



SHENHUA WATERMARK COAL PTY LIMITED
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Support for PWCS' T4 Development

Dear Sir/Madam

I am writing to express support for PWCS, its T4 development application and the NSW Coal Industry.

Shenhua Watermark Coal (SWC) is part of the Shenhua Group of companies which is one of the world's largest coal mining companies.

SWC has an exploration license and is in the process of seeking planning approval to develop a coal mine at Watermark, near Gunnedah.

SWC understands that some years ago, in the face of capacity constraints and uncertainty relating to major investment needed to improve the output of the Hunter Valley Coal Chain, the NSW Government through Newcastle Port Corporation worked with industry and PWCS to put in place a framework of legal and commercial agreements that provided certainty for coal chain growth.

This framework provided an obligation on PWCS to develop additional common user terminal capacity as needed based on forward demand of the coal chain. In return it provides PWCS with appropriate land on Kooragang Island, berth space and importantly a mechanism to fund the development.

These arrangements are critical to ensuring future capacity for new producers, like Shenhua, or expansion potential for existing producers can be provided.

While some may view PWCS application as a company wanting to develop a terminal for the benefit of its customers and shareholders, it is in fact delivering the solution the NSW Government sought for certainty of capacity and investment in the coal chain's future requirements.

PWCS has a long track record in developing, operating and expanding coal terminal and ship loading facilities in the Port of Newcastle. Since 1976 PWCS has loaded some 1.2 billion tonnes of coal on over 20,000 ships.

PWCS has an excellent track record in safety, environmental management and community engagement and has demonstrated it can deliver large scale projects in a professional manner.

The location for T4 is not only the result of land available from the NSW Government but it is an appropriate reuse of land that has a history of industrial use and prior contamination. This development is an appropriate use of the land and will result in mechanisms to ensure that prior contamination is safely contained where it can do no harm.

SWC feels that the application for T4 should be based on its technical merits and on its ability to deliver the future coal chain capacity in a way that is acceptable in terms of impacts on the community and the environment.

T4's approval or the conditions of consent attached to it should not be a de-facto assessment or referendum on the merits of coal mining.

Naturally, as a major coal miner, Shenhua is supportive of the coal mining industry. Coal is one of the most cost effective ways to move energy from areas rich in this resource to those parts of the world requiring energy. Even those most enthusiastic about continued development and growth of other forms of energy will understand coal will continue to play a vital role in the worlds energy requirements as a source of base load power for some decades to come.

Shenhua has invested significantly in the development of the resource at Watermark and will invest much more when its approvals are granted and the mine is constructed and producing coal for export.

As a potential future user of the T4 terminal, Shenhua wishes to voice its support for:

- the framework that provides certainty for future growth of the Hunter Valley Coal Chain;
- PWCS as a developer and operator of safe and efficient coal terminals and ship loaders;
- T4 as the appropriate solution to the future needs of industry;
- the T4 site as an appropriate re-use of contaminated land unsuitable for most other uses; and
- the coal industry as a major employer, source of wealth for Australia and source of power for the worlds markets.



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Shenhua Watermark Coal Pty Ltd
