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12 November 2018

Chair of Independent Planning Commission
Professor Mary O'Kane
Level 3, 201 Elizabeth Street
Sydney NSW 2000

Dear Ms O'Kane

Subject: Submission re the Bylong Coal Project D532-18 Public Meeting

Background

Ulan Coal Mines Limited (UCML) is a joint venture between Glencore Coal Assets Australia Pty Limited (Glencore 90%) and Mitsubishi Development (10%). The UCML Complex is located approximately 38km north-north-east of Mudgee and 19km north-east of Gulgong in NSW.

Mining in the Ulan area has been undertaken since the early 1920s. In 1980 UCML constructed the Ulan to Sandy Hollow rail line and reconstructed the Sandy Hollow to Muswellbrook line. In total, 150km of heavy rail line which became known as the 'Ulan Railway' was commissioned. UCML was granted its current Project Approval (PA 08_0184) under Part 3A of the EP&A Act on 15 November 2010 for the Ulan Coal Continued Operations Project (UCCO Project). Approved mining operations at the Ulan Coal Complex consist of underground mining in the Ulan No.3 and Ulan West areas as well as open cut mining. The Ulan Coal Complex is approved to extract 20 million tonnes per annum (Mtpa) of coal, with product coal railed via the Gulgong to Sandy Hollow rail line and exported through the port of Newcastle. It is this section of rail line that the proposed Bylong Coal Project intends to utilise.

UCML made a submission to the Department of Environment & Planning on 6 November 2015 in response to the public exhibition of the Bylong Coal Project Application.

The UCML submission pointed out that the Secretary's Environmental Assessment Requirements (SEARs) issued for the Bylong Coal Project do not appear to have been adequately met, particularly in regard to the proponent conducting a "Detailed assessment of the proposed project on the capacity, efficiency and safety of the rail networks", which "should consider the cumulative impacts on the current network users and the strategic objectives of the rail networks". The EIS does not appear to have undertaken any form of detailed assessment or analysis on the impacts to existing users. In addition, the proponent has not consulted UCML regarding the possible implications from the proponents' use of the rail line.

The EIS reproduces and references information contained in the Australian Rail Track Corporation's (ARTC) 2014 Hunter Valley Corridor Capacity Strategy (HVCCS). ARTC theorises the future planned track capacity exceeds existing and prospective contracted throughput. Relying on this out of date document, the Bylong Coal EIS concludes the Project will be able to utilise existing capacity without upgrades to the track.

However there are currently no rail paths available to be contracted on the Gulgong to Sandy Hollow rail line. There are already a number of parties including Glencore who have lodged expressions of interest with ARTC to contract for additional rail paths in support of their already approved Projects. Until ARTC deliver significant additional rail paths on the Gulgong to Sandy Hollow rail line from current projects and capital expansions, there is no possibility for Bylong to rail its coal. As a significant and the original user of the Gulgong to Sandy Hollow rail line, UCML can attest to the difficulties of meeting its current required rail movements on the single line track.

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The rail line is characterised by three large consistent producing mines in the western region and two large consistent producing mines at the Muswellbrook end. In the middle is the Bylong area which is currently the most limiting section of the track. It is the underlying campaign nature of use of the track combined with steep inclines, tunnels and slower speeds that means the existing track is essentially running at capacity.

In particular, due to the unpredictable shipping arrivals and seasonality, it is typical for coal mines to have peaks in demand for raiiling which highlights the capacity issues on the existing line. An analysis that merely considers the average raiiling requirement per day (as the ARTC document does), does not consider this peaking impact.

Whilst the EIS does mention a peaking requirement of 10 trains per day, this level of peaking in our experience is unachievable and would absorb more than 70% of the line's current daily capacity.

Placing a loading point at Bylong in particular is concerning as this will place a point of rail interaction in the 'most sensitive' area of the line. From the EIS it is unclear if there is any negative impact on track capacity due to slow moving train(s) from the Bylong loading loop merging onto the main line. The track capacity contained in the HVCCS and reproduced in the EIS is overly optimistic and fails to consider the actual underlying performance and capability of the rail line and hence fails to acknowledge the cumulative impacts to existing users. To be clear, the proposed Bylong Coal infrastructure must be adequate to ensure trains can move quickly and safely off the main line with the loop holding two trains without any blocking of the main line.

In addition, the Bylong Coal Project EIS contains conflicting statements about the number of proposed train movements. For example the Main Text Section 3.5.3 states *"the Project is estimated to require an annual average of two return train movements per day, with a peak of ten return train movements per day"* whereas Appendix Z Section 4.11 states *"Based on the proposed product coal tonnages and a conservative 80% utilisation of the network (292 days of 365), the Bylong mine will require up to 2.1 trains per day at peak operation, averaging 1.4 trains per day over the period of 2017 to 2027."*

Potential Impacts to Ulan Coal Mines Limited

The Ulan Coal Complex currently employs approximately 650 people plus contractors largely from the local area and provides significant ongoing benefits to the community including investment in community and sporting programs, as well as a significant spend on local sourcing of supplies and services, benefiting local businesses. The imposition of further inefficiencies from additional rail movements on the Gulgong to Sandy Hollow rail line has the potential to:

- create significant and unnecessary delays to the commercial operations of the UCML Complex and other existing users of the rail line;
- impose material additional costs to the UCML Complex and other rail users due to demurrage penalties; and
- strain UCML's customer relationships and damage supplier reputations due to resulting delays in getting export product to market.

UCML suggest the IPC consider whether the government should approve another Mining Operation which will rely on the use of the Gulgong to Sandy Hollow rail line when it has already approved the following Projects:

Ulan Coal PA08_0184: Schedule 2

5. The Proponent may carry out mining operations on the site until 30 August 2033.

6. The Proponent shall not:

(a) extract more than 4.1 million tonnes of ROM coal from the open cut mining operations on site in a calendar year; and

(b) export more than 20 million tonnes of coal from the site in a calendar year.

7. The Proponent shall ensure that:

(a) all product coal is transported from the site by rail;

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(b) no product coal is transported to the west of the site on the Tallawang to Wallerawang rail corridor; and

(c) no more than 10 laden trains leave the site each day.

Moolarben Coal PA 05_0117 Schedule 2

8. The Proponent shall ensure that:

(a) all product coal is transported from the site by rail; and

(b) no more than 7 laden trains leave the site each day on average when calculated over any calendar year;

(c) no more than 9 laden trains leave the site each day; and

(d) no more than 18 million tonnes are transported from the site in any calendar year

Moolarben Coal PA 08_0135 Schedule 2

7. The Proponent shall not extract more than:

(a) 12 million tonnes of ROM coal from the open cut mining operations of the project in any calendar year; and

(b) 8 million tonnes of ROM coal from the underground mining operations of the project in any calendar year.

Notes:

· The above limits should be read in conjunction with the extraction, processing and coal transport limits in the Moolarben Coal Stage 1 approval (MP 05_0117).

· The total ROM coal extracted from the Moolarben mine complex (open-cut and underground mining) is no more than 21 million tonnes in any calendar year.

· No more than 13 million tonnes of coal from the Moolarben mine complex can be processed (washed) in any calendar year.

· No more than 18 million tonnes can be transported from the Moolarben mine complex in any calendar year.

Please note: Both of the Moolarben Project Approvals are approved until 31 December 2038

Wilpinjong Coal PA 05-0021 Schedule 2

5. The Proponent may undertake mining operations on the site until 8 February 2027.

6. The Proponent shall not:

(a) extract more than 16 million tonnes of ROM coal from the site in a calendar year; and

(b) transport more than 12.5 million tonnes of product coal from the site in a calendar year.

7. The Proponent shall ensure that:

(a) all product coal is transported from the site by rail;

(b) no more than 10 laden trains leave the site on any one day; and

(c) not more than 6 laden trains leave the site per day on average when calculated over any calendar year.

The current combined Project Approvals of UCML, Moolarben and Wilpinjong total 50.5 million tonnes per calendar year which may be railed to port via the Gulgong to Sandy Hollow rail line.

The approvals provide for a single route of transport and a potential maximum of 29 trains per day yet current track capacity averages a maximum of 14 trains per day giving a theoretical capacity of 41 million tonnes per calendar year (without Bylong Coal). This is further eroded by daily breakdown or unplanned losses during normal operations.

EIS Submission

UCML believes that the EIS prepared for the proposed Bylong Coal Project is inadequate based on the following:

- There are significant inconsistencies provided in the EIS regarding proposed rail movements;
- The Bylong Coal EIS does not provide any meaningful analysis of potential impacts to other users of the Gulgong to Sandy Hollow rail line;

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- UCML has not been consulted by the proponent of the Bylong Coal Project or ARTC regarding existing rail line performance and potential for future impacts.

The points of concern raised by UCML in our submission to the Department of Environment & Planning on 6 November 2015 were not adequately addressed in Bylong Coal's EIS – Response to Submissions. Further the assertion by Bylong Coal (in EIS – RTS point 5.22.16 **Train Assessment** that at a meeting “with Glencore representatives to discuss the various aspects of the Project and to alleviate concerns stated within their submission”) is incorrect and misleading.

At a Bylong Project update meeting, presented by Bill Vatovec at 10:30 am on 3 May 2017 at the offices of Wilpinjong Coal, when asked specifically about our concerns re raiing capacity, Mr Vatovec said that ARTC had prepared the capacity modelling and that the Gulgong to Sandy Hollow rail line has sufficient capacity for their predicted 2 trains per day. However he could not explain what basis that ARTC had used (in their model) for the existing users of the line with current contracts ie, predicted production rates or approved production rates. This line of enquiry was not followed up with a response from Bylong Coal and as previously stated has not been adequately addressed in either the Bylong Coal EIS or RTS.

UCML is not confident that a detailed and robust analysis of proposed additional rail movements and their potential impacts has been undertaken. UCML believes that potential restrictions to UCML's business through interrupted use of the Gulgong to Sandy Hollow rail line may result from the proposed Bylong Coal Project.

Independent Planning Commission Submission

UCML submits that development consent for this project should not be considered until a thorough, detailed and independent rail traffic impact assessment involving appropriate consultation with UCML is undertaken and only provided that all identified negative impacts on existing approved Operations are satisfactorily addressed.

1. The Gulgong to Sandy Hollow rail line is currently constrained with current access holders unable to rail their current contracted trains due to losses on the line and will remain constrained for the foreseeable future.
2. Current Gulgong to Sandy Hollow rail line Access Holders must have their already contracted capacity preserved from degradation from any new access seekers.
3. UCML expect the ARTC to not contract any further Gulgong to Sandy Hollow rail line track capacity unless it has modelled the system capacity & secured independent verification of modelling which confirms the existence of the modelled track capacity and that any additional contracting of the capacity will not impact existing Access Holders' rights.

Yours Sincerely



Charlie Allan
General Manager Western Operations
Glencore