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Our ref: S06/00305
Your ref:

Ms Glenda McLoughlin
Chief Financial Officer
Metgasco Ltd
PO Box 517
NORTH SYDNEY NSW 2060

Dear Ms McLoughlin

Proposed Casino Gas Project and Richmond Valley Power Station (No. 06_0217)

I refer to your application dated 7 August 2006 and accompanying Preliminary Environmental Assessment document, with which you requested the Director-General's requirements for the above project.

The Director-General's Environmental Assessment Requirements are attached, pursuant to section 75F(2) of the *Environmental Planning and Assessment Act 1979*. It should be noted that the Director-General's requirements have been prepared based on the information provided to date. Under section 75F(3) of the Act, the Director-General may alter or supplement these requirements if necessary and in light of any additional information that may be provided prior to the proponent seeking approval for the project.

You should ensure that you consult with the Department prior to submission of a draft Environmental Assessment to determine:

- fees applicable to the application;
- consultation and public exhibition arrangements that will apply; and
- number and format (hard-copy or CD-ROM) of the Environmental Assessments that will be required.

Once you have lodged the Environmental Assessment, the Department will consult with the relevant authorities to determine the adequacy of the Environmental Assessment. Following this review period the Environmental Assessment will be made publicly available for a minimum period of 30 days.

You should keep the contact officer for this project, Patricia Cabezas ((02) 9228 6447 patricia.cabezas@planning.nsw.gov.au), up to date with the progress of preparation of the Environmental Assessment, and seek clarification of any issues that may be unclear or may arise during this process.

Yours sincerely

18. 9. 06

Chris Wilson
Executive Director
As delegate for the Director-General

**CASINO GAS PROJECT AND RICHMOND VALLEY POWER STATION, RICHMOND VALLEY
LOCAL GOVERNMENT AREA**

**ENVIRONMENTAL ASSESSMENT REQUIREMENTS UNDER PART 3A OF THE ENVIRONMENTAL
PLANNING AND ASSESSMENT ACT 1979**

Project	Construction and operation of a 30MW gas-fired power station south of Casino and the development of the Casino Gas project to extract coal seam methane.
Site	South-east of Casino in the Clarence Moreton basin
Proponent	Metgasco Ltd
Date of Issue	5 September 2006
Date of Expiration	5 September 2008
General Requirements	<p>The Environmental Assessment must be prepared to a high technical and scientific standard and must include:</p> <ul style="list-style-type: none"> • an executive summary; • a description of the proposal, including construction, operation, and staging; • an assessment of the environmental impacts of the project, with particular focus on the key assessment requirements specified below; • justification for undertaking the project with consideration of the benefits and impacts of the proposal; • a draft Statement of Commitments detailing measures for environmental mitigation, management and monitoring for the project; and • certification by the author of the Environment Assessment that the information contained in the Assessment is neither false nor misleading.
Key Assessment Requirements	<p>The Environmental Assessment must include assessment of the following key issues:</p> <ul style="list-style-type: none"> • Strategic Planning – the Environmental Assessment must provide a strategic assessment for the project, including justification of the need, scale, scope and location of the project in relation to predicted electricity demand, predicted transmission constraints, and the strategic direction of the regional electricity supply and demand, as well as electricity generation technologies. The Environmental Assessment must also include a strategic planning consideration of the project and an analysis of the suitability of the selected site with respect to potential land use conflicts with existing and future surrounding land users. • Greenhouse Gas Impacts – the Environmental Assessment must include a greenhouse gas assessment, incorporating a quantitative model showing the tonnages of each greenhouse gas produced (directly and indirectly from the development) per year, and the net greenhouse gas impact of the proposal (comparing coal seam methane impacts to impacts from combustion gases). These figures must be expressed as a percentage of the total national greenhouse gases produced per year over the life of the project. • Air Quality Impacts – the Environmental Assessment must include a comprehensive air quality impact assessment prepared in accordance with <i>Approved Methods for Modelling and Assessment of Air Pollutants in NSW</i> (DEC, 2005) with particular reference to nitrogen oxides and cumulative air emissions from the project at a local, regional and interregional level. The Environmental Assessment must clearly outline mitigation measures to be applied and the extent to which these measures are likely to be effective in achieving the relevant environmental outcomes. • Water Quantity and Quality Impacts – the Environmental Assessment must include an assessment of the water quantity and quality impacts of the proposal, with particular reference to the water needs of the project, the proposed source of water, and the implementation of water saving measures (including use of treated effluent or rainwater) and water recycling and/or reuse proposals. The Environmental Assessment must also identify the quantity and quality of wastewater, how this wastewater would be disposed of, and how stormwater would be managed at each of the site(s). The Environmental Assessment must reflect a design philosophy of zero water discharge from the site, except for natural surface water flows. With respect to groundwater, the Environmental

	<p>Assessment must provide details of any extraction of groundwater from the deep aquifer associated with the gas extraction and, consideration of NSW State Groundwater Policies and licensing requirements.</p> <ul style="list-style-type: none"> • Noise and Vibration Impacts – the Environmental Assessment must include a noise impact assessment for the project, conducted in accordance with <i>NSW Industrial Noise Policy</i> (EPA, 2000). The assessment must include consideration of noise impacts during each stage of the development and each phase of operation, with a particular focus on scenarios under which meteorological conditions characteristic of the locality may exacerbate impacts. The Environmental Assessment must also include an assessment of the construction noise impacts of the project, against the criteria provided in Chapter 171 of the <i>Environmental Noise Control Manual</i> (EPA, 2004). The Environmental Assessment must clearly outline the noise mitigation, monitoring and management measures the Proponent intends to apply to the project. With respect to potential vibration impacts, the Environmental Assessment must include consideration in accordance with the DEC's <i>Environmental Noise Management – Assessing Vibration: a Technical Guideline</i>. • Ecological Impacts – the Environmental Assessment must include an assessment of impacts of the project on flora and fauna, prepared in accordance with <i>Guidelines for Threatened Species Assessment</i> (DEC/ DPI, July 2005). The Environmental Assessment must specifically consider threatened species and communities listed under both State and Commonwealth legislation that have been recorded on the site and surrounding land. The Environmental Assessment must also detail measures to avoid or mitigate impacts on threatened species associated with the siting and construction of any access roads and other infrastructure such as connection to gas pipelines and the required electricity transmission line. • Hazards and Risk Impacts – the Environmental Assessment must include a screening of potential hazards on each site (including gas supply and electricity transmission infrastructure) to determine the potential for off site impacts and any requirement for a Preliminary Hazard Analysis (PHA). The PHA, should potential off-site impacts be identified, must be prepared in accordance with the Department's <i>Hazardous Industry Planning Advisory Paper No. 3, Hazardous Industry Planning Advisory Paper No. 6</i> and <i>Multi-level Risk Assessment</i>. The Environmental Assessment must also consider risks that may be associated with flooding, subsidence caused by the project, and the potential for future mining in the area to generate subsidence impacts on the project itself. • General Environmental Risk Analysis – notwithstanding the above key assessment requirements, the EA must include an environmental risk analysis to identify potential environmental impacts associated with the project (construction and operation), proposed mitigation measures and potentially significant residual environmental impacts after the application of proposed mitigation measures. Where additional key environmental impacts are identified through this environmental risk analysis, an appropriately detailed impact assessment of this additional key environmental impact must be included in the EA.
<ul style="list-style-type: none"> • Consultation Requirements 	<p>You must undertake an appropriate and justified level of consultation with the following parties during the preparation of the EA:</p> <ul style="list-style-type: none"> • NSW Department of Environment and Conservation; • NSW Department of Natural Resources • Richmond Valley Council • Kyogle Council; • NSW Department of Primary Industries; • NSW Department of Energy and Utilities; • Mine Subsidence Board and • the local community. <p>The Environmental Assessment must clearly indicate issues raised by stakeholders during consultation, and how those matters have been addressed in the Environmental Assessment.</p>
<p>Deemed refusal period</p>	<p>Under clause 8E(2) of the <i>Environmental Planning and Assessment Regulation 2000</i>, the applicable deemed refusal period is 60 days from the end of the proponent's environmental assessment period for the project.</p>