

To NSW Independent Planning Commission

re

Chain Valley Colliery Consolidation Project

(SSD-17017460¹)

Follow-up Submission

Climate Change Balmain-Rozelle (CCBR) is an independent community group in inner west Sydney with around 1000 supporters. We campaign to promote local and national action to reduce fossil fuel use, increase the adoption of renewable energy, and head off catastrophic global warming.

Summary

We thank the Independent Planning Commission for the opportunity to make a further submission on the Chain Valley Consolidation project [*the Project*] in response to the NSW Government's recent position document [*the Document*], "NSW Coal Industry 2026-2050"².

To be clear, this is additional to our earlier submission and does not replace it.

We find that the Document makes numerous statements that are open to a range of interpretations and presents some superseded and/or misleading data. We are concerned that these flaws may lead the IPC into approving the Project, and subsequent projects, when, armed with more accurate information, it would not.

Recommendations

We recommend that the IPC:

- seek clarification from the NSW Government on those matters itemised below which are relevant to the Project before assessing it for approval;
- disregard market data provided in the Document, looking instead to more up-to-date sources;
- for upcoming open cut coal mining proposals (which the Project is not), disregard the predicted fugitive emissions in the proposal, applying instead the rule 0.061 tonnes of methane per tonne of coal

Our detailed critique of the Document follows.

The report lacks clarity

Despite the promise given in the Executive Summary,

"NSW Coal Industry 2026–50 outlines a clear approach to the future of coal production in NSW. It provides clarity and certainty"

the document fails to provide clarity and certainty across a number of areas, as evidenced below.

Coal categories

There are four distinct combinations of product category. In several places, the document needs to clarify which category or categories are being discussed.

- thermal v. metallurgical

¹ <https://www.planningportal.nsw.gov.au/major-projects/projects/chain-valley-colliery-consolidation-project>

² <https://www.nsw.gov.au/sites/default/files/2026-03/nsw-coal-industry-2026-50.pdf>

- It is well understood that metallurgical coal will be needed for some time, but there are clear alternatives to thermal coal. The argument of needing to be a reliable provider is much weaker for the latter than for the former. This is particularly so for domestic thermal coal since the Government is in a position to reduce demand by various means.
- The profit margins are different. This affects the strength of the economic argument.
- domestic v. export
 - Scope 3 emissions of mining thermal coal for domestic use ought in principle to be managed by the scope 1 constraints on the coal-fired generators they feed. Instead, they fall through a regulatory crack in that the Federal Safeguard Mechanism treats all electricity generators in the grid as a single entity. As the transition to renewables proceeds, the industry as a whole has little difficulty staying under the cap. This gives coal-fired generators a free pass, allowing them to compete unfairly with renewables.

If the Federal Government cannot be prevailed upon to rectify that issue, the NSW Government needs a way to do so in order to meet its emissions commitments. Meanwhile, the IPC could take this into account.

Economic value

It is unclear how much of the quoted revenue stays in NSW (or Australia as a whole) and how much goes to (mostly offshore) investors.

Definitions

Several terms are used which are open to interpretation.

- Reliable source for customers
- Fair share of emissions reduction
- 'Local' impacts

Comments on specific text in the Document

Snapshot, p6

"The NSW coal industry will continue to support the local economy and deliver reliable supply to trading partners."

What constitutes a reliable source? At one extreme, it could simply mean meeting existing contracts. At the other, it may be guaranteeing to supply however much those customers ask for without increasing the price.

"The coal industry must continue to play its part in meeting NSW's net zero targets."

What level of emissions reduction constitutes the coal industry's part? Different sectors have different abilities to reduce emissions.

"...local impacts of Scope 3 emissions will continue to be considered in the assessment"

No definition is provided for "local". Is it a 10km radius, an LGA, NSW, ...? In a sane world, it would be the whole planet; anything less than the whole of Australia illustrates the flaw in leaving these decisions to individual States.

Since coal mining projects are required to provide an estimate of the net benefit to the State, 'local' must be at least NSW. In the past, projects have appealed to the "drug dealer's defence" to dismiss Scope 3 impacts of export coal - if we don't supply the coal some other country will. They have been able to justify that by reference to the position statement that the Document supersedes: the NSW Strategic Statement

on Coal³. But as shown in our earlier submission on the Project, that defence is invalid. Market forces mean that, over time, alternative supply tends to increase by about the same amount that demand declines. It is therefore appropriate to count 50% of the Scope 3 emissions of the project as a nett increase in global emissions.

Executive summary, p7

“NSW is, and will continue to be, a reliable and trusted trading partner and will supply its high-quality coal where there is demand and consistent with emissions reduction targets”

The current trajectory is not consistent with the targets, so those promises cannot both be kept. Which wins?

The outlook for coal in NSW, p8

“Coal has played a vital role in building NSW’s prosperity and development over the last 2 centuries.”

History is of little relevance. In the early 19th century, the slave trade played a vital role in US economic growth⁴, while that and the opium trade drove British prosperity⁵. Those ended when people awoke to the rights of all people. Today, we are awake to the dire consequences of using coal.

“ generating \$23.4 billion in exports”

How much of that stays in NSW/Australia and how much goes to (mostly overseas) investors? How much of it is from thermal coal?

NSW coal exports, p10

“China: Overall coal consumption is rising and remains dominant in the medium term.”

The cited reference is from early 2022. More recent analysis from the International Energy Agency⁶ shows China’s overall coal use as having peaked. Thermal coal use is predicted to decline by 2% from 2025 to 2030 and metallurgical by 3.6%. Moreover, domestic production has slowed because of stockpiles, hitting imports further.

“India: Coal consumption is projected to grow by an average of 3% annually to 2030”

India’s expected use slightly more than makes up for China’s slowdown, but that does not imply more Australian exports there either. India continues to grow domestic supply⁷, aiming to cut imports 30% a.s.a.p.⁸ For metallurgical coal in particular, India is on a path of reducing imports from Australia⁹.

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<https://www.resources.nsw.gov.au/sites/default/files/2022-11/strategic-statement-on-coal-exploration-and-mining-in-nsw.pdf>

4

<https://equitablegrowth.org/new-research-shows-slaverys-central-role-in-u-s-economic-growth-leading-up-to-the-civil-war/>

⁵ <https://www.britannica.com/topic/opium-trade>

⁶ <https://www.iea.org/reports/coal-2025/demand>

⁷ <https://www.iea.org/reports/coal-mid-year-update-2025/overview>

⁸ <https://ima-api.org/india-plans-30-slash-in-thermal-coal-imports-this-year>

⁹ <https://ieefa.org/articles/india-may-not-be-promised-land-australias-met-coal-exports-after-all>

Given such rapid shifts in outlook, we feel the IPC should disregard the market predictions in the Document, preferring to check those in the latest IEA analysis as each new proposal comes along.

Emissions by coal mine type, p12

“The emissions intensity of underground and open cut coal mines varies. Underground operations contribute around 69% of NSW coal mining emissions, primarily from fugitive methane and carbon dioxide released during extraction.

“Fugitive emissions represent 10% of total NSW emissions. From 2005 to 2022, fugitive emissions reduced by 46%. To date, significant reductions in fugitive emissions have largely been attributed to the closure of underground coal mines.

“In contrast, emissions from open cut operations, which are largely driven by heavy vehicle use and fuel combustion contribute about 23% of direct coal mine emissions.”

The above gives the impression that, astonishing as it may seem, fugitive emissions are more significant for underground mines than for open cut.

It has been shown that fugitive methane emissions from NSW coal mines are being underestimated by a factor of two or more, and there is reason to believe the discrepancy is almost entirely due to massive underreporting of emissions from the open cut mines¹⁰.

We note that prior to 2011 open cut coal mines had to use an official emissions ratio of 0.061 tonnes of methane per tonne of coal (t CO₂-e/t ROM). Since then, they have had the option of using company estimates, and three quarters of them have taken that up. It appears likely that this largely or entirely explains the claimed 46% reduction for underground and open cut combined. That open cut mines should suddenly have become much less prone to fugitive emissions than underground ones is simply not credible.

It is instructive to compare the total reported fugitive CH₄ emissions with the emissions detected by satellite and with the total that would have been reported had the official emissions ratio for open cut mines been used in all of them¹¹. For the year 2020, for example, in mtCH₄:

	Reported	Using the standard emissions ratio for open cut	Satellite measurement
Underground	3.1	3.1	
Open cut	0.7	3.7	
Total	3.8	6.8	6.9

By a remarkable coincidence, the reported total of 3.8mt is 45% below that measured by satellite.

¹⁰

<https://ember-energy.org/latest-insights/satellite-analysis-identifies-more-methane-from-australian-coal-mines/state-level-cmm-emissions/>

¹¹

<https://ember-energy.org/latest-insights/satellite-analysis-identifies-more-methane-from-australian-coal-mines/emissions-accounting-variability/>

(This seriously weakens the impact of the new Environmental Protection Agency's rules¹², as the mitigation measures they prescribe cannot be applied to open cut mines.)

"The NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW) produces forecasts of the state's emissions by sector. These indicate that emissions from NSW coal mining are projected to rise until 2028–29 in line with expected increases in production."

Given that numerous recently approved extensions and currently proposed extensions are open cut, those estimates need urgent reappraisal¹³.

"However, the NSW Government expects that overall emissions from the sector will decline consistent with NSW's targets."

NSW does not, to our knowledge, have a specific target for coal mining emissions. What it means for one sector to reduce its emissions at a rate 'consistent' with overall targets is unclear, given that reductions are not equally easy across sectors.

Prepared by Derek Bolton on behalf the CCBR Committee

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¹² <https://www.epa.nsw.gov.au/news/epamedia/260319-nsw-to-regulate-reduction-of-coal-mine-emissions>

¹³ Should this gross underestimation be rectified, it will be interesting to see how the proprietors of open cut coal mines cope with a baseline decreasing at 4.9% p.a. from a starting point that is a small fraction of their actual emissions. Perhaps the Clean Energy Regulator will retrospectively lift the baseline.