ASSESSMENT REPORT
Airly Coal Mine
Extension of Consent Modification
(DA 162/91 MOD 4)

1 BACKGROUND
Airly Coal Mine (Airly) is an underground coal mine located in the Western Coalfield of NSW approximately 40 kilometres (km) north northwest of Lithgow in the Lithgow local government area (see Figure 1). Airly is operated by Centennial Airly Pty Ltd, which is a wholly owned subsidiary of Centennial Coal Company Limited (Centennial).

Airly is approved to extract up to 1.8 million tonnes per annum (Mtpa) of run-of-mine (ROM) coal, process this coal in a coal handling and preparation plant (CHPP) and dispatch product coal by rail to domestic and export markets under development consent DA 162/91. The Airly pit top is situated to the north of Glen Davis Road and is accessed from Castlereagh Highway. Coal is extracted from the Lithgow Seam using bord and pillar mining methods, processed in the CHPP and stockpiled prior to being transported off-site. A rail spur and balloon loop connects the pit top to the Wallerawang-Gwabegar railway line.

Airly Mine Extension Project
In 2012, Director-General’s requirements (now Secretary’s environmental assessment requirements) were issued for the proposed Airly Mine Extension Project (MEP). This State significant development application (SSD 5581) proposes to extend the life of the mine for 25 years and to expand underground mining operations to the east beneath Genowlan Mountain. The application was accepted by the Department on 8 September 2014 and exhibited from 19 September to 31 October 2014.
As DA162/91 was due to lapse on 14 October 2014, Centennial also applied for a modification (Mod 3) to extend the life of the mine for 12 months while the Airly MEP underwent assessment. Mod 3 was approved by the Planning Assessment Commission (the Commission) on 9 October 2014 and permitted Centennial to continue mining operations until 31 October 2015.

The Department has finalised its assessment of the Airly MEP and the application has been referred to the Commission in accordance with the Minister for Planning’s terms of reference which were issued on 13 August 2015. These require the Commission to carry out a review of the merits of the project, including holding public hearings. The Commission’s review report is expected within 10 weeks. In order for authorised mining operations to continue during this time, Centennial has applied to extend DA162/91 a further six months from 31 October 2015 until 30 April 2016.

2 PROPOSED MODIFICATION

Centennial is proposing to modify DA162/91 for the Airly Coal Mine, under section 75W of the Environmental Planning and Assessment Act 1979 (EP&A Act) to extend the lapse date for six months from 31 October 2015 to 30 April 2016.

Table 1: Key Components of the Proposed Modification

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Existing Mine (Mod 3)</th>
<th>Proposed Modification (Mod 4)</th>
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<tbody>
<tr>
<td>Rate of Production</td>
<td>1.8 Mtpa of ROM coal.</td>
<td>No change.</td>
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<tr>
<td>Mine Life</td>
<td>DA 162/91 lapses on 31 October 2015.</td>
<td>DA 162/91 would lapse on 30 April 2016.</td>
</tr>
<tr>
<td>Hours of Operation</td>
<td>24 hours per day, 7 days per week.</td>
<td>No change.</td>
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<tr>
<td>Operational Workforce</td>
<td>Maximum of 120 employees. Current workforce is 59 employees.</td>
<td>No change.</td>
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<tr>
<td>Mine Method, Design and Subsidence Limits</td>
<td>Bord and pillar mining subject to: • No mining in the 50 metres (m) coal barrier; • First workings only where the depth of cover is less than 50 m; • Partial pillar extraction only with the intention of retaining long-term stable pillars to minimise surface subsidence impact within the following maximum limits: o vertical subsidence of 125 mm; o strains of 2.0 mm/m; and o tilts of 2.5 mm/m.</td>
<td>No change.</td>
</tr>
<tr>
<td>Project Application Area</td>
<td>Mining Lease ML 1331 boundary.</td>
<td>No change.</td>
</tr>
<tr>
<td>Underground Mine Access</td>
<td>A series of portals at the pit top box cut and the eastern portal southwest of Mount Genowlan. The eastern portal has not yet been constructed</td>
<td>No change.</td>
</tr>
<tr>
<td>Airly Pit Top Infrastructure</td>
<td>• Bathhouse, office and assembly building; • Wash-down facilities, workshop and service building; • Workforce, materials and ventilation portals, store building and training centre; • Bulk storage area, cable store; • Potable water provision and sewage treatment plant; • Hardstand areas, haul roads, car-parking areas and helicopter pad; • Diesel, fuel and oil storage and refuelling facilities; • Fire station and associated fire-fighting equipment; • Compressor room, main fan; • Water management structures; and • Electrical distribution network.</td>
<td>No change.</td>
</tr>
<tr>
<td>Coal Destination</td>
<td>Domestic and export steaming coal.</td>
<td>No change.</td>
</tr>
<tr>
<td>Coal Stockpile</td>
<td>200,000 tonne product coal stockpile; and 30,000 tonne emergency ROM coal stockpile.</td>
<td>No change.</td>
</tr>
<tr>
<td>Coal Handling and</td>
<td>A CHPP with a capacity of 500 tonnes per hour.</td>
<td>No change.</td>
</tr>
</tbody>
</table>
### Aspect | Existing Mine (Mod 3) | Proposed Modification (Mod 4)
--- | --- | ---
Preparation Plant (CHPP) | | |
Reject Management | 4.3 Mt coarse reject emplacement area (REA) and tailings dam. A REA has not been constructed as the beneficiation circuit of the CHPP has not been built. | No change. |
Train Loading | A balloon loop, train load out and a rail surge bin. | No change. |
Product Coal Transport | All coal to leave the site by rail. | No change. |
Ventilation | A ventilation facility at the pit top. | No change. |
Water Management | Manage and treat dirty water, divert clean water and collect some clean water for use in mining activities. | No change. |

### 3 STATUTORY CONTEXT

DA162/91 was granted in 1993 under Part 4 of the EP&A Act. Clause 8J(8) of the *Environmental Planning and Assessment Regulation 2000* requires modifications of such development consents to be carried out under section 75W of the EP&A Act. Despite the repeal of Part 3A of the EP&A Act, the effect of section 75W is continued for such consents by the operation of clause 12 of Schedule 6A of the Act.

The Department has considered the proposal to extend the life of the mine and is satisfied that it can be characterised as a modification to the existing development consent. In this respect, the Department notes that there would be no change to the approved method of extraction, processing or transportation methods, no change in the rate of coal extraction or overall disturbance footprint. The modification relates only to extending the life of the mine by 6 months, therefore the environmental impacts expected during the period of extension will be the same as those associated with the currently approved activities. These impacts have previously been assessed and approved. As such, the impacts associated with the proposed extension will remain within the limits of the current development consent.

Given these considerations, the Department is satisfied that the proposal is within the scope of section 75W, and may be determined accordingly.

### 4 APPROVAL AUTHORITY

Under Section 75W of the EP&A Act, the Minister for Planning is the approval authority for the modification application. However, under the Minister’s delegation dated 16 February 2015, the Executive Director, Resource Assessments and Business Systems may determine the application. This is because no public submissions in the form of objections were received on the proposals, no reportable political donations were made and no objection was received from Lithgow Council to the proposal.

### 5 CONSULTATION

Under Section 75X of the EP&A Act, the Secretary is required to make the modification application publically available. In accordance with this provision, the Department placed the application and accompanying information on its website from 12 August 2015.

### 6 ASSESSMENT

In assessing the merits of the proposals, the Department has considered the:
- modification application and accompanying information;
- existing conditions of approval for the Airly Coal Mine;
- relevant environmental planning instruments, policies and guidelines; and
- requirements of the EP&A Act.

It is relevant to note that, as part of Mod 3, the Department gave careful consideration to the environmental management regime that currently applies in the Airly consent, particularly with respect to subsidence impacts, given the overlying land surface is now within a conservation reserve.

In the EIS for the Airly MEP, Centennial recognised the need to protect the conservation values of the Mugii Murum-ban SCA and proposed a system of coal recovery based on the variable use of first workings, partial pillar extraction across the site and the use of long-term stable pillars to support key surface features.
Mod 3 proposed that this same system of mining be applied, and that the maximum permitted subsidence effects (ie vertical subsidence, tilts and strains) were substantially reduced. The Department recommended approval for Mod 3 on the basis that:

- first workings remain stable and non-subsiding in the long-term;
- second workings (including pillar splitting and quartering) are subject to an Extraction Plan to be approved by the Secretary of the Department in consultation with the Office of Environment and Heritage (OEH) and the Division of Resources and Energy (DRE) in the Department of Trade, Investment, Regional Infrastructure and Services; and
- overall subsidence impact assessment criteria are established as maximum vertical subsidence of 125 mm, maximum tilt of 2.5 mm/m and maximum strain of 2.0 mm/m for second workings.

The Department's recommendation was endorsed by the Commission and the development consent was modified to ensure that ongoing mining was subject to contemporary environmental standards with respect to subsidence limits and that the potential for adverse subsidence impacts would be minimised. Mod 3 reduced the maximum vertical subsidence limit of 1.8 m in the original 1993 consent to < 125 mm.

Since this time, the Department has exhibited the Airly MEP, received a detailed response to submissions report including specialist studies (including ecotoxicology, subsidence and revised economic impact assessments) and undertaken a detailed assessment of the proposal. The application has now been referred to the Commission for review including public hearings in accordance with the Minister's terms of reference issued 13 August 2015.

The Commission's review report is expected to be received within 10 weeks of referral. The Department will then consider the Commission's review report and submit a Final Assessment Report to the Commission for further consideration in determining the Airly MEP. This process is anticipated to exceed the current lapse date (31 October 2015) for the existing development consent. This would leave Airly mine without a development consent under which to operate and would result in the temporary cessation of production and loss of employment. In order to avoid this potential adverse socio-economic impact, Centennial has sought a further six month extension to authorise mining operations until 30 April 2016 while the Commission reviews and then determines the Airly MEP application.

Although Mod 3 was approved in October 2014, Centennial has not fully mined the coal approved to be extracted. The Department understands that Centennial has only undertaken first workings extraction to date. No second workings (including pillar splitting and quartering) have been undertaken as the Extraction Plan (EP) to allow this form of mining was only recently submitted and then approved on 28 July 2015. Therefore, during the proposed six month extension, Centennial would extract the remaining coal in the area approved for mining under Mod 3 (including undertaking second workings in accordance with the approved EP) (see Figure 2). The supporting information is explicit in confirming that no extraction would occur beyond the approved Mod 3 extraction area during this time.

The Department considers the proposed extension of time to be a reasonable request. The proposed extraction of coal would occur in an area already approved for extraction and subject to an endorsed EP. Contemporary environmental standards were included in the development consent as part of Mod 3 in 2014 and would continue to regulate mining at Airly. The Department recognises that allowing the proposed extension of time would avoid potential socio-economic impacts of a mine closure which may include temporary or permanent job losses (unemployment) and the cessation of royalty payments to the NSW Government. Additional indirect impacts to the local community would also be avoided. The Department therefore supports the proposed modification and recommends its approval.

7 RECOMMENDED CONDITIONS
The Department has drafted a recommended notice of modification which recommends changing Condition 2 in Schedule 2 to reflect the proposed six month extension of time to read:

2. The Applicant may carry out coal mining, processing and transportation operations on the site until 30 April 2016.

No other conditions require modification.
8 CONCLUSION
The Department has assessed the modification application and supporting information in accordance with the relevant requirements of the EP&A Act.

The proposed modification would allow Centennial to continue mining in an area already approved for extraction, subject to contemporary environmental standards and a recently approved EP. No additional environmental impacts are expected beyond those already authorised under the existing consent.

The ongoing operation of the mine would also avoid potential adverse socio-economic impacts caused by mine closure, including the loss of employment and royalty payments to the NSW Government, as well as indirect impacts on the local community. Consequently, the Department believes the proposed modification is in the public interest and should be approved, subject to conditions.

9 RECOMMENDATION
It is RECOMMENDED that the Executive Director, Resource Assessments and Business Systems, as delegate of the Minister:

- consider the findings and recommendations of this report;
- determine that the modification falls within the scope of section 75W of the EP&A Act;
- approve the application under section 75W, subject to conditions; and
- sign the notice of modification in Appendix B.

Howard Reed
Director
Resource Assessments

David Kitto
Executive Director
Resource Assessments and Business Systems
APPENDIX A: SUPPORTING INFORMATION

See the Department's website at www.majorprojects.planning.nsw.gov.au