



NSW GOVERNMENT
Department of Planning

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Mr Peter Doyle
General Manager – Operations and Corporate Support
Peabody Pacific Pty Limited
Level 26, 44 Market Street
Sydney NSW 2000

Dear Mr Doyle,

**Chain Valley Coal Project (MP 09_0130)
Director-General's Requirements**

The Department has received your application for the Chain Valley Coal Project.

I have attached a copy of the Director-General's requirements for the project. These requirements have been prepared in consultation with the relevant agencies, based on the information you have provided to date. I have also attached a copy of the agencies' comments for your information.

Please note that the Director-General may alter these requirements at any time.

If your proposal is likely to have a significant impact on matters of National Environmental Significance, it will require an approval under the Commonwealth *Environment Protection Biodiversity Conservation Act 1999* (EPBC Act). This approval is in addition to any approvals required under NSW legislation. It is your responsibility to contact the Department of Environment, Water, Heritage and the Arts in Canberra (6274 1111 or <http://www.environment.gov.au>) to determine if the proposal requires an approval under the EPBC Act. The Commonwealth Government has accredited the NSW environmental assessment process, so if it is determined that an approval is required under the EPBC Act, please contact the Department immediately as supplementary Director-General's requirements will need to be issued.

I would appreciate it if you would contact the Department at least two weeks before you propose to submit your Environmental Assessment for the project. This will enable the Department to determine the:

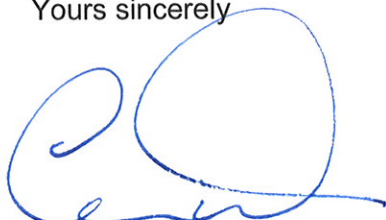
- applicable fee (see Division 1A, Part 15 of the Environmental Planning and Assessment Regulation 2000); and
- number of copies (hard-copy and CD-ROM) of the Environmental Assessment that will be required for exhibition purposes.

Once it receives the Environmental Assessment, the Department will review it in consultation with the relevant agencies to determine if it adequately addresses the Director-General's requirements, and may require you to revise it prior to public exhibition.

The Department is required to make all the relevant information associated with the project publicly available on its website. Consequently, I would appreciate it if you would ensure that all the documents you subsequently submit to the Department are in a suitable format for the web, and arrange for an electronic version of the Environmental Assessment to be hosted on a suitable website.

If you have any enquiries about these requirements, please contact Anna Bradley at the details listed above.

Yours sincerely



12.8.09

Chris Wilson
Executive Director
Major Project Assessment
As delegate for the Director-General

Director-General's Requirements

Section 75F of the *Environmental Planning and Assessment Act 1979*

Application Number	09_0130
Project	<p>The Chain Valley Coal Project, which includes:</p> <ul style="list-style-type: none"> • continued underground mining for up to 21 years using bord and pillar methods; • increase production to approximately 1.2 million tonnes per annum (Mtpa) of run-of-mine (ROM) coal; • continued processing of coal on-site at the existing Coal Handling and Preparation Plant (CHPP); • proposed upgrade of the CHPP to achieve an increased throughput of approximately 600 tonnes per hour (tph); • continued transportation of product coal by truck to the PWCS Carrington Coal Terminal and to domestic customers; • continued use of the existing surface facilities, proposed upgrade of some supporting infrastructure and construction of additional facilities; • continued employment of approximately 120 operational employees; and • continued 24 hour operations.
Location	Off Construction Road, Vales Point, NSW 2259 (about 45km south of Newcastle)
Proponent	LakeCoal Pty Limited
Date of Issue	12 August 2008
General Requirements	<p>The Environmental Assessment of the project must include:</p> <ul style="list-style-type: none"> • an executive summary; • a detailed description of: <ul style="list-style-type: none"> - historical mining operations; - existing and approved mining operations/facilities, including any statutory approvals that apply to these operations/facilities; and - the existing environmental management and monitoring regime; • a detailed description of the project, including the: <ul style="list-style-type: none"> - need for the project; - proposed modifications or upgrades to activities or infrastructure; - alternatives considered; - various components and stages of the project; - likely interactions between existing and proposed operations; and between the project and other land uses in the vicinity of the site; and - plans of any proposed building works; • a risk assessment of the potential environmental impacts of the project, identifying the key issues for further assessment; • a detailed assessment of the key issues specified below, and any other significant issues identified in the risk assessment (see above), which includes: <ul style="list-style-type: none"> - a description of the existing environment, using sufficient baseline data; - an assessment of the potential impacts of the project, including any cumulative impacts, taking into consideration any relevant guidelines, policies, plans and statutory provisions (see below); - a description of the measures that would be implemented to avoid, minimise, mitigate, rehabilitate/remediate, monitor and/or offset the potential impacts of the project, including detailed contingency plans for managing any significant risks to the environment;

	<ul style="list-style-type: none"> • a statement of commitments, outlining all the proposed environmental management and monitoring measures; • a conclusion justifying the project on economic, social and environmental grounds, taking into consideration whether the project is consistent with the objects of the <i>Environmental Planning & Assessment Act 1979</i>; and • a signed statement from the author of the Environmental Assessment, certifying that the information contained within the document is neither false nor misleading.
Key Issues	<ul style="list-style-type: none"> • Subsidence – paying particular attention to: <ul style="list-style-type: none"> – the potential for complex interactions between workings in multiple seams and geological conditions adverse to coal pillar and panel stability; – the potential for subsidence impacts on natural features such as stream banks and beds, riparian zones, wetlands, seagrass beds, saltmarsh, lake foreshore areas, flora and fauna, landscape values and ecological processes; – the potential for subsidence impacts on built features and items of heritage significance; – the proposed subsidence management processes; and – the provision of a flexible mine design that is able to reflect a range of complex site conditions and surface features; • Biodiversity – including: <ul style="list-style-type: none"> – accurate estimates of any vegetation clearing associated with the project; – assessment of the potential impacts on threatened species, their habitats, populations and ecological communities and a description of any measures taken to avoid and/or mitigate potential impacts; – assessment of the potential impacts on existing and proposed Department of Environment, Climate Change and Water estate; – assessment of the potential impacts and changes to benthic communities in Lake Macquarie due to subsidence of the lake bed; and – an assessment of the potential impacts on groundwater dependent ecosystems; • Surface & Ground Water – including: <ul style="list-style-type: none"> – a detailed assessment of potential and cumulative surface and groundwater impacts; – a detailed site water balance and salinity balance; – details of proposed erosion, sedimentation and pollution control measures and any other measures proposed to avoid and/or mitigate impacts to surface and ground water; – details of all proposed water discharges and the potential impacts of water discharges; and – details of the proposed water monitoring program; • Air Quality – including a detailed assessment of the air quality impacts (including cumulative impacts) of the project; • Noise & Blasting – including a comprehensive noise assessment of the existing environment, potential impacts, including road traffic noise, and proposed noise amelioration measures; • Traffic & Transport – including a detailed Traffic Impact Study and consideration of alternate coal haulage options via rail, conveyor or otherwise; • Heritage – both Aboriginal and non-Aboriginal; • Greenhouse Gases – including: <ul style="list-style-type: none"> – a greenhouse gas assessment (including a quantitative analysis of greenhouse gas emissions associated with the combustion of coal, and a qualitative assessment of the impacts of these emissions on the environment); – options for offsetting the emission of site-based greenhouse gases; and

	<ul style="list-style-type: none"> – an assessment of the potential for coal-seam gas capture and re-use; • Visual; • Soils; • Bushfire; • Waste; • Social & Economic – including: <ul style="list-style-type: none"> – an Economic Impact Statement addressing employment generation, future development potential, financial benefits for the local community and costs to the local community; and – a Social Impact Assessment which includes a full cost-benefit analysis of the project; and • Rehabilitation – including a detailed description of the proposed rehabilitation strategy for the project, including detailed plans of the proposed final landform and the potential future land use of the area.
References	<p>The environmental assessment of the key issues listed above must take into account relevant guidelines, policies, and plans. While not exhaustive, the following attachment contains a list of some of the guidelines, policies, and plans that may be relevant to the environmental assessment of this project.</p>
Consultation	<p>During the preparation of the Environmental Assessment, you should consult with the relevant local, State or Commonwealth Government authorities, service providers, community groups and affected landowners.</p> <p>In particular you must consult with:</p> <ul style="list-style-type: none"> • Department of Environment, Climate Change and Water; • Office of Water of Department of Environment, Climate Change and Water; • Department of Industry and Investment; • Wyong Shire Council; • Lake Macquarie Council; • Newcastle City Council; • Roads and Traffic Authority; and • Mine Subsidence Board. <p>The consultation process and the issues raised must be described in the Environmental Assessment.</p>
Deemed Refusal Period	90 days

Policies, Guidelines & Plans

Subsidence	
	Guideline for Application for Subsidence Management Approvals (DMR)
Biodiversity	
	Draft Guidelines for Threatened Species Assessment under Part 3A of the <i>Environmental Planning and Assessment Act 1979</i> (EP&A Act) (DEC)
	NSW State Groundwater Dependent Ecosystem Policy (DLWC)
	State Environmental Planning Policy No. 44 – Koala Habitat Protection
Soil & Water	
Soil	Australian and New Zealand Guidelines for the Assessment and Management of Contaminated Sites (ANZECC)
	Rural Land Capability Mapping (DLWC)
	Agricultural Land Classification (DPI)
Surface Water	Guidelines for Fresh and Marine Water Quality (ANZECC)
	Guidelines for Water Quality Monitoring and Reporting (ANZECC)
	Managing Urban Stormwater: Soils and Construction (Landcom)
	Guideline for Controlled Activities Riparian Corridors (DWE)
	NSW Salinity Strategy (DLWC)
	Hunter Unregulated and Alluvial Water Sharing Plan (DECCW)
Groundwater	NSW State Rivers and Estuaries Policy (NSW Water Resources Council)
	NSW State Groundwater Policy Framework Document (DLWC)
	NSW State Groundwater Quality Protection Policy (DLWC)
	Draft NSW State Groundwater Quantity Management Policy (DLWC)
	National Water Quality Management Strategy Guidelines for Groundwater Protection in Australia (ARMCANZ/ANZECC)
Air Quality	
	Protection of the Environment Operations (Clean Air) Regulation 2002
	Approved Methods for the Modelling and Assessment of Air Pollutants in NSW (DEC)
	Approved Methods for the Sampling and Analysis of Air Pollutants in NSW (DEC)
Noise & Blasting	
	NSW Industrial Noise Policy (DECC)
	Environmental Noise Management – Assessing Vibration: a technical guide (DEC)
	Environmental Criteria for Road Traffic Noise (NSW EPA)
	Technical basis for guidelines to minimise annoyance due to blasting overpressure and ground vibration (ANZEC)
	Interim Construction Noise Guideline (DECC)
Traffic & Transport	
	Guide to Traffic Generating Development (RTA)
	Road Design Guide (RTA)
Heritage	
Aboriginal	Part 3A EP&A Act Guidelines for Aboriginal Cultural Heritage Assessment and Community Consultation (DoP and DEC)
Non-Aboriginal	NSW Heritage Manual (NSW Heritage Office)
	The Burra Charter (The Australia ICOMOS charter for places of cultural significance)

Greenhouse Gases	
	National Greenhouse Accounts Factors (Australian Department of Climate Change (DCC))
	Guidelines for Energy Savings Action Plans (DEUS)
Waste	
	Waste Classification Guidelines (DECC)
Social & Economic	
	Draft Economic Evaluation in Environmental Impact Assessment (DOP)
	Techniques for Effective Social Impact Assessment: A Practical Guide (Office of Social Policy, NSW Government Social Policy Directorate)
Rehabilitation	
	Mine Rehabilitation – Leading Practice Sustainable Development Program for the Mining Industry (Commonwealth of Australia)
	Mine Closure and Completion – Leading Practice Sustainable Development Program for the Mining Industry (Commonwealth of Australia)
	Strategic Framework for Mine Closure (ANZMEC-MCA)