



11 May 2020

Ms Rose-Anne Hawkeswood
Contact Planner
NSW Department of Planning, Industry and Environment
Level 22, 320 Pitt Street
SYDNEY, NSW 2000

VIA ONLINE SUBMISSION

Dear Ms Hawkeswood

NCIG MODIFICATION

Port Waratah Coal Services Ltd. (Port Waratah) owns and operates the Kooragang and Carrington coal terminals in Newcastle port. In the last decade Port Waratah has invested significant capital in expanding the capacity of the terminals in response to industry demand. Both the Carrington and Kooragang terminals are central to Port Waratah's ongoing operations, with Carrington making a unique and important contribution by providing Port Waratah with the capability to load small vessels and cargoes efficiently.

These terminals, together with NCIG, operate within a Hunter Valley coal chain that has established a reputation for reliability and efficiency underpinned by industry-led centralised planning. Aggregate terminal capacity is a function of the nameplate capacity of the terminals and their interactions with the rest of the supply chain, including the track system. Port Waratah has a strong track record of supporting industry collaboration in the interest of maximising supply chain efficiency and works actively with coal chain service providers to ensure that the Hunter Valley supply chain maintains its reputation as a demonstration of leading practice in complex, multi-user supply chains.

The NCIG Coal Export Terminal Optimisation project (the NCIG modification) represents one of the growth capacity options available in the existing terminals. As Port Waratah understands the modification, NCIG has achieved an increase in the nameplate capability of its terminal and is seeking a modification to enable it to utilise this to its full extent.

Investments in coal chain infrastructure come at great cost and therefore it is in the interest of efficiency to ensure that there are no restrictions on infrastructure being utilised to its full potential.

For this reason, Port Waratah supports the NCIG modification and submits that the application should be considered favourably. Through consultation with NCIG in respect of the Optimisation Project, we do not foresee any unmanageable interactions between our respective operations.

Port Waratah notes that NCIG's assessment documentation references Port Waratah's Terminal 4 Project. On the 31 May 2018 Port Waratah announced that it intends to allow the Terminal 4 Agreement for Lease and Project Approval to lapse. The Agreement for Lease has expired and the Project Approval will lapse on 30 September 2020. No action to commence the Project Approval will be undertaken. In making that decision, Port Waratah consulted with a full range of industry stakeholders and concluded that the capacity of the existing coal terminals, including potential expansion options, are likely to be sufficient to cater for future growth in coal exports.

While Port Waratah will not build a fourth terminal, coal constitutes the bulk of Newcastle port volumes and will remain a big part of Newcastle's future and the ongoing prosperity of the region. Coal is a key component of the global energy mix and is forecast to remain so for the foreseeable future, particularly in the Hunter Valley's core markets in South East Asia.

Port Waratah further notes that the modification addresses NCIG terminal nameplate capacity only, without reference to the track system or other coal chain elements. Consistent with current collaborative practice within the Hunter Valley coal chain, Port Waratah expects that any actual utilisation of NCIG's increased capacity will be underpinned by coal chain modelling aimed at ensuring that utilising this capacity does not have a detrimental impact on the ability of Port Waratah's customers to secure access to their contracted capacity in Port Waratah's terminals.

The release of latent terminal capacity through incremental improvements as articulated in NCIG's Terminal Optimisation project modification is another example of Hunter Valley coal chain efficiency and leading practice. Port Waratah supports the application as it will enable most efficient use of the infrastructure, contributing to the collaborative excellence routinely demonstrated by the Hunter Valley coal industry.

Yours sincerely



HENNIE DU PLOOY
CHIEF EXECUTIVE OFFICER

