GLENCORE

6 November 2015

The Secretary
Ms Carolyn McNally
Department of Environment and Planning
GPO Box 39,
Sydney
NSW 2001

Dear Ms McNally,

Subject: Submission regarding the Bylong Coal Project (Application Number SSD 14_6367) Public Exhibition

Background

Ulan Coal Mines Limited (UCML) is a joint venture between Glencore Coal Assets Australia Pty Limited (Glencore) (90 per cent) and Mitsubishi Development (10 per cent). The Ulan Coal Complex is located approximately 38 kilometres north-north-east of Mudgee and 19 kilometres north-east of Gulgong in New South Wales.

Mining in the Ulan area has been undertaken since the early 1920s. UCML was granted current Project Approval (PA 08_0184) under Part 3A of the EP&A Act on 15 November 2010 for the Ulan Coal – Continued Operations Project (UCCO Project). Approved mining operations at the Ulan Coal Complex consist of underground mining in the Ulan No.3 and Ulan West areas as well as open cut mining. The Ulan Coal Complex is approved to extract 20 million tonnes per annum (Mtpa) coal, with product coal railed via the Sandy Hollow to Gulgong rail line and exported through the port of Newcastle. It is this section of rail line that the proposed Bylong Coal Project intends to utilise.

UCML received a letter from KEPCO on the date of this submission, (6 November 2015) which has not allowed for any opportunity to raise UCML's concerns with KEPCO or have our concerns addressed prior to the closing date for submissions.

Bylong Coal Project Analysis of Proposed Rail Movements

The Secretaries Environmental Assessment Requirements (SEARs) issued for the Bylong Coal Project do not appear to have been adequately met, particularly in regard to the proponent conducting a "Detailed assessment of the proposed project on the capacity, efficiency and safety of the rail networks", which "should consider the cumulative impacts on the current network users and the strategic objectives of the rail networks". The EIS does not appear to have undertaken any form of detailed assessment or analysis on the impacts to existing users. In addition, the proponent has not consulted Ulan Mine regarding the possible implications on the proponents' use of the rail line.

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The EIS reproduces and references information contained in the Australian Rail Track Corporation's (ARTC) 2014 Hunter Valley Corridor Capacity Strategy (HVCCS). ARTC theorises the future planned track capacity exceeds existing and prospective contacted throughput. The EIS consequently concludes the Project will be able to utilise existing capacity without upgrades to the track. As a significant, and the original user of the Sandy Hollow to Gulgong rail line, Ulan Mine can attest to the difficulties of meeting its current required rail movements on the single line track. The rail line is characterised by three large consistent producing mines in the western region and two large consistent producing mines at the Muswellbrook end. In the middle is the Bylong area which is currently the most limiting section of the track. It is the underlying campaign nature of use of the track, combined with steep inclines, tunnels and slower speeds that means the existing track is essentially running at capacity. In particular, due to the unpredictable shipping arrivals and seasonality, it is typical for coal mines to have peaks in demand for railing which highlights the capacity issues on the existing line. An analysis that merely considers the average railings requirement per day (as the ARTC document does), does not consider this peaking impact. Whilst the EIS does mention a peaking requirement of 10 trains per day, this level of peaking in our experience is unachievable and would absorb more than 70% of the line's current daily capacity.

Placing a loading point at Bylong in particular is concerning as this will place a point of rail interaction in the most 'sensitive' area of the line. From the Statement it is unclear if there is any impact of slow moving merging traffic from the Bylong loading loop on the main line capacity. The track capacity contained in the HVCCS and reproduced in the EIS is overly optimistic and fails to consider the actual underlying performance and capability of the rail line and hence fails to acknowledge the cumulative impacts to existing users.

The proposed Bylong Coal infrastructure must be adequate to ensure trains can move quickly and safely off the main line with the loop holding two trains without any blocking of the main line.

In addition, the Bylong Coal Project EIS contains conflicting statements about the number of proposed train movements. For example the Main Text Section 3.5.3 states *"the Project is estimated to require an annual average of two return train movements per day, with a peak of ten return train movements per day"* whereas Appendix Z Section 4.11 states *"Based on the proposed product coal tonnages and a conservative 80% utilisation of the network (292 days of 365), the Bylong mine will require up to 2.1 trains per day at peak operation, averaging 1.4 trains per day over the period of 2017 to 2027."*

Potential Impacts to Ulan Coal Mines Limited

The Ulan Coal Complex currently employs approximately 650 people plus contractors, largely from the local area and provides significant ongoing benefits to the community, including investment in community and sporting programs, as well as a significant spend on local sourcing of supplies and services, benefiting local businesses The imposition of further inefficiencies from additional rail movements on the Sandy Hollow to Gulgong rail line has the potential to:

- create significant and unnecessary delays to the commercial operations of the Ulan Complex and other existing users of the rail line;
- impose material additional costs to the Ulan Complex and other rail users due to demurrage penalties; and
- strain UCML's customer relationships and damage supplier reputations due to resulting delays in getting export product to market.

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Submission

UCML believes that the EIS prepared for the proposed Bylong Coal Project is inadequate based on the following:

- There are significant inconsistencies provided in the EIS regarding proposed rail movements;
- The Bylong Coal EIS does not provide any meaningful analysis of potential impacts to other users of the Sandy Hollow to Gulgong rail line;
- UCML has not been consulted by the proponent of the Bylong Coal Project or ARTC regarding existing rail line performance and potential for future impacts.

UCML is not confident that a detailed and robust analysis of proposed rail movements and potential impacts has been undertaken. UCML believes that potential restrictions to UCML's business through interrupted use of the Sandy Hollow to Gulgong rail line may result from the proposed Bylong Coal Project, and therefore UCML believes that this project should not be granted development consent until a thorough and detailed rail traffic impact assessment is undertaken involving appropriate consultation with UCML.

Yours sincerely

Sam Wiseman
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Ulan Coal Mines Limited
Glencore