

ASSESSMENT REPORT

WILPINJONG COAL MINE

Temporary Product Coal Increase Modification (MP 05_0021 MOD 7)

1 BACKGROUND

Wilpinjong Coal Pty Limited (WCPL), a wholly owned subsidiary of Peabody Energy Australia Pty Limited, operates the Wilpinjong Coal Mine (Wilpinjong), located about 40 kilometres (km) northeast of Mudgee, near the village of Wollar and the Ulan and Moolarben Coal Mines.

The Wilpinjong coal mine was granted project approval in February 2006 by the then Minister for Planning following a review by an Independent Hearing and Assessment Panel. Since then, the approval has been modified on five occasions (Modification 2 was lodged but subsequently withdrawn).

The approval allows WCPL to undertake mining operations on the site until 2027, including the extraction and processing of up to 16 million tonnes per annum (Mtpa) of run-of-mine (ROM) coal, and transport of up to 12.5 Mtpa of product coal from the site by rail.

In January 2016 WCPL submitted an application for a new project, the Wilpinjong Extension Project, which would involve the development of a new open cut pit to the east of existing operations, extensions to various existing open cut pits, and an extension to the mine life by seven years (to 2033). This application is currently under assessment by the Department.

Since transitioning in 2013 to an owner-operated mine (rather than being operated by a mining contractor), WCPL has been implementing a continuous improvement program for operations at Wilpinjong to improve materials handling and mining practices. As a result, coal recovery through the Coal Handling and Preparation Plant (CHPP) has improved such that an additional 0.5 Mtpa of saleable coal could be produced during the current calendar year.

2 PROPOSED MODIFICATION

WCPL is seeking approval for a further modification to its existing project approval under section 75W of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

The proposed modification seeks to increase the amount of product coal that may be produced and transported from the site from 12.5 Mtpa to 13 Mtpa for the 2016 calendar year only.

The proposed modification (Mod 7) is described in detail in the attached Environmental Assessment (EA) (see **Appendix A**).

3 STATUTORY CONTEXT

The Wilpinjong Coal Mine was originally approved under Part 3A of the EP&A Act.

Although Part 3A was repealed on 1 October 2011, the project remains a 'transitional Part 3A project' under Schedule 6A of the EP&A Act, and hence any modification to the approval is to be made under the former section 75W of the Act.

The Department is satisfied that the application can be characterised as a modification to the existing approval as the proposal would not:

- alter the mining method;
- require additional infrastructure;

- increase the extraction of ROM Coal;
- significantly alter the total production of coal over the life of the mine; or
- significantly increase the environmental impacts of the project.

Given these considerations, the Department is satisfied that the proposal is within the scope of section 75W, and may be determined accordingly.

Under section 75W of the EP&A Act, the Minister for Planning is the approval authority for the modification application. However, under the Minister's delegation dated 16 February 2015, the Director, Resource Assessments, may determine the application.

4 CONSULTATION

The Department made the modification application and accompanying information publicly available on its website from 6 August 2016. However, due to the minor nature of this modification, formal exhibition of the proposal was not undertaken.

5 ASSESSMENT

In assessing the merits of the proposal, the Department has considered:

- the current conditions of approval for the project;
- the modification application and supporting information (see **Appendix A**);
- relevant environmental planning instruments, policies and guidelines; and
- the requirements of the EP&A Act.

The Department believes that the main potential impact from the modification would be due to a minor increase in rail haulage.

The transport of an additional 0.5 Mt of product coal by rail would involve an additional 50 to 60 laden train departures over a calendar year. However, the project approval currently limits the number of rail departures to a maximum of 10 laden trains per day, and an average of six laden trains per day over a calendar year, and WCPL would continue to operate well within these approved rail limits.

The additional trains on the Sandy hollow Gulgong Railway Corridor would represent approximately a 1% increase in the number of existing train movements from the Ulan, Moolarben and Wilpinjong coal mines. Given this relatively small increase in rail movements, the Department is satisfied that any impacts in terms of noise or air quality would be minor compared to background movements and that the rail corridor has sufficient capacity for the additional trains.

The modification would not involve changes to the mine fleet, the extent of open cut operations or the movement of waste rock. Consequently, the Department is satisfied that there would be negligible incremental noise and air quality impacts to surrounding receptors from mining operations. Given that there are no changes to the mine infrastructure area or disturbance area, no changes to site water management would be required.

The modification would alter the timing of greenhouse gas emissions associated with product coal movement from the mine, however the total life-of-mine ROM coal to be extracted would remain unchanged, and therefore total greenhouse gas emissions over the mine life would remain the same.

The Department notes that the increased production rate is proposed for the 2016 calendar year only, to take advantage of improvements to operational efficiency during the year. Without an increase to the production limits, it is likely that the mine workforce would need to be reduced for approximately three weeks in December 2016.

Overall, the Department is satisfied that the modification would not result in any significant environmental impacts, and recommends that the modification should be approved.

6 RECOMMENDED CONDITIONS

The Department has prepared a notice of modification (see **Appendix B**) and a consolidated version of the project approval (see **Appendix C**) for the proposal.

The Department's assessment has found that the environmental impact of the proposal is relatively minor, and amounts to a minor incremental change to existing impacts, mainly associated with a small increase in rail movements on the public rail network. The Department has not proposed any substantive recommendations to amend the existing project approval with a recommendation for a one off increase in coal production rate to 13 Mtpa in the 2016 calendar year.

7 CONCLUSION

The proposed modification is relatively minor in nature. It would allow WCPL to realise the efficiency gains made in 2016 and optimise coal sales and royalties to NSW, while still remaining within the mine's approved ROM coal extraction and rail transport limits.

Without the modification, it is likely that the reduced production would result in a short-term reduction of the on-site workforce.

The Department believes the proposal is in the public interest and should be approved subject to the recommended conditions.


8 RECOMMENDATION

It is recommended that the Director, Resource Assessments, as delegate of the Minister for Planning:

- **considers** the findings and recommendations of this report;
- **determines** that the modification is within the scope of section 75W of the EP&A Act;
- **approves** the application subject to conditions, under section 75W of the EP&A Act; and
- **signs** the attached Notice of Modification (**Appendix B**).

 11/8/16

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APPENDIX A – MODIFICATION APPLICATION

APPENDIX B – NOTICE OF MODIFICATION

APPENDIX C – CONSOLIDATED PROJECT APPROVAL