

ASSESSMENT REPORT

RUSSELL VALE COLLIERY – PRELIMINARY WORKS PROJECT Extension of Mining Term Modification (MP 10_0046 MOD 3)

1. BACKGROUND

1.1 Project Location

Wollongong Coal Pty Ltd (Wollongong Coal, formerly known as Gujarat NRE Coking Coal Ltd) owns and operates the Russell Vale Colliery (Russell Vale), located in the Illawarra region, approximately eight kilometres (km) north of Wollongong and 70 km south of Sydney (see **Figure 1**). Jindal Steel and Power Limited acquired a majority stake in Gujarat NRE Coking Coal Ltd in October 2013. The mine was known as the NRE No. 1 Colliery prior to February 2014.

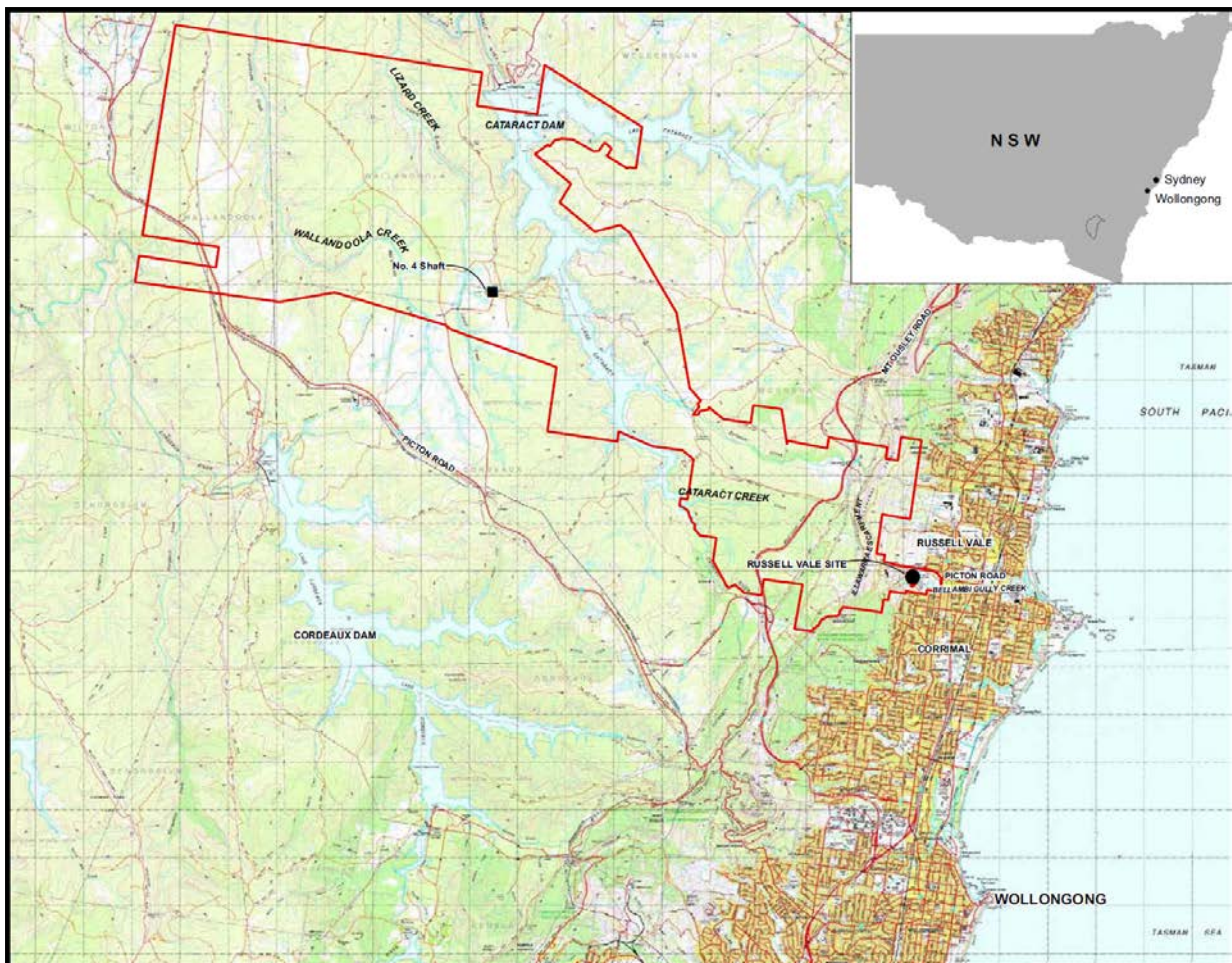


Figure 1: Regional Location and Existing Project Area (marked in red edge)

1.2 Project Setting and History

Wollongong Coal owns and operates both the Russell Vale Colliery and the Wongawilli Colliery in the Southern Coalfield. Together they have approval to produce up to 3 Mtpa of ROM coal. The Southern Coalfield is a major source of high quality hard coking coal used for production of steel, both in Australia and internationally. The unique nature of this hard coking coal resource within NSW makes it a very important contributor to the local, regional and State economy. The proximity of the Southern Coalfield to the Port Kembla Coal Terminal is a major factor supporting export of coal from the region.

Mining at Russell Vale has been undertaken since 1887 using a range of mining techniques including bord and pillar mining, pillar extraction and longwall mining. The Bulli Seam was previously mined using pillar extraction techniques (early to mid-1900s) and the Balgownie Seam was extracted using longwall mining techniques (between 1970 - 1982 and 2001 - 2003). More recently, longwall mining commenced in the underlying Wongawilli Seam (2012 – early 2014).

1.3 Existing Project Approval and Operations

On 13 October 2011, the Planning Assessment Commission (PAC) approved the Preliminary Works Project (PWP) for Russell Vale under Part 3A of the *Environmental Planning and Assessment Act 1979* (EP&A Act). In summary, this project approval (MP 10_0046) allowed:

- extraction of up to 1 million tonnes per annum (Mtpa) of run-of-mine (ROM) coking coal through first workings and pillar extraction from the Bulli and Wongawilli Seams for a period of three years;
- upgrade of existing mining infrastructure at the mine's surface facilities site; and
- trucking of ROM coal from Russell Vale to Port Kembla Coal Terminal for export.

On 4 May 2012, Wollongong Coal lodged an application to modify the PWP approval under section 75W of the EP&A Act (MOD 1), for approval to:

- extract coal using longwall mining techniques in the Wongawilli Seam from two panels (Longwalls 4 and 5); and
- develop the maingates for Longwalls 6, 7 and 8 in the Wongawilli Seam.

Wollongong Coal extracted coal using longwall mining techniques from one panel (Longwall 4) prior to determination of this modification. This occurred under a Subsidence Management Plan (SMP) approved by NSW Trade and Investment's Division of Resources and Energy (DRE), pursuant to an existing transitional provision in the *Environmental Planning & Assessment Regulation 2000* (clause 8K). This provision allowed mining within existing mining leases up until the end of September 2012, providing that Director-General's requirements had been issued for a project application prior to the end of December 2010.

During the course of assessing MOD 1, the length of the second panel (Longwall 5) was shortened (from 1,145 to 845 metres (m)), primarily to reduce the potential impact on upland swamps. On 24 December 2012, the PAC approved the amended MOD 1 application, but excluded approval for development of the maingates for Longwalls 7 and 8 on the basis that the application lacked an assessment of the subsidence impacts that would be caused by extraction of the longwall blocks.

Extraction of Longwall 5 was completed on 12 January 2014. Wollongong Coal has been unable to conduct any longwall mining since that date. Its current mining operations are restricted to development of the Wongawilli Mains and first workings related to the proposed Longwall 6.

1.4 Other Related Applications

On 12 August 2009, Wollongong Coal submitted a Part 3A project application for its proposed Underground Expansion Project (UEP). This project (MP 09_0013) originally involved a significant expansion of longwall mining across the Wonga East and Wonga West areas, to extract 31 million tonnes (Mt) of ROM coal over a project life of 18 years. The Environmental Assessment (EA) supporting this application was exhibited in early 2013.

In response to significant issues raised in agency and public submissions and in independent expert reviews of the EA undertaken for the Department, Wollongong Coal made significant changes to the exhibited UEP. These changes are outlined in a Preferred Project Report (PPR), which was submitted in September 2013. Under the PPR, the UEP application was amended by:

- reducing the proposed project life from 18 years to 5 years;
- reducing the total ROM coal production from 31 Mt to 4.7 Mt;

- removing all proposed longwall mining (7 panels) from the Wonga West area and removing one panel from the Wonga East area; and
- reorienting the remaining 8 longwall panels in the Wonga East area to minimise impacts to identified significant natural features.

In October 2013, Wollongong Coal's PPR was placed on the Department's website and distributed to all key government agencies for comment. Wollongong Coal has recently completed a formal response to the issues raised in agency and public submissions on the PPR (a 'residual matters report'). The Department is now assessing the merits of the UEP.

On 11 April 2014, Wollongong Coal lodged an application and supporting EA to further modify the PWP approval. The proposed modification (MOD 2) involves extracting coal from the first 400 m of Longwall 6 and extending its approval to conduct mining operations until 31 December 2015, from the current date on which mining operations under the PWP approval must cease (13 October 2014).

MOD 2 would allow mining operations and continued employment of 250 existing workers at Russell Vale until such time as assessment of the UEP application is complete and it is determined by the PAC. The great majority of Wollongong Coal's 250 employees reside within the Illawarra Region, and the majority of payments to employees, suppliers and contractors are paid into the regional economy.

The Department has finalised its assessment of MOD 2 and has recommended approval of the modification, subject to conditions. MOD 2 was referred to the PAC for determination on 9 September 2014. The PAC has subsequently scheduled a public meeting on MOD 2 on 30 October 2014. As there is no prospect of MOD 2 being determined by 13 October 2014, Wollongong Coal has lodged a third modification application with the Department (see **Section 2** below).

Figure 2 provides a figure showing the location of the amended UEP in relation to the two extracted longwalls within the Wongawilli Seam (ie Longwalls 4 and 5) and the proposed Longwall 6 modification (MOD 2).

2. PROPOSED MODIFICATION

On 23 September 2014, Wollongong Coal lodged an application (see **Appendix A**) to further modify the PWP approval under section 75W of the EP&A Act. The proposed modification (MOD 3) seeks approval for an extension of the period under the approval during which mining operations may be carried out until 31 December 2014 (an extension of 79 days), during which time it is expected that the PAC will determine MOD 2.

The modification is considered to be very minor. The alternative to the proposed modification would be to temporarily close Russell Vale until MOD 2 has been determined.

3. STATUTORY CONTEXT

3.1 Section 75W Modification

Following the repeal of Part 3A of the EP&A Act, the approved project is classified as a 'transitional Part 3A project', under Schedule 6A of the Act. The proposed modification must therefore be considered under section 75W of the EP&A Act, despite its repeal in 2011.

The proposed modification would not increase the currently approved extraction rate. It would use existing surface facilities and lead to no change or increase to the approved trucking of coal. The application is for a short extension of time for mining operations (ie less than three months) beyond the term approved under the existing PWP.

The Department is satisfied that the proposed modification is a minor change to the approved project, and can be readily characterised as a modification to the current approval rather than a new development proposal in its own right. Consequently, the Department is satisfied that the proposed modification may be determined under section 75W of the EP&A Act.

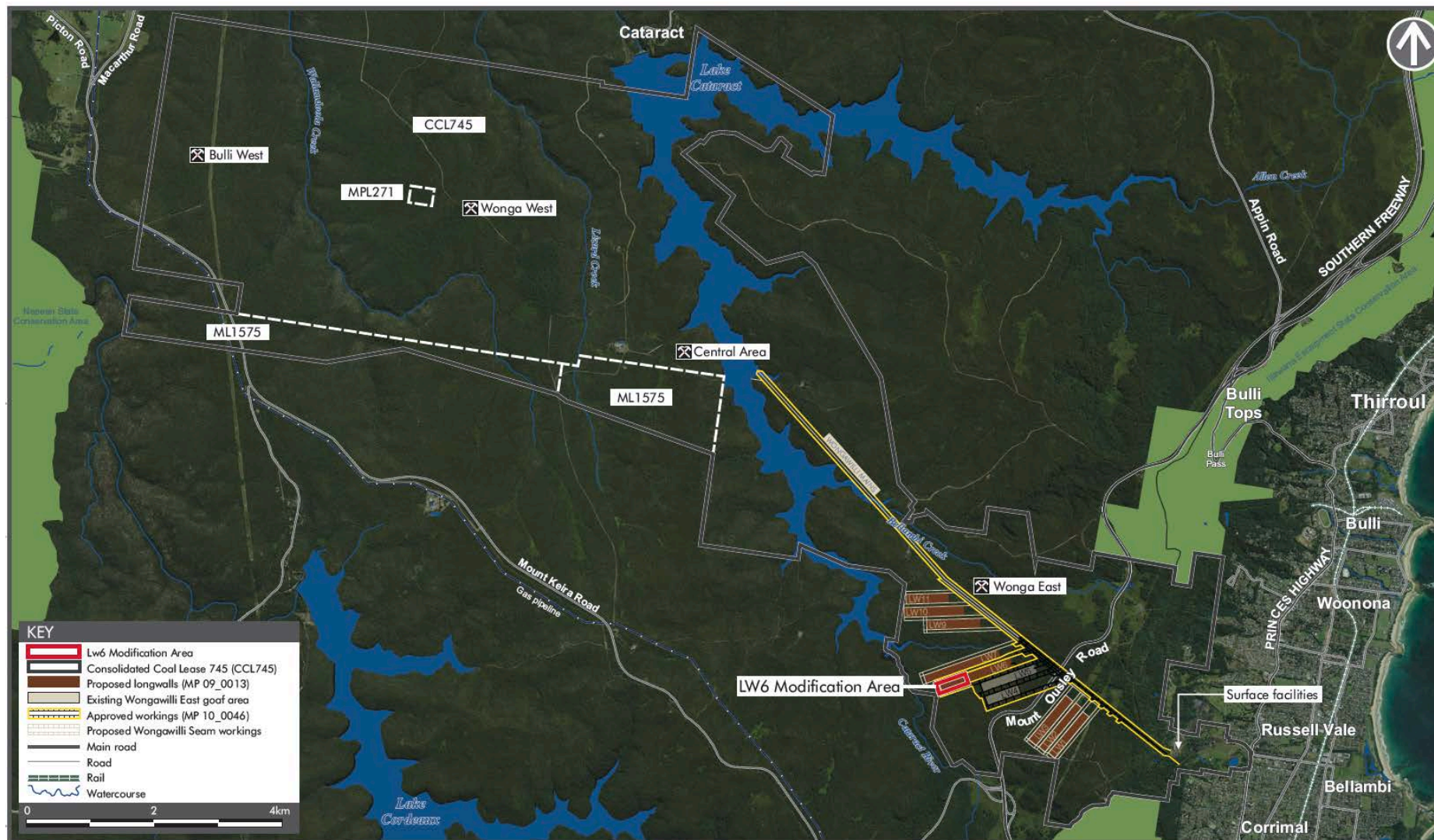


Figure 2: Russell Vale Longwall 6 Modification (marked in red edge) and Underground Expansion Project (marked in brown)

By comparison, the UEP proposes a substantial increase in mining in the Wonga East area, a substantial increase in extraction rate (up to a total of 3 Mtpa), extensive upgrading of surface facilities and increased levels of product coal trucking.

3.2 Approval Authority

The Minister for Planning is the approval authority for the modification application. However, under item 8 of the Minister's delegation of 14 September 2011, the Secretary may determine the modification application. This is because Wollongong City Council has not made a formal objection to the application, there were less than 10 public submissions in objection and, while a political disclosure statement has been made, it was only made in respect of a previous related application.

4. CONSULTATION

Upon receiving the modification application, the Department made the relevant documents publicly available on its website. Given that the proposed modification is very minor and purely administrative in nature, the Department did not undertake a public exhibition process.

The Department also referred the modification application directly to DRE and Wollongong City Council (Council) for comment. Neither DRE nor Council raised any objection to the proposal, given that it would neither extend the mine nor increase the project's environmental impacts. However, Council did make representations on behalf of a concerned resident, requesting that the Department consider placing the modification application on public exhibition.

5. ASSESSMENT

The existing PWP approval (granted 13 October 2011) contains a 3-year limit on the term during which mining operations may be carried out, which ends on 13 October 2014. Wollongong Coal's application for MOD 2 requested that this date be extended until 31 December 2015, to enable it to carry out its proposed extraction of part of Longwall 6.

The PAC has previously made comments about the perceived 'piecemeal' approach being adopted by Wollongong Coal (or more particularly, its predecessor Gujarat NRE Coking Coal Ltd) to establish sustainable, long-term mining approvals at Russell Vale. These comments were made in both the PAC's PWP determination report and its MOD 1 determination report. The Department endorses this position and accepts that Gujarat NRE's previous approach has not been best practice.

Nonetheless, the Department accepts that the modification is required due to delays in completing the assessment of the UEP and MOD 2. Although the Department would prefer to assess broader, long-term proposals (such as the UEP), it accepts that the current modification application is essential for mine continuity in the short term.

The proposed modification is administrative, and would not affect the approved operations of the mine. The modification would allow Wollongong Coal to continue mining operations at Russell Vale while the PAC further considers MOD 2. The mining which could be undertaken would be restricted to further development of the Wongawilli Mains, since development of the gateroads for Longwall 6 is complete, and no approval exists (or has been sought in the present modification) for development of gateroads for Longwall 7 or beyond.

As there is no prospect of MOD 2 being determined by the PAC before 13 October 2014, the Department considers that the proposed modification would allow mining operations and continued employment of 250 existing workers at Russell Vale until such time as assessment of the UEP application and MOD 2 is complete and determined by the PAC.

The Department supports the extension of the term during which these limited mining operations may be carried out to 31 December 2014, and has recommended amended conditions of approval to this effect.

6 RECOMMENDED CONDITIONS

The Department has drafted a Notice of Modification (see **Appendix B**) for the proposal, as well as a consolidated project approval, as it is proposed to be modified (see **Appendix C**).

Wollongong Coal has reviewed and accepted the recommended conditions.

7 CONCLUSION

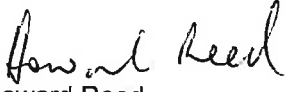
The Department has assessed the merits of the proposed modification in accordance with the requirements of the EP&A Act. The proposed modification is for a short extension of time to allow Wollongong Coal to continue to conduct mining operations under its existing approval until 31 December 2014, during which time it is expected that the PAC will determine MOD 2.

The Department considers the benefits offered by the approval of the proposed modification far outweigh the alternative, which would involve the suspension of mining operations and a significant (albeit temporary) loss of employment at Russell Vale.


8. RECOMMENDATION

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

- **considers** the findings and recommendations of this report;
- **determines** that the proposed modification falls within the scope of section 75W of the EP&A Act;
- **approves** the application under section 75W, subject to conditions; and
- **signs** the notice of modification in **Appendix B**.


Howard Reed
Manager
Mining Projects
9.10.14


David Kitto
A/Executive Director
Resource Assessments


Carolyn McNally
Secretary
10.10.14

APPENDIX A – Modification Application Letter

See the Department's website link at:

http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=6706

APPENDIX B – Notice of Modification

APPENDIX C – Consolidated Conditions of Approval