

UNITED WAMBO

JOINT VENTURE

GLENCORE



17 May 2019

Tony Pearson
Chairperson
Independent Planning Commission (NSW) for SSD 7142

Dear Mr Pearson,

United Wambo Open Cut Coal Mine SSD 7142 – Response to Hunter Environment Lobby's May Submissions

1. BACKGROUND AND PURPOSE OF THIS LETTER

- 1.1 We are aware that the NSW EDO has, on behalf of its client Hunter Environment Lobby (**HEL**), lodged supplementary submissions with the Independent Planning Commission (**IPC**) on the proposed United Wambo Open Cut Coal Mine (**Project**).
- 1.2 The supplementary submissions made by HEL comprised:
- (a) two letters from its solicitors, NSW EDO, dated 6 and 8 May 2019;
 - (b) a supplementary report from Professor Will Steffen, dated 1 May 2019;
 - (c) a supplementary report from Tim Buckley, dated 1 May 2019 (**Buckley Report**); and
 - (d) a supplementary report from Rod Campbell, dated May 2019 (**Campbell Report**),
- (collectively, **HEL's May Submissions**).
- 1.3 HEL's May Submissions were lodged in response to the two submissions filed by the Applicant with the IPC on 14 April 2019, which were titled:
- (a) "Response to Independent Planning Commission February 2019 Public Meeting", dated 12 April 2019 (**Umwelt Submission**); and
 - (b) "Response to the Findings in the Rocky Hill and Wallarah 2 Cases on Climate Change and Greenhouse Gas Emissions", dated 14 April 2019 (**Ashurst Submission**),
- (collectively, the **Applicant's April Submissions**).
- 1.4 The IPC's Public Meeting concluded on 7 February 2019, and the Applicant does not want to further delay the IPC's determination of its SSD DA for the Project.
- 1.5 The Applicant firmly stands behind the Applicant's April Submissions and further submits that there is nothing contained in any of HEL's May Submissions which would constrain the IPC from adopting the propositions contained in the Applicant's April Submissions. Accordingly, in this letter, we will not produce a detailed response to HEL's May Submissions, but rather we will make a few brief comments in respect of the Buckley Report and the Campbell Report that we feel are warranted.

2. BRIEF COMMENTS IN RESPECT OF THE BUCKLEY REPORT

2.1 First, Mr Buckley, at the commencement of section 1 of his report, states the following at p 5:

The Environmental Impact Statement (EIS) submitted by United Wambo Coal references the Umwelt "Greenhouse Gas and Energy Assessment" of May 2016, which identified scope 1-3 carbon emissions equivalent of 265.9Mt, 97.5% of which relate to scope 3 i.e. the combustion of the thermal coal by coal fired power plants sourcing their fuel from United Wambo Coal.

The Ashurst Submission quotes external modelling by CRU that asserts the scope 1-3 emissions of the United Wambo Coal at 164Mt and then uses this benchmark to conclude the Project has a marginally lower scope 1-3 emissions profile than international thermal coal alternatives. Given the details of this modelling are excluded from public exhibition as they are deemed "commercially sensitive", we are unable to reconcile why the Ashurst Submission uses an emissions profile one-third lower than the Project's own assessment. [Our underlining]

2.2 He emphasises this point again at p 6 of his report:

Note: The Ashurst Submission relies on a CRU expert report summary that references Scope 1-3 emissions at 164 Mt for the Project, but there is no reconciliation of why this contradicts the Project EIS's estimate of 265.9Mt. Given the 265.9Mt is more consistent with IEEFA's understanding, we have relied on this estimate.

2.3 The figure of 164 Mt to which Mr Buckley refers is, presumably, taken from the CRU summary letter forming Appendix 3 to the Ashurst Submission. Reference is also made to the figure of 164 Mt in Figure 13 on page 71 of the Ashurst Submission. The figure of 164 Mt is representative of the Scope 1 to 3 GHG emissions for the Project over the period of 2019-2030 only,¹ whereas the figure of 265.9 Mt referred to in the Greenhouse Gas and Energy Assessment accompanying the EIS is representative of the Scope 1 to 3 GHG emissions for the Project over its life-of-mine to 2041, based on a 23 year mine life commencing in 2019.

2.4 There is no "contradiction" between the figure of 265.6 Mt used in the Greenhouse Gas and Energy Assessment and the 164 Mt figure used in Figure 13 on page 71 of the Ashurst Submission.

2.5 Secondly, Mr Buckley, in his report, refers to the "forecasts" of the International Energy Agency (IEA) in its World Energy Outlook. Indeed, he uses the language of "forecasts" in the context of the IEA's World Energy Outlook on some 11 or so occasions. However, the IEA has made it very clear that its World Energy Outlook for 2018 (**WEO 2018**) does not contain "forecasts".

2.6 To take an example, on page 23 of the WEO 2018, the IEA states (our underlining):

Robust data and well-grounded projections about the future are essential foundations for today's policy choices. This is where the World Energy Outlook (WEO) comes in. It does not aim to forecast the future, but provides a way of exploring different possible futures, the levers that bring them about and the interactions that arise across a complex energy system.

2.7 The WEO 2018 presents three policy scenarios for assessing global energy demand and energy source, for the period ending 2040. As stated at page 29 of that publication:

The [WEO 2018] provides a framework for thinking about the future of global energy. It does not make predictions about the future. Instead, it sets out what the future could look like on the basis of different scenarios or pathways, with the aim of providing insights to inform decision making by governments, companies and others concerned with energy.

2.8 Thirdly, Mr Buckley is critical of the IEA's WEO 2018 in various parts of his report: see, eg, pp 2, 3, 9 and 11 of his report. This criticism of the IEA is difficult to reconcile with the report Mr Buckley completed on the Bylong Coal Project dated November 2018.² In that submission, Mr Buckley:

(a) described the IEA in the following terms (see p 2 of his report on the Bylong Coal Project):

The IEA is an independent intergovernmental organization established under the framework of the Organization for Economic Co-operation and Development (OECD) in 1974 following the oil crisis. Each year, the IEA releases a World Energy Outlook Report which, among other things, projects future fossil fuel demand under three scenarios; the central New Policies Scenario (NPS), the Current Policies Scenario (CPS) and the Sustainable Development Scenario (SDS).

¹ That was made clear by the title to Figure 13 alone, which was: "Scope 1, 2 and 3 emissions from the Project and alternative supply sources for both fugitive emission cases, 2019-2030" (our underlining).

² <https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2018/10/bylong-coal-project/presentations-and-comments/181114-report-of-tim-buckley-and-simon-nicholas.pdf>.

- (b) accepted that the New Policies Scenario is the IEA's "central" scenario; and
- (c) made no criticism of the approach taken by the IEA to producing its World Energy Outlook.

2.9 Fourthly, Mr Buckley states the following at p 10 of his report:

The Ashurst Submission references that Japan is a global leader in HELE and CCS coal-fired power plants, citing without reference that 95% of the country's coal plants are HELE. IEEFA has published many electricity sector studies on Japan and notes that of the 45,568 MW of coal-fired power plants currently operating in Japan, just 39.3% or 17,900 MW use ultra-supercritical or HELE technology. Far from all being modern, Japan actually still relies on 11,549 MW of subcritical coal-fired power plants using technology dating back to 1962 for 25.3% of their installed coal capacity.

2.10 The source of the information in the first sentence above is the publication by M Wiatros-Motyka, 'An overview of HELE technology deployment in the coal power plant fleets of China, EU, Japan and USA' (December 2016) noted in footnote 19 on p 75 of the Ashurst Submission. That publication was prepared by the IEA's Clean Coal Centre and looks at all forms of HELE (supercritical and ultra-supercritical) in larger (>300MW) plants in Japan.

2.11 The source given by Mr Buckley for his figures, as per footnote 13 of his report, is the 'Endcoal.org' website.

3. BRIEF COMMENTS IN RESPECT OF THE CAMPBELL REPORT

3.1 Mr Campbell's suggestion that "the filling of mine voids should be required to reduce costs and risks to the NSW community" completely ignores the role that the Project's voids play in achieving a balanced environmental outcome for the site and the fact that any requirement to fill those voids would result in unacceptable environmental costs.

3.2 As explained at paragraph 5.36 of the Ashurst Submission, the Applicant:

... has determined that there would be significant water impacts associated with the elimination of final voids from the Project's final landform design. More specifically, groundwater studies indicate that when voids remain within the final landform, this creates a sink within the water table that captures salt that would otherwise export to the surrounding environment. Such significant water impacts can be avoided by implementing the already approved approach of having two final voids.

3.3 In relation to Mr Campbell's comments regarding the net producer surplus, it is simply not the case that, just because there is a net producer surplus figure that is positive, it automatically follows that the Applicant would proceed with the Project. The economic viability of the Project is a matter to be determined by the Applicant, having regard to a wide range of considerations including the environmental and economic costs that would result from a condition requiring the mine voids to be filled.

3.4 In addition to the comments above, the Applicant relies upon and reiterates the submissions it has already put in the Umwelt Submission, particularly pages 19 to 20 of that submission and Appendix 5 to that submission being the economic assessment prepared by Deloitte Access Economics.

We trust that this submission, together with the other submissions made to date by the Applicant and all other stakeholders interested in the Project, provides a comprehensive package of information with which the IPC may consider and determine the SSD DA for the Project.

Yours sincerely,



Gary Wills
Operations Manager
United Wambo Joint Venture

