved uses of the land may be carried out.

6.6 Description of the expected impacts of the modification

A detailed impact assessment is included in Section 5.

6.7 Undertaking to the effect that the development (as to be modified) will remain substantially the same as the development that was originally approved

The development as modified will be substantially the same as that which was originally approved.

6.8 Land ownership and Landowner Consent

Landowners' consent is not required - see clause 14 in Schedule 1 of the Mining Act, 1992.