



**METROPOLITAN
COLLIERIES PTY LTD**

ABN: 91 003 135 635

100 Melbourne Street
South Brisbane Qld 4101

PO Box 402
Helensburgh NSW 2508
Australia
Tel + 61 (0) 2 4294 7202
Fax + 61 (0) 2 4294 2064

31 July 2018

Department of Planning and Environment
Resource Assessments, Planning Services
GPO Box 39
SYDNEY NSW 2001

Attention: Mr Howard Reed, Director, Resource Assessments

By email: Howard.Reed@planning.nsw.gov.au

Dear Howard,

**RE: METROPOLITAN COAL PROJECT APPROVAL (08_0149) - INDEPENDENT
ENVIRONMENTAL AUDIT**

In accordance with Condition 8, Schedule 7 of the Project Approval, an Independent Environmental Audit of the Project was commissioned by the 31 December 2017. Metropolitan Coal submitted the Independent Environmental Audit to the Department of Planning and Environment on 26 June 2018.

In accordance with Condition 9, Schedule 7 of the Project Approval, Table 1 (attached) presents the recommendations made in the Independent Environmental Audit and Metropolitan Coal's response to these recommendations.

Please do not hesitate to contact Mr Stephen Love (Environment and Community Superintendent) on (02) 4294 7384 should you wish to discuss.

Yours sincerely,

JON DEGOTARDI
Technical Services Manager – Metropolitan Coal

cc. Jessie Evans, Team Leader, Resource Assessments (Jessie.Evans@planning.nsw.gov.au)
Chris Schultz, Senior Compliance Officer (Christopher.Schultz@planning.nsw.gov.au)

Table 1
Independent Environmental Audit Recommendations and Metropolitan Coal Responses

Independent Environmental Audit Condition/Requirement	Independent Environmental Audit Recommendation	Metropolitan Coal Response
<p>O1 (Sch. 2 Cond. 9) Structural Adequacy <i>The Proponent shall ensure that all new buildings and structures, and any alterations or additions to existing buildings and structure, are constructed in accordance with:</i></p> <p>(a) <i>the relevant requirements of the BCA; and</i> (b) <i>any additional requirements of the MSB in areas where subsidence effects are likely to occur.</i></p> <p>Notes;</p> <ul style="list-style-type: none"> - <i>Under Part 4A of the EP&A Act, the Proponent is required to obtain construction and occupation certificates for the proposed building works.</i> - <i>Part 8 of the EP&A Regulation sets out the requirements for the certification of the project.</i> 	<p><i>In 2015, CHPP upgrade activities were undertaken, new winder house was completed and construction of a new compressor shed was commenced as per BCA requirements. The construction of the compressor shed is not mentioned in subsequent annual reports.</i></p>	<p>Metropolitan Coal will seek to provide information on new buildings and structures, and any alterations or additions in future Annual Reviews.</p>
<p>O2 (Sch. 2 Cond. 10) Demolition <i>The Proponent shall ensure that all demolition work is carried out in accordance with Australian Standard AS 2601-2001: The Demolition of Structures, or its latest version.</i></p>	<p><i>There were no demolition of buildings or associated structures at the site during 2015 - 2016.</i></p> <p><i>Decommissioning of transformers and associated structures have occurred near Vent Shaft 3 and also at the surface works recently. No structures were removed other than support platforms. This is not noted in the Annual Reviews.</i></p>	<p>Metropolitan Coal did not consider the removal of transformers to represent demolition work, however will seek to report related works in future Annual Reviews.</p> <p>The SafeWork NSW Code of Practice – Demolition Work (which specifies the requirements of AS 2601-2001) states:</p> <p><i>“Demolition work means to demolish or dismantle a structure or part of a structure that is load-bearing or otherwise related to the physical integrity of the structure”.</i></p> <p>No support structures were altered.</p>

Table 1 (Continued)
Independent Environmental Audit Recommendations and Metropolitan Coal Responses

Independent Environmental Audit Condition/Requirement	Independent Environmental Audit Recommendation	Metropolitan Coal Response
<p>NC1 (Sch. 3 Cond. 1) Performance Measures <i>The Proponent shall ensure that the project does not cause any exceedances of the performance measures in Table 1.</i> <i>Note: The Proponent will be required to define more detailed performance indicators for each of these performance measures in the various management plans that are required under this approval (see condition 6 below).</i></p>	<p><i>Annual Review 2016 and 2017 report exceedance of the Eastern Tributary watercourse subsidence impact performance measure in relation to iron staining and pool flow / drainage behaviour downstream of the Longwall 26 maingate.</i></p> <p>Exceedance of subsidence impact performance measures need to be continuously reviewed and corrective actions implemented.</p>	<p>Metropolitan Coal will continue to review the status of the Eastern Tributary performance measure exceedance and report in future Annual Reviews.</p> <p>Metropolitan Coal has revised the Metropolitan Coal Rehabilitation Management Plan to include stream remediation on the Eastern Tributary. Metropolitan Coal is in the process of updating the Rehabilitation Management Plan in consideration of stakeholder comments.</p>
<p>NC2 (Sch. 4 Cond. 1) Noise Impact Assessment Criteria <i>By the end of 2014, the Proponent shall ensure that the noise generated by the project does not exceed the noise impact assessment criteria in Table 2 at any residence on privately-owned land, or on more than 25% of any privately-owned land.</i></p>	<p><i>The Annual Reviews for 2015, 2016 and 2017 have reported sustained non-compliances with the Noise Impact Assessment Criteria as recorded at two monitoring locations during 2015 and monitoring and noise modelling indicating non-compliances during 2016 and 2017.</i></p> <p><i>Annual Review 2016 proposed to conduct a technical peer review of existing noise mitigation strategy. Letter dated 30 June provided the review findings and proposed next steps. An undertaking was signed by Peabody on 19 Oct 2017 as required per letter from DPE dt 18 Oct 2017 offering no further enforcement action provided actions specified in the undertaking are achieved by agreed dates without further complaints. As per complaints register, a complaint was received on 28 November 2017 regarding noise during early morning loading of train during the weekend of 25-26 Nov 2017. The matter was investigated and communicated to the complainant.</i></p> <p>Proponent should take measures to avoid non-compliances regarding noise monitoring and noise levels.</p>	<p>Following a comprehensive Noise Mitigation Assessment conducted by Metropolitan Coal in 2017 (at the request of the DP&E), Metropolitan Coal signed a Voluntary Undertaking, formalising the implementation of the reasonable and feasible noise mitigation measures identified by the study. This included a timeframe for the implementation of the measures (31 December 2018).</p> <p>The Voluntary Undertaking also required completion of a noise assessment under the new <i>Noise Policy for Industry</i>. Metropolitan Coal submitted the assessment to the DP&E in April 2018. It is understood that the DP&E's Assessment Team is currently considering the assessment and potential changes to noise regulation for the Metropolitan Coal Mine.</p> <p>It should be noted that the auditor observation incorrectly states that the Voluntary Undertaking agreed between DP&E and Metropolitan Coal must be implemented <i>without further complaints</i> being received by Metropolitan Coal, however, the undertaking specifies <i>no increase in complaints from the community over this period</i>.</p>

Table 1 (Continued)
Independent Environmental Audit Recommendations and Metropolitan Coal Responses

Independent Environmental Audit Condition/Requirement	Independent Environmental Audit Recommendation	Metropolitan Coal Response
<p>NC 3 (Sch. 4 Cond. 3) Noise Mitigation Measures <i>It after 2014, the noise generated by the project exceeds the criteria in Table 4 at any residence on privately-owned land, then the Proponent shall, upon receiving a written request from the landowner, implement reasonable and feasible noise mitigation measures (such as double-glazing, insulation, and/or air conditioning) at the residence in consultation with the landowner. if within 3 months of receiving this request from the landowner, the Proponent and the landowner cannot agree on the measures to be implemented, or there is a dispute about the implementation of these measures, then either party may refer the matter to the Director-General for resolution.</i></p>	<p><i>Helensburgh Coal breached noise limit obligations at four locations near the mine site, as per DPE issued penalty notice in December 2017. There was a noise complaint in 2015- 2016 as well.</i></p> <p><i>Real time noise monitoring indicated one trigger event related to Mine operations in July 2015 (unauthorised truck delivery) and no trigger event identified in 2016 and 2017.</i></p> <p><i>Noise suppressive cladding and other measures have been implemented at the loading bay. Noise modelling has been undertaken, which indicated potential sustained non-compliances as per relevant 2016 attended noise monitoring results.</i></p> <p>Proponent should take measures to avoid further non-compliances regarding noise monitoring and noise levels.</p>	<p>Condition 3, Schedule 4 of the Project Approval requires Metropolitan Coal to implement noise mitigation if a written request is received following an exceedance of the noise mitigation criteria.</p> <p>Metropolitan Coal has not received any written requests for noise mitigation and therefore does not consider a non-compliance with this condition to have occurred.</p>
<p>O3 (Sch. 4 Cond. 14) Soil and Water – Discharges <i>The Proponent shall ensure that all surface water discharges from the site comply with the discharge limits (both volume and quality) set for the project in any EPL.</i></p>	<p><i>There has been a breach of licensed discharge condition whereby a spill of hydraulic fluid (Quintolubric 818-02 not defined in the Table L2.4 of the EPL) occurred on 28 July 2016 resulting in an EPA warning letter. An observation is made to the reported water discharge breach of compliance in 2016, which should be continually monitored for compliance and reported.</i></p>	<p>To ensure that a similar incident described does not occur in the future, underground personnel have been asked to report any spills that occur underground to the Environment and Community Superintendent.</p> <p>In addition, safety valves (with an automatic shut-off) have been fitted to prevent supply from the Quintolubric 818-02 storage tank to the underground in the event of a spill. Metropolitan Coal will continue to monitor and report on compliance.</p>

Table 1 (Continued)
Independent Environmental Audit Recommendations and Metropolitan Coal Responses

Independent Environmental Audit Condition/Requirement	Independent Environmental Audit Recommendation	Metropolitan Coal Response
<p>O4 (Sch. 4 Cond. 19) Road Transport Restrictions <i>The Proponent shall not:</i></p> <p>(a) <i>load coal or coal reject onto trucks, or transport it off site by road, outside the hours of 7am and 6pm Monday to Friday;</i></p> <p>(b) <i>transport more than 170,000 tonnes of coal off site by road in a calendar year;</i></p> <p>(c) <i>transport any coal off site to the Port Kembla Coal Terminal by road;</i></p> <p>(d) <i>permit the departure of more than 25 trucks containing product coal for delivery to the Corrimal Cokeworks on any given day; or</i></p> <p>(e) <i>permit the departure of more than 30 trucks containing product coal for delivery to the Coalcliff Cokeworks on any given day.</i></p>	<p><i>Helensburgh Coal records demonstrate that no coal was transported from the site by road during the audit period. Therefore conditions 19 (b) through to 19 (e) were not triggered.</i></p> <p><i>Annual Review 2015, 2016, 2017 Peabody website has the truck and train register which gives only the total annual tonnage. Jan-Jun 2017 record indicates approx. 81 kilotonnes of coal reject transported by road.</i></p> <p><i>Records provided to the auditor did not include information regarding the time of day that the coal rejects were transported. Note that no records of complaints regarding out of hours truck movements had been received and there is no evidence that Condition 19(a) had not been complied with.</i></p> <p><i>As per Traffic Management Plan rev G, section 8.3.1, haulage contractors will only transport during the approved hours Mon-Fri. The transported quantity is within the limit. As per information in the community newsletter, the plant is aiming to eliminate road transport of coal rejects by 2021.</i></p> <p><i>The truck and train register or other publicly available document is to have more pertinent information such as timing and number of truck movements per specific timeframe.</i></p>	<p>The Metropolitan Coal Truck & Rail Register has been compiled to meet the requirements of Condition 21, Schedule 4 of the Project Approval, which requires the <i>amount</i> of coal transported from the site to be monitored and reported. It does not require <i>information such as timing and number of truck movements per specific timeframe.</i></p> <p>Documenting the timing and number of truck movements at Metropolitan Coal would involve a significant administrative burden and is not considered to be necessary or practicable.</p>

Table 1 (Continued)
Independent Environmental Audit Recommendations and Metropolitan Coal Responses

Independent Environmental Audit Condition/Requirement	Independent Environmental Audit Recommendation	Metropolitan Coal Response
<p>NC 4 (Sch. 5 Cond. 1)</p> <p><i>If the results of the monitoring required in schedule 4 identify that impacts generated by the project are greater than the relevant impact assessment criteria in schedule 4, except where a negotiated agreement has been entered into in Relation to that impact, then the Proponent shall, within 2 weeks of obtaining the monitoring results, notify the Executive Director Mineral Resources, the affected landowners and tenants (including tenants of mine owned properties) accordingly, and provide quarterly monitoring results to each of these parties until the results show that the project is complying with the criteria in schedule 4.</i></p>	<p><i>Sustained noise non-compliances in 2015/2016 were not notified to the nearby residences on time until after meeting with DP&E.</i></p> <p>Sustained non-compliance in terms of noise generation and, in this case, timely monitoring, assessment and reporting to affected landowners and tenants should be continually undertaken.</p>	<p>Metropolitan Coal will report identified noise non-compliances to affected landowners and tenants within two weeks of obtaining monitoring results and provide quarterly monitoring results to each of these parties, as per Condition 1, Schedule 5 of the Project Approval.</p>
<p>O5 (Sch. 7 Cond. 10)</p> <p>Access to the Information</p> <p><i>From the end of 2009, the Proponent shall make the following information publicly available on its website:</i></p> <ul style="list-style-type: none"> <i>(a) a copy of all current statutory approvals;</i> <i>(b) a copy of the current environmental management strategy and associated plans and programs;</i> <i>(c) a summary of the monitoring results of the project, which have been reported in accordance with the various plans and programs approved under the conditions of this approval;</i> <i>(d) a complaints register, which is to be updated on a monthly basis;</i> <i>(e) a copy of the minutes of CCC meetings;</i> <i>(f) a copy of any Annual Reviews (over the last 5 years);</i> <i>(g) a copy of any independent Environmental Audit, and the proponent's response to the recommendations in any audit; and</i> <i>(h) any other matter required by the Director-General.</i> 	<p><i>While most of the required information is available on Peabody website, the complaints register has only one complaint in 2017 and no historical information is publicly available.</i></p> <p><i>An observation is made regarding details on the complaints register - It is recommended to provide a detailed list of complaints and actions including closure in the complaints register. Though the historical information is noted in the annual reviews, having them in the one register will provide context and history if relevant issues.</i></p> <p><i>It is further recommended to maintain a register of incidents, actions and reporting timeframes as relevant. This is only a suggestion as an opportunity for improvement.</i></p>	<p>Metropolitan Coal considers the current publicly available Complaints Register and Annual Reviews adequately provide context and history of complaints received by Metropolitan Coal.</p> <p>Notwithstanding, Metropolitan Coal will compile a complete register of the complaints received since Project Approval.</p> <p>Metropolitan Coal's Project Approval and various management plans detail the actions and reporting required in relation to Incidents. An additional register for Incidents is further duplication and is not considered to be necessary.</p>

Table 1 (Continued)
Independent Environmental Audit Recommendations and Metropolitan Coal Responses

Independent Environmental Audit Condition/Requirement	Independent Environmental Audit Recommendation	Metropolitan Coal Response
<p>NC5 (EPL Cond. L1.1) Pollution of Waters <i>Except as may be expressly provided in any other condition of this licence, the licensee must comply with section 120 of the Protection of the Environment Operations Act 1997.</i></p>	<p><i>There has been a breach of licensed discharge condition whereby a spill of hydraulic fluid and green marker fluid occurred on 28 July 2016. EPA had issued a warning letter on 2 August 2016 and underground personnel have been asked to report any discolourations and safety valves have been fitted to prevent further spills.</i></p> <p>The proponent is to undertake relevant action as per EPA instruction and continue to follow up/monitor to avoid recurrence.</p>	<p>Metropolitan Coal provided all requested data to the Environment Protection Authority at the time of the non-compliance and this Incident is now considered closed. Water quality at the Metropolitan Water Treatment Plant is monitored and compliance reported as required by Environment Protection Licence 767.</p>
<p>NC6 (EPL Cond. L2.3) Concentration Limits <i>To avoid any doubt, this condition does not authorise the pollution of waters by any pollutant other than those specified in the tables.</i></p>	<p><i>The chemical that caused the above breach, Quintolubric 818-02, is not defined in Table L2.4 of EPL No.767.</i></p> <p>It is recommended to discuss with EPA on appropriate action to avoid recurrence of this or similar incidents.</p>	<p>Metropolitan Coal provided all requested data to the Environment Protection Authority at the time of the non-compliance and this Incident is now considered closed. Water quality at the Metropolitan Water Treatment Plant is monitored and compliance reported as required by Environment Protection Licence 767.</p> <p>Follow up actions were described in the Metropolitan Coal 2016 Annual Review:</p> <p><i>To ensure that a similar incident described does not occur in the future, underground personnel have been asked to report any spills that occur underground to the Environment and Community Superintendent. In addition, safety valves (with an automatic shut-off) have been fitted to prevent supply from the Quintolubric 818-02 storage tank to the underground in the event of a spill.</i></p>

Table 1 (Continued)
Independent Environmental Audit Recommendations and Metropolitan Coal Responses

Independent Environmental Audit Condition/Requirement	Independent Environmental Audit Recommendation	Metropolitan Coal Response
<p>NC7 (EPL Cond. M2.1) Requirement to monitor concentration of pollutants discharged <i>For each monitoring/discharge point or utilisation area specified below (by a point number), the licensee must monitor (by sampling and obtaining results by analysis) the concentration of each pollutant specified in Column 1. The licensee must use the sampling method, units of measure, and sample at the frequency, specified opposite in the other columns:</i></p>	<p><i>Sampling could not be conducted at all the required monitoring points due to access restrictions and instrument breakage at three dust gauges on various occasions. Specifically, dust gauges were found to be broken at: DG4 and DG8 (Feb 2015), DG3 (Dec 2015), DG5 (July 2016), DG7 (January and March 2016).</i></p> <p><i>It is recommended to undertake the management measures to rectify identified non-compliances and follow up so that the issues don't repeat.</i></p>	<p>Depositional dust gauges consist of a funnel above a glass collection bottle from which dust samples are retrieved on a monthly basis. Metropolitan Coal considers that any monitoring activity requiring glass in an environment exposed to the elements will result in occasional unavoidable breakages. It should be noted that the presence of 10 gauges over a relatively small area allows for significant redundancy in the event of a lost sample – depositional dust data availability was 94% in 2015, 97.5% in 2016 and 100% in 2017. In the event there is an unacceptably high rate of breakage in the future, Metropolitan Coal will consider alternative equipment or monitoring suppliers.</p>
<p>NC8 (EPL Cond. M2.2) <i>Air Monitoring Requirements at Points 1,2,3,4,5 as per Table</i></p>		
<p>O6 (EPL Cond. M4.1) Recording of Pollution Complaints <i>The record must include details of the following:</i></p> <ul style="list-style-type: none"> a) <i>the date and time of the complaint;</i> b) <i>the method by which the complaint was made;</i> c) <i>any personal details of the complainant which were provided by the complainant or, if no such details were provided, a note to that effect;</i> d) <i>the nature of the complaint;</i> e) <i>the action taken by the licensee in relation to the complaint, including any follow-up contact with the complainant; and</i> f) <i>if no action was taken by the licensee, the reasons why no action was taken.</i> 	<p><i>Complaints register on the website has details of complaints in the year. Historical details are not available, though, these are detailed in the Annual Reports.</i></p> <p><i>It is recommended to provide a detailed list of complaints and actions including closure in the complaints register.</i></p>	<p>Metropolitan Coal considers that the current publicly available Complaints Register adequately satisfies this condition.</p>

Table 1 (Continued)
Independent Environmental Audit Recommendations and Metropolitan Coal Responses

Independent Environmental Audit Condition/Requirement	Independent Environmental Audit Recommendation	Metropolitan Coal Response
<p>O7 (Extraction Plan Approval CL7) Remediation <i>If the Proponent does not meet the performance measures in condition 1 of Schedule 3 of approval MP 08_0149, then the Director General may issue the Proponent with a direction in writing to undertake actions or measures to mitigate or remediate subsidence impacts and/or associated environmental consequences. The Proponent must implement the direction in accordance with its terms and requirements, in consultation with the Director-General and affected agencies.</i></p>	<p><i>An observation has been made that the reasons for non-compliance and actions (undertaken and proposed) as per the directions issued by DG. The results of the proposed actions need further review and reporting</i></p>	<p>Metropolitan Coal provided the DP&E with a proposed course of action in relation to the exceedance of the Eastern Tributary subsidence impact performance measure in February 2017, which is focused on the implementation of stream remediation measures. Metropolitan Coal has revised the Rehabilitation Management Plan to include stream remediation of pools on the Eastern Tributary and is in the process of considering stakeholder comments on the revised Rehabilitation Management Plan. The Rehabilitation Management Plan will be updated and submitted for approval for the implementation of stream remediation measures on the Eastern Tributary.</p>