

**TARRAWONGA EXTENSION PROJECT
ROCGLLEN EXTENSION PROJECT
Coal Haulage Modifications
MP 11_0047 (MOD 1) & MP 10_0015 (MOD 1)**

1 INTRODUCTION

Whitehaven Coal Limited (Whitehaven) owns and operates a number of coal mines in north-western NSW, including the Tarrawonga, Rocglen, and Vickery open cut coal mines in the Gunnedah and Narrabri Local Government Areas (see Figure 1).

These mines currently transport run-of-mine (ROM) coal via a combination of private haul roads and public roads to the Whitehaven Coal Handling and Preparation Plant (CHPP) near Gunnedah for processing (see Figure 1). Product coal is then transported by rail to Newcastle Port for export.

The approved haulage route can be divided into three discrete sections (see Figure 1), each of which comprise private haul roads and sections of public road, including Rangari Road, Hoad Lane and Blue Vale Road (northern route), Shannon Harbour Road (eastern route) and Blue Vale Road and the Kamilaroi Highway (southern route).

At present, Whitehaven is approved to transport up to:

- 1.5 million tonnes per annum (Mtpa) of ROM coal from the Rocglen mine;
 - 2 Mtpa of ROM coal from Tarrawonga mine; and
 - 3.5 Mtpa of ROM coal from the recently approved Vickery mine,
- to the CHPP, using the approved haulage route.

In addition, the Vickery Coal Project (approved in September 2014) includes a combined or 'cumulative' road haulage limit for the Vickery, Tarrawonga and Rocglen mines, which restricts total ROM coal haulage along the approved haulage route to an initial maximum of 3.5 Mtpa. However, this may be increased to a maximum of 4.5 Mtpa following the construction of the Kamilaroi Highway overpass (as part of the Vickery Coal Project).

Under the Tarrawonga Extension Project (approved in January 2013), Whitehaven is currently allowed to truck 2 Mtpa of coal along the approved haulage route. However, when the neighbouring Boggabri mine commissions its new rail spur and CHPP, Whitehaven is required to cease all road haulage of coal from the Tarrawonga mine to the Gunnedah CHPP, and export all its coal via the Boggabri mine. It is also allowed to increase coal production at the Tarrawonga mine from 2 to 3 Mtpa.

To date, Whitehaven has been unable to reach a commercial agreement with Idemitsu for the use of the Boggabri CHPP and rail spur.

Consequently, Whitehaven is now seeking approval for a modification to the Tarrawonga project approval. The modification, which is discussed in more detail below, involves:

- removing the obligation to export coal via the Boggabri mine; and
- allowing continued road haulage of coal to the Gunnedah CHPP for the remaining 16 years of the mine's life; and
- increasing maximum road haulage rates from the Tarrawonga mine from 2 to 3 Mtpa.

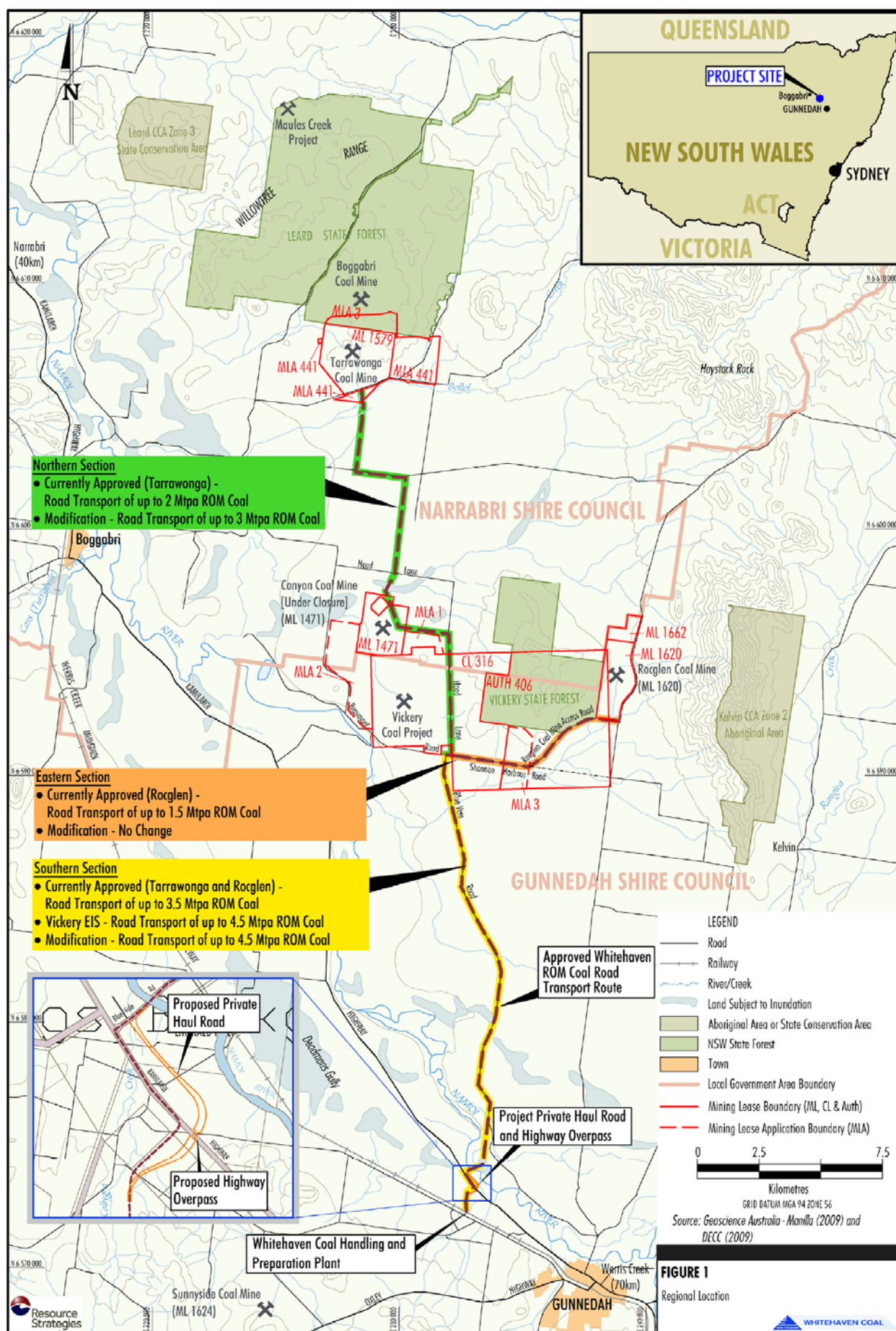


Figure 1: Whitehaven's Gunnedah Coal Mining Operations and Approved Road Haulage Route

2 PROPOSED MODIFICATIONS

To facilitate the operation of the Tarrawonga coal mine at the approved maximum extraction rate of 3 Mtpa and minimise the economic impacts associated with delays in commercial arrangements with the Boggabri coal mine, Whitehaven is seeking to modify the Tarrawonga Coal Project approval to:

- continue to transport coal by road from the Tarrawonga coal mine to the Whitehaven CHPP until December 2030 (i.e. for the remaining life of the mine);
- increase the road haulage rate of ROM coal from the Tarrawonga coal mine to the Whitehaven CHPP from 2 to 3 Mtpa;
- increase the approved road haulage hours to include an additional hour of transportation between 6 am and 7 am Monday to Friday; and
- be bound by the cumulative road haulage limit of 4.5 Mtpa for the three mines that was established under the recent Vickery Coal Project approval.

Whitehaven is also proposing to modify the approval for the Rocglen Extension Project, to reflect the cumulative road haulage limit established under the Vickery Coal Project. However, the Rocglen modification would not change the approved mining operations or road haulage arrangements (ie volumes and hours). It would simply allow Whitehaven to implement a standard approach to the management of cumulative road haulage across the Tarrawonga, Rocglen and Vickery coal mines.

The proposed modifications to the existing Tarrawonga and Rocglen road haulage arrangements are outlined in Figure 1, and described in detail in the Environmental Assessment (EA) (see Appendix C).

3 STATUTORY CONTEXT

3.1 Section 75W

The Tarrawonga Extension Project and the Rocglen Extension Project were originally approved under Part 3A of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

Although Part 3A was repealed on 1 October 2011, these projects remain 'transitional Part 3A projects' under Schedule 6A of the EP&A Act, and hence any modifications to these approvals must be made under the former section 75W of the Act.

Based on its assessment, the Department is satisfied that the applications can be characterised as modifications to the existing approvals as the proposals would:

- not alter the approved mining footprint or the mining methods;
- not alter maximum production rates; or
- significantly increase the environmental impacts of the approved projects.

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

3.2 Approval Authority

Under section 75W of the EP&A Act, the Minister for Planning is the approval authority for the modification applications. However, under the Minister's delegation, the Secretary of the Department of Planning & Environment may determine the applications, as Whitehaven made no reportable political donations, the Councils do not object to the proposals, and no objections were received from the public.

3.3 Environmental Planning Instruments

The Department has considered the proposed modifications against the relevant environmental planning instruments, as well as Whitehaven's consideration of these instruments (see Section 5.2 of the EA) and is satisfied the proposed modifications can be undertaken in a manner that is generally consistent with the aims, objectives and provisions of these instruments.

In accordance with the provisions of the Infrastructure SEPP and Mining SEPP, the Department has consulted both Narrabri and Gunnedah Councils about the proposed use of the public road network for coal haulage. While Narrabri Council indicated it would prefer Whitehaven to rail its coal from the Tarrawonga to export markets via the Boggabri mine, it accepted Whitehaven's economic justification for continued road haulage. Gunnedah Council did not object to the proposed modifications, as coal haulage along its roads would continue to be capped at 4.5 Mtpa.

Clause 16 of the Mining SEPP requires consent authorities to consider whether some or all of the transport of material in connection with a development should not be by public road.

The Department has considered this matter carefully, particularly in relation to the proposed modification of the Tarrawonga project approval, as its policy is to remove coal haulage from the public road network wherever possible.

Nevertheless, the Department supports ongoing road haulage in this instance for several reasons.

First, the current restrictions in the Tarrawonga approval gives Idemitsu the upper hand in any commercial bargaining with Whitehaven about providing access the Boggabri CHPP or rail spur. While the joint use of these facilities is desirable from an environmental perspective, the Department accepts that Whitehaven should not be compelled to use these facilities at any price.

Second, the Department notes Whitehaven has a powerful commercial incentive to secure access to another CHPP in the region for it to be able to maximise production rates at its Tarrawonga, Rocglen, Vickery and Sunnyside mines, as all of these mines are currently dependent on the Gunnedah CHPP which has a capacity of 4.1 Mtpa. To put it simply, if Whitehaven continues to haul coal by road from its Tarrawonga mine, then it is unlikely to be able to develop its recently approved Vickery mine to its full potential. Whereas, if it shifts the Tarrawonga coal onto rail via the Boggabri CHPP and rail spur then it would be able to develop the Vickery mine to its full potential.

Despite this commercial incentive, the Department has recommended that Whitehaven be required to use its best endeavours to secure access to the Boggabri CHPP and rail spur.

Third, the Department notes that the original proposal to restrict coal haulage by road from the Tarrawonga mine was based largely on the fact that there were several privately-owned properties adjoining the haulage route between the mine and Blue Vale Road. This is no longer the case, as Whitehaven and/or Idemitsu have subsequently purchased these properties. Consequently, there are no privately-owned residences along the northern part of the haulage route that could be adversely affected by road traffic noise from the trucking of coal.

Fourth, trucking along the haulage route would remain capped at 3.5 Mtpa in the short term, and at 4.5 Mtpa once Whitehaven has built the Kamilaroi Highway overpass to the Gunnedah CHPP.

Fifth, Whitehaven would remain fully responsible for all maintenance costs along the road network.

Finally, both Narrabri and Gunnedah Council – the local road authorities – support the proposed modifications.

Consequently, the Department is satisfied that the proposed modifications can be carried out with limited environmental impact compared to what is already approved (see below), and that there is no need to maintain the current restrictions on road haulage from the Tarrawonga mine.

4 CONSULTATION

The Department exhibited the modification applications from 11 March until 28 March 2014 and made the accompanying EA publically available on its website and at the Department's Information Centre, Narrabri Shire Council, Gunnedah Shire Council, and the Nature Conservation Council.

In response to the exhibition, the Department received 4 submissions from government agencies and 1 submission from a special interest group in support of the project (i.e. the Construction, Forestry, Mining and Energy Union). No public submissions have been received by the Department.

Copies of submissions and Whitehaven's Response to Submissions (RTS) are included in Appendix D and Appendix E, respectively.

While no government agencies objected to the modifications, they did raise a number of matters requiring further consideration, as summarised below.

Narrabri Shire Council (NSC) did not object to the modifications, but raised concerns about additional road maintenance costs associated with increased road transport, and the need to prioritise the transport of coal by rail rather than by road.

Gunnedah Shire Council (GSC) did not object to the modifications, but questioned the adequacy of the existing road maintenance contributions, and requested that speed limits be imposed on coal trucks in the vicinity of school bus stops along the haulage route.

NSW Environment Protection Agency (EPA) did not object to the project, but noted that the modification would need to comply with the noise impact criteria under applicable Environmental Protection Licences (EPLs).

The EPA also recommended that Whitehaven establish suitable arrangements with the Boggabri coal mine for the management of amenity impacts on its mine-owned residences, arising from the transport of coal from the Tarrawonga mine along the northern section of the haulage route. However, the Department notes that the owner of the Boggabri coal mine (Idemitsu) is a significant joint venture partner in the Tarrawonga coal mine (see Section 1) and is satisfied that any incremental amenity impacts on these mine-owned properties can be managed through existing corporate arrangements.

NSW Office of Environment and Heritage (OEH) did not make any specific comments on the proposals.

The Department has considered the issues and recommendations made in submissions in Section 5, and where appropriate has reflected these matters in the recommended conditions of approval.

5 ASSESSMENT

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

- the respective EAs and conditions of approval for the Tarrawonga, Rocglen and Vickery coal mines;
- the EA, submissions and RTS;
- relevant environmental planning instruments, policies and guidelines; and
- the objects of the EP&A Act.

5.1 Traffic and Transport

The EA includes a road transport assessment review undertaken by GTA Consultants, which focuses on the performance of the road network along the proposed haulage route to the CHPP.

Under the amended haulage arrangements, only the northern section of the approved haulage route would experience an increase in traffic when compared to those approved under the Vickery Coal Project, as (see Figure 1):

- the eastern section would continue to only cater for Rocglen traffic at the approved rate of 1.5 Mtpa; and
- the southern section would be capped at 3.5 Mtpa prior to the construction of the Kamilaroi Highway overpass, and 4.5 Mtpa following the commissioning of the overpass, in accordance with the Vickery approval.

Once the overpass is commissioned, coal trucks from all three mines would no longer be required to cross the Kamilaroi Highway to the Whitehaven CHPP. If the overpass is not constructed, then the volumes of traffic crossing the Kamilaroi Highway would remain at the levels considered by the RMS to be acceptable during the recent assessment of the Vickery Coal Project.

Consequently, the key change that needs to be considered in the assessment is the northern section of the haulage route, which consists of a combination of private haul roads and local public roads.

With the proposed increase in coal transport from the Tarrawonga mine, the traffic assessment indicates that there would be a 50% increase in truck movements from an average of 348 to 520 movements per day on the northern section. This equates to one additional truck in either direction every 5 minutes.

However, the transport assessment concluded that the increased road haulage would not result in any significant impacts on the performance, efficiency and safety of the road network. In particular, the assessment found that there would be no change in the Level of Service (LoS) in the northern section of the haulage route, as the peak hourly volume of traffic associated with the modification would remain significantly below the volume required to maintain a LoS A (i.e. the best traffic conditions).

It is also important to note that the public sections of the haulage route have been significantly upgraded by Whitehaven to cater for coal trucks, which currently comprise about 80% of traffic on these roads.

Under existing voluntary planning agreements (VPAs) for the Tarrawonga and Rocglen mines, Whitehaven is required to fund 100% of road maintenance costs for any section of public road (including intersections) that forms part of the approved road transport route within the Narrabri LGA, and 95% of maintenance costs within the Gunnedah LGA.

In regard to school buses, Whitehaven already implements a coal haulage protocol as part of its approved Traffic Management Plan which requires truck drivers to maintain radio communications with the bus driver, and slow down to 40 km/hour in the vicinity of school bus stops while they are operating on the haulage route. The Department has recommended a condition that clarifies that this obligation applies to all Whitehaven trucks operating on all sections of the haulage route. With the implementation of this condition, the Department is satisfied that Whitehaven can continue to manage its operations to ensure that school buses can continue to operate safely along their existing routes.

Alternatives to road transport of coal to the Whitehaven CHPP were canvassed in detail during the assessment of the Vickery Coal Project, including an additional rail spur line and an overland conveyor. The costs associated with these alternatives would be well over \$100 million, and were therefore not considered to be economically feasible. The Department also notes that the coal transport route does not pass through any settlements, is fully maintained by Whitehaven within the Narrabri LGA, and coal is transported by rail from the Whitehaven CHPP all the way to Newcastle.

Notwithstanding, the Department agrees in principle with Narrabri Council's comments that road transportation should not be a feature of coal mining in NSW. Accordingly, the Department has recommended a condition that requires Whitehaven to demonstrate to the satisfaction of the Secretary that it has used its best endeavours to gain access to the Boggabri processing and rail-loading facilities within 6 months of these facilities being commissioned, and if unsuccessful, every 2 years thereafter.

While this would not guarantee access to the Boggabri facilities, it would provide an ongoing administrative obligation that Whitehaven would be required to address throughout the life of the project. There would also be a substantial financial and operational incentive for Whitehaven to dispatch its coal via rail from the Boggabri mine, as it would be cheaper than continuing to truck the coal to the Whitehaven CHPP, and it would allow the three mines to operate at or close to maximum production (rather than being restricted to a cumulative total of 4.5 Mtpa).

As mentioned above, Whitehaven has upgraded the haulage route and pays for almost all the costs associated with the maintenance of the haulage route. Whitehaven also has VPAs in place with both Narrabri and Gunnedah Councils that require the payment of considerable funds for other beneficial public purposes. Given this, the Department does not believe that any additional developer contributions are warranted as a result of the proposed modifications.

Overall, the Department is satisfied that the proposed modifications would not significantly increase traffic impacts beyond those associated with Whitehaven's approved road haulage. Nevertheless, to ensure that road haulage from the three mining operations is appropriately managed, the Department has recommended that Whitehaven be required to develop a Transport Management Plan, detailing measures for the management of coal transport on public roads and protocols for determining the allocation of approved road haulage limits between the Tarrawonga, Rocglen and Vickery coal mines (to cover, among other matters, the situation where these mines are not owned by a single corporate entity).

5.2 Noise

The EA includes a Road Traffic Noise Review undertaken by Wilkinson Murray, which considers the noise impacts generated on public roads in accordance with the *NSW Road Noise Policy* (RNP) and for the private sections of the haulage route in accordance with the *NSW Industrial Noise Policy* (INP), as these sections are considered to be part of the 'site'.

Figure 2 shows the sections of the haulage route that are private and public. It also shows that Whitehaven now owns all the rural properties (with dwellings) adjacent to the northern, eastern and a significant proportion of the southern sections of the haulage route.

The nearest privately-owned residence in the northern section is approximately 4 km from the haulage route (i.e. Jeralong and Braymont), and the assessment indicates that:

- there would be no change to the noise levels experienced at these residences as a result of the increased traffic generated by the modification; and
- the noise levels would comfortably comply with all applicable criteria under both the RNP and INP.

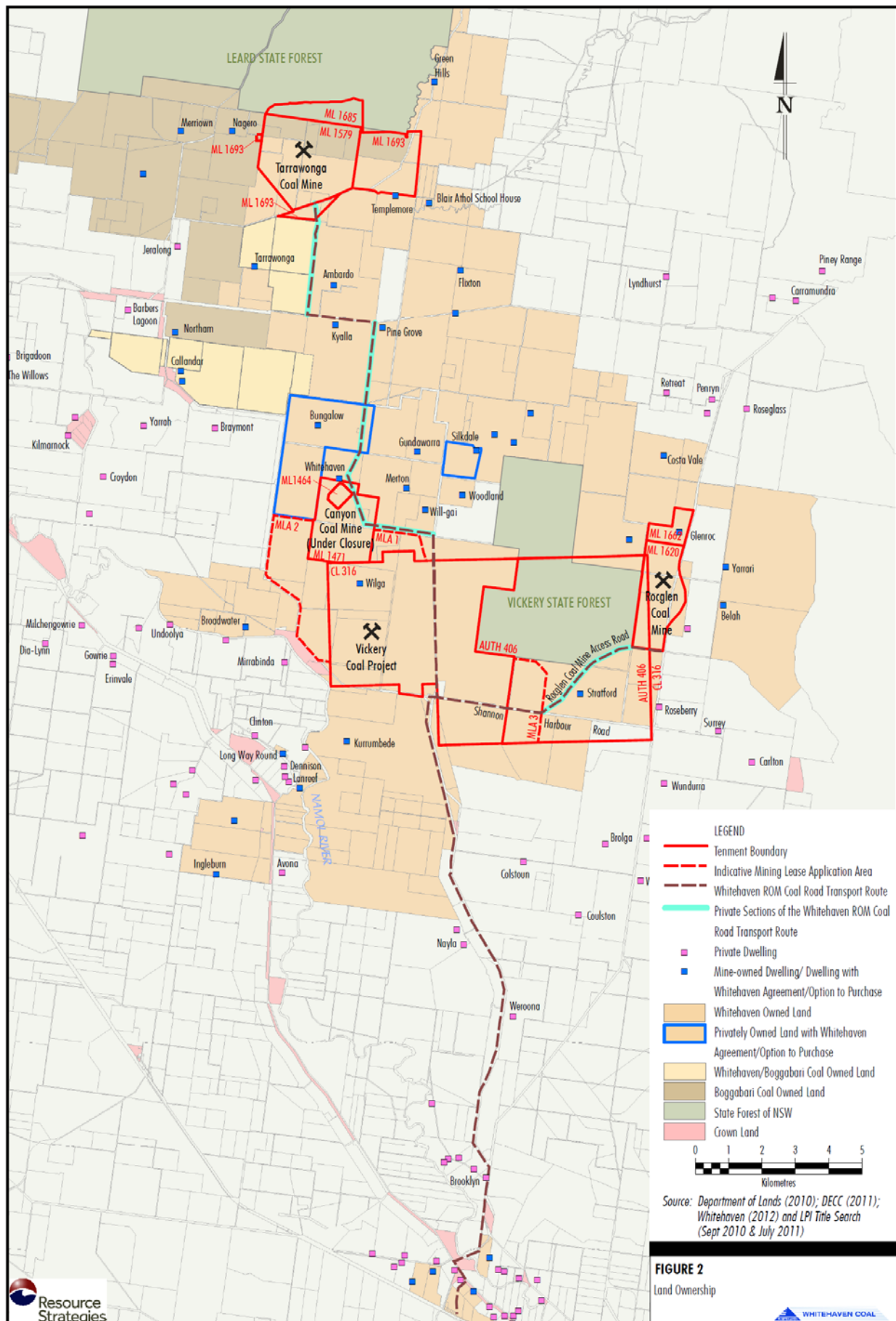


Figure 2: Land ownership and Approved Road Haulage Route

In the southern section, the expected road noise impacts would be the same as those associated with the recently approved Vickery Coal Project as the total tonnages (and hence truck movements) would remain within those limits. In this regard, the assessment for the current modifications confirms that road noise generated by the maximum traffic volumes would remain well below the sub-arterial road noise criteria in the RNP (i.e. 60 dB(A) during the day) at the nearest residential receivers.

Under the existing Tarrawonga and Rocglen approvals, Whitehaven may transport coal from these mines between 7 am to 9.15 pm Monday to Friday, and 7 am to 5.15 pm on Saturdays. The Department notes that these approved distribution hours should ensure that all coal haulage trucks reach the CHPP and are off the road by no later than 10 pm Monday to Friday and 6 pm on Saturdays.

Whitehaven is also seeking to extend the distribution hours for the Tarrawonga mine to include an additional hour of transportation between 6 am and 7 am Monday to Friday, while maintaining the existing 7 am to 5.15 pm period on Saturdays. This would make the transport hours the same as the recently approved Vickery Coal Project.

The Department notes that the period from 6 am to 7 am is normally considered to be part of the 'night-time' period when stricter noise criteria would apply. However, the RNP recognises it is reasonable to consider varying the standard day-time period to include a one-hour 'morning shoulder' period where noise levels in the area begin to rise before 7 am. The Department notes that there are a large volume of vehicles that use the haulage route prior to 7 am to access mines further to the north, such as the Boggabri mine.

In light of this, the Department concluded in its assessment of the Vickery Coal Project that it was reasonable to consider the morning shoulder period as part of the day-time, and apply the criteria accordingly. Given that the situation remains the same for these modifications, the Department believes it is reasonable to apply the same criteria to provide a consistent approach to managing compliance with these criteria. It is also worth noting that even if the night-time criteria are applied (i.e. 55 dB(A) during the night), the assessment indicates that the noise levels during this morning shoulder would comply at all privately-owned residences.

While the Department acknowledges that under the proposed modifications, Whitehaven is more likely to utilise the maximum number of trucks allowed under its cumulative haulage limit, the assessment indicates that the additional trucks along the haulage route would not exceed the applicable road noise criteria at any privately-owned residence, and the noise levels would be no greater than the impacts associated with the recently approved Vickery Coal Project.

Nonetheless, for both the Tarrawonga and Rocglen mines, the Department has updated the noise conditions to be consistent with the Vickery Coal Project. In summary, these conditions require Whitehaven to:

- comply with contemporary RNP road noise criteria at all privately-owned residences along the public sections of the haulage route;
- comply with the stricter operational criteria for the private sections of the haulage route; and
- prepare and implement a Noise Management Plan, including attended monitoring of road noise to demonstrate compliance with the applicable noise criteria.

The conditions also allow any landowner who believes that the environmental performance criteria (including road noise criteria) are being exceeded, to request an independent review to be undertaken to determine if this is the case.

With the implementation of these measures, the Department is satisfied that the amenity of local residents would be adequately protected.

5.3 Other Issues

The Department is satisfied that the modifications are unlikely to generate any other major environmental or amenity impacts. However, should any unforeseen impacts arise, the Department is satisfied that they could be appropriately controlled, mitigated or managed through the existing conditions of approval that apply to the Tarrawonga and Rocglen mines.

6 RECOMMENDED CONDITIONS

The Department has drafted a recommended notice of modification for the Tarrawonga mine (see Appendix A) and Rocglen mine (see Appendix B), and has included consolidated versions of these project approvals as modified (see Appendix F and Appendix G, respectively).

The Department notes that Whitehaven has received a copy of the recommended conditions, and has raised no objections.

7 CONCLUSION

The Department has assessed the modification application and supporting information in accordance with the relevant requirements of the EP&A Act.

Based on this assessment, the Department is satisfied that the proposed modifications would not materially increase the traffic-related impacts of Whitehaven's operations in the region. The reasons for this conclusion can be summarised as follows:

- there are no residences in proximity to the sections of the haulage route that would see an increase in truck movements when compared to the recently approved Vickery Coal Project;
- the predicted traffic noise impacts would comply with relevant EPA criteria at all privately-owned residences; and
- any additional road maintenance to the haulage route would be covered by existing agreements between Whitehaven and the Narrabri/Gunnedah Shire Councils.

It is acknowledged that the proposals are inconsistent with the Department's policy of removing coal trucks from NSW roads. However, the Department considers this inconsistency to be justified in this instance, and has recommended conditions requiring Whitehaven to continue to pursue access to the Boggabri rail spur as originally proposed. Further, the Department is satisfied that there are considerable financial and operational incentives for Whitehaven to do so.

Importantly, as a result of Whitehaven failing to gain access to the Boggabri facilities, it would not be able to comply with the conditions as they stand. Consequently, unless the Tarrawonga conditions are modified to remove the requirement to access these facilities, Whitehaven would be in technical non-compliance, and there is a question as to whether it would be permitted to continue to utilise the transport haulage route.

The Department also notes that it did not receive any public submissions on the proposed modifications, and neither of the Councils or the RMS (as the relevant road authorities) objected to the proposals.

Given all of the above, the Department believes it is in the public interest to allow continued use of the haulage route until Whitehaven can access the Boggabri facilities. Furthermore, given that the proposed increase in traffic volumes on the haulage route would not result in any significant amenity or environmental impacts, the Department believes it is also in the public interest to allow Whitehaven to extract and transport up to the approved maximum production at the Tarrawonga mine (i.e. 3 Mtpa), provided it remains within the overall limits imposed through the Vickery Coal Project.

Accordingly, the Department considers that the benefits of the modifications significantly outweigh their residual costs, and should be approved, subject to conditions.

8 RECOMMENDATION

It is RECOMMENDED that the Secretary, as delegate of the Minister:

- **consider** the findings and recommendations of this report;
- **determines** that the modifications are within the scope of section 75W of the EP&A Act;
- **approves** the applications under section 75W, subject to conditions; and
- **signs** the two separate notices of modification (Appendix A and Appendix B).

Mike Young
Manager
Mining Projects

4.11.14

David Kitto
Acting Executive Director
Resources Assessments

Kitto 4/11/14

APPENDIX A:
NOTICE OF MODIFICATION – TARRAWONGA EXTENSION PROJECT

APPENDIX B:
NOTICE OF MODIFICATION – ROCGLEN EXTENSION PROJECT

APPENDIX C: ENVIRONMENTAL ASSESSMENT

APPENDIX D: SUBMISSIONS

APPENDIX E: RESPONSE TO SUBMISSIONS

APPENDIX F:
CONSOLIDATED PROJECT APPROVAL – TARRAWONGA EXTENSION PROJECT

APPENDIX G:
CONSOLIDATED PROJECT APPROVAL – ROCGLEN EXTENSION PROJECT