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FW: Feedback on POEO (Clean Air) Regulation Draft

Hi

Following a discussion with [REDACTED] and [REDACTED] post this submission on 3/6/22, it was identified that the stack group changes were mis-interpreted (Group 5 stack limits do not move to Group 6 as indicated in our submission).

As such, I would like to clarify that the number of stacks at Port Kembla Steelworks (EPL 6092) and Springhill Works (EPL 571) belonging to Group 3 and 4 is 34. The 67 stacks referred to in our submission is incorrect.

If you require any further clarification or detail, please feel free to contact me.

Regards

Natasha



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Feedback on draft POEO (Clean Air) Regulation 2022

BlueScope Steel Limited (BSL) and its wholly owned subsidiary, BlueScope Steel (AIS) Pty Ltd (AIS) (together, BlueScope) welcome the opportunity to comment on the draft Protection of the Environment Operations (Clean Air) Regulation 2022 (Draft Regulation). BlueScope is one of only two primary producers of iron and steel in Australia and the only domestic manufacturer of upstream flat steel products.

BlueScope owns and operates Port Kembla Steelworks (PKSW), an integrated iron and steel making plant located at Five Islands Road, Port Kembla, NSW. , Environment Protection Licence 6092 (EPL 6092) authorises the carrying out of various scheduled activities at PKSW, with 72 licensed stacks. BlueScope also operates two additional licensed facilities in NSW - Springhill Works, Port Kembla (EPL 571) with 18 licensed stacks and Western Sydney Services Centre, Erskine Park (EPL 12495) with 3 licensed stacks. Both facilities conduct metal and paint coating activities.

BlueScope is concerned about meeting the requirements of the Draft Regulation due to the extensive number of its stacks at PKSW and Springhill Works that fall into the Group 3, 4 and 5 categories. There are 67 stacks at Port Kembla Steelworks that will be affected by the change, and 16 stacks at Springhill Works.

In particular, BlueScope notes the following:

- The affected stacks at PKSW and Springhill Works have not reached, nor are they approaching, “end of life” and BlueScope has not yet developed replacement plans. The 2025 date for transition to Group 5 cannot be achieved, taking into account, amongst other things:
 - the design work required, given that BlueScope’s pollution control equipment is unique and is not easy to re-design (for example, the coke ovens waste heat ducts and the coke ovens quench stacks at PKSW);
 - the requirement to obtain planning approval. The likely capital cost of stack replacement means that work involved in replacement of stacks will probably be classified as State Significant Development, requiring the preparation of an Environmental Impact Statement; and
 - the long-lead time for procurement of plant and equipment. For projects BlueScope currently has in feasibility for PKSW, lead times for major pieces of plant and equipment are up to 24 months from time of ordering, assuming that there is no significant disruption from world events. Similar lead times are likely to apply to plant required to upgrade stacks affected by the Draft Regulation.

- The cost for BlueScope to achieve compliance is significant. At its briefing to the Australian Sustainable Business Group on 16 May 2022, the EPA advised its estimate of the cost to industry to achieve compliance to Group 6 limits by 2030 was, across NSW, approximately \$200 million. In BlueScope's view, this figure is likely to grossly under-estimate the actual cost of compliance. For example, BlueScope has done some very preliminary work to estimate the potential cost of upgrading the three quencher stacks at its coke ovens, with an initial estimate of \$75 million for the three stacks (and no certainty that the upgraded stacks would meet the Group 6 limits).
- BlueScope continues to invest in refurbishment and upgrading of its existing stacks and other pollution control equipment to ensure they operate as designed and in accordance with licence conditions. BlueScope works closely with its local EPA to continue to identify opportunities to improve the performance of all its pollution control equipment, both through Pollution Reduction Programs and independently of its licence conditions.

BlueScope acknowledges the provisions in the Draft Regulations which allow an application to be made for inclusion of a "legacy condition" in its licences which, assuming the application is successful, would allow the current categorisation of an activity or item of plant to continue for a period of five years. The application must be accompanied by a report which includes, amongst other things, an air pollutant impact assessment for not only the activity, plant or emission unit concerned but for all other activities carried on, or plant or emission unit operated, at the scheduled premises concerned.

Taking into account the scale of operations at PKSW in particular, the requirement to apply for legacy conditions will impose a massive administrative burden on BlueScope, at a time when it is investing significant resources in major capital projects in NSW which will provide numerous opportunities for improved environmental outcomes in NSW. For example, BlueScope's proposed hydrogen electrolyser at PKSW which is the subject of discussions with both the EPA and the Department of Planning and Environment, will provide a stepping-stone to the introduction of low greenhouse gas emission iron and steelmaking technology in NSW. Compliance with the requirements of the Draft Regulation will necessarily divert resources from these projects which are important not only to BlueScope but to the success of the NSW Government's Net Zero Plan.

BlueScope seeks clarity on the options available to continue to operate with current limits in place. Please do not hesitate to contact the undersigned if you have any questions or would like to discuss.

Yours sincerely



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