



28 August 2019

Mr Stephen O'Donoghue
A/Director
Resource and Energy Assessments
NSW Department of Planning, Industry & Environment
320 Pitt Street
Sydney NSW 2000

Dear Mr O'Donoghue

**Airly Mine Extension Project – Proposed Modification 3
State significant development 5581**

I refer to our meeting with the Department on 23 October 2018 to discuss the intention of Centennial Airly Pty Limited (Centennial Airly) to modify Airly Mine's consent SSD 5581 to increase production rate and workforce, and to import water from an external source to meet the identified process water deficit for approved operations. As you would be aware, the importation of water from Charbon Colliery by rail was proposed and approved in Modification 2.

Centennial Airly is now proposing to modify SSD 5581 (Modification 3) to allow for:

- an increase in the run-of-mine (ROM) production rate from the approved 1.8 million tonne per annum (Mtpa) to 3.0 Mtpa
- an increase in workforce from the approved 155 full time equivalent (FTE) personnel to 200 FTE personnel
- an increase in the movement of laden coal trains and water trains leaving the site from the approved average of 2 trains per day to 3 trains per day over any calendar year but maintaining the approved maximum 5 trains per day leaving the site on any day
- underground blasting (or shot-firing) activities for the removal of geological structures in the event they are encountered within the mining areas
- an amendment to the approved 20 year mine schedule for the increased production rate.

No changes are proposed to the approved mining methods, the approved mining zones or the mining area to achieve the increased production rate, however the mining intensity will increase. Accordingly, Airly Modification 3 will not result in any changes to subsidence impacts, and will continue to meet the subsidence impact performance measures included in Schedule 3 Condition 2 (natural and heritage features etc.) and Schedule 3 Condition 3 (built features) of SSD 5581. The proposed modification does not include any physical works or significant changes to the existing underground mine operation or the surface activities.

While the increased production rate will result in a greater process water deficit than identified for the 1.8 Mtpa production rate in Modification 2, there is no proposal to increase the volume of water to be imported from Charbon Colliery from the approved 170 ML/year. Centennial Airly will instead not construct and operate the approved coal preparation plant (CPP) and the reject emplacement area (REA), as beneficiation of ROM coal is not in Airly Mine's current five year business plan. Without the operation of this infrastructure, the 170 ML/year imported water and water available from the onsite sources will be sufficient to meet the process water requirements for the proposed 3 Mtpa production rate. Centennial Airly will review the water requirements for the site at a later stage, should the mine

make a decision to construct and operate the CPP and the REA in the future, and will manage the operations, if necessary, to ensure no additional importation of process water is required.

Environment Impact Assessment

A Modification Report will be prepared to support the modification application. The following technical assessments will underpin the Modification Report:

- Groundwater
- Surface water and site water balance
- Air quality and greenhouse gas emissions
- Traffic and transport (road and rail)
- Noise and vibration
- Social
- Economic.

The Modification Report will provide a rationale for the proposed modifications to consent SSD 5581, and will include the strategy to be implemented at Airly Mine to achieve the increased production rate.

Approval Pathway

Section 4.55 of the *Environmental Planning and Assessment Act 1979* (EP&A Act) applies to modifications to Part 4 development consents generally, provided the development as modified is substantially the same development as the development for which consent was originally granted and before that consent as originally granted was modified (if at all).

In determining whether the proposed modification will meet the substantially the same development test, a comparative analysis for changes in:

- development size, scale and footprint
- intensity including rates of production
- project life and hours of operation
- extent, duration and severity of impacts

due to the proposed modification was undertaken. The analyses provided the following conclusions.

1. When considered in isolation, an increase in the annual production to 3 Mtpa, representing a 66% increase from the approved 1.8 Mtpa, may not be considered to be substantially the same development, as the intensity is too great.
2. However, there are numerous qualitative factors which weigh against this conclusion and provide necessary context. These factors comprise the following.
 - a) The potential environmental impacts due to the modification elements are expected to be minimal (noise, air quality and greenhouse gas emissions, traffic) while the surface water and groundwater impacts are likely to be lesser than the approved impacts.
 - b) There will be no change to subsidence impacts, and the development as modified will meet the subsidence impact performance measures included in Schedule 3 Condition 2 (natural and heritage features etc.) and Schedule 3 Condition 3 (built features) of SSD 5581.
 - c) There will be no changes to:
 - i) development size, scale and footprint
 - ii) daily rates of production
 - iii) project life and hours of operation

iv) extent, duration and severity of impacts.

Accordingly, on the above basis, the proposed modification can be considered to meet the substantially the same development test, and therefore the appropriate planning approval pathway is section 4.55(2) of the EP&A Act.

Stakeholder Engagement

Consultation with the local community in regard to the modification was commenced in 2017, and will continue to be undertaken using the Community Consultative Community meetings as the main forum. Consultation with the government agencies will be undertaken via meetings and by letters, and will include consultation with:

- Lithgow City Council
- Environmental Protection Authority
- Water Division, within the Department
- Division of Resources and Geoscience (DRG), within the Department
- National Parks and Wildlife Service
- Roads and Maritime Services.

Issues raised during stakeholder consultation will be addressed in the Modification Report.

Centennial requests the Department confirm:

- (i) the proposed approval pathway for the proposed modification
- (ii) the adequacy of the technical assessments proposed to underpin the Modification Report.

Please contact me (6355 9814 / 0407 551 405 / nagindar.singh@centennialcoal.com.au), if you require further information.

Yours sincerely



Nagindar Singh
Approvals Coordinator