



THE COAL AGENDA:

MAYUR RESOURCES AND THE PUSH TO START A COAL INDUSTRY IN PNG

EXECUTIVE SUMMARY





EXECUTIVE SUMMARY

Pacific Island states are some of the most vulnerable nations in the world when it comes to the impact of climate change. As yet, none of the Pacific Island States have any operational coal mines or coal-fired power stations. However, this could all soon change.

Mayur Resources Ltd (MRL) is an ASX-listed company that is planning several major projects in Papua New Guinea, where it has several affiliate companies registered.

Among its many plans is the intention to excavate coal deposits to which the company has acquired leases for in the Gulf Province of Papua New Guinea. The company is also planning to open a 52MW coal-fired power station sited immediately adjacent to the Lae Main Wharf, the international entry point, right in the industrial area of Lae City, PNG's second largest city in Morobe Province.

The company's main plan is to use the proposed Gulf Province coal mine to supply the proposed power plant. However, it has sometimes floated the possibility to use the coal for other purposes, such as for another coal plant in PNG or to export it overseas.

At present, PNG does not have any operational coal mines, nor does it have any coal-fired power stations. If Mayur's plans to mine coal and build coal-fired power plant(s) were put in place, particular significance lies in the fact that it would be the first Pacific Island Country to develop a coal industry.

This report aims to examine the arguments for the Lae power plant and the coal mine(s) in Gulf Province. It looks at the projects' economic arguments and whether coal power is needed to improve access to electricity in Lae and PNG more generally.

The report looks at several other issues, including the processes regarding environmental approvals, the potential health impacts of the proposed plant on the population of Lae and the processes for consultation and consent for affected communities.

Finally, it asks if there are alternatives to increasing electricity access in PNG that use other sources of lower cost, lower emissions, lower pollution energy.

“

PETER KESU,
COMMUNITY LEADER
IN BUTIBAM

*The community needs to be involved in all processes of communication, in consultation, and with any other activity that's associated with the company. They don't have our consent. They have to come back and talk to the affected community and the community around the area. **They have to listen to the people, if they say no, then they have to go with that.** They can't just agree just because of the economy aspect of it and forget about the social aspect of the community. So, no, they don't have our consent.*

FINDINGS

The report makes the following findings about the alleged need for coal power in PNG and the economic arguments for the projects:

- The proposed coal-fired power station at Lae would not improve electricity access for the population of PNG—alternative such as new hydropower, solar, and biomass will achieve this outcome in a cleaner, greener, and ultimately cheaper way.
- Any new extra electricity that the Lae power station would add to the Ramu grid would most likely be used to power new mining projects.
- Mayur’s claim that it can produce electricity at a significantly lower tariff than hydro and biomass is highly questionable.
- The World Bank’s analysis suggests that the cost of producing coal at the proposed Lae power station would be more expensive than the major renewable alternatives; hydropower and biomass. It would also be more costly than highlands produced natural gas, which would still be carbon polluting, although less so than coal.
- The economic competitiveness of Mayur’s proposed coal excavations in Gulf Province remains unproven.

The report makes the following findings concerning the environmental and social impacts of the company’s plans:

- The health impacts of putting a large coal-fired power plant so close to a major population centre such as Lae would be substantial. The air pollution from the coal combustion will likely cause severe health impacts, including breathing difficulties, brain damage, heart problems, cancer, and neurological disorders.
- The lack of proper consultation with impacted communities is a major concern. Consultation with the nearby community, who will live right next to the proposed plant and the mining sites in the Gulf Province, has been insufficient.
- It is unclear whether the people of Lae understand the risks that they will be living under, and therefore, whether they can be understood as having been informed or consulted.
- There have been irregularities in the approvals process, especially the lack of a tender for the power plant and approval of a clearly deficient EIS.

COST OF ELECTRICITY ON THE RAMU GRID



6.5 USc/kWh
HYDRO POWER



8.6 USc/kWh
SOLAR POWER



20.7 USc/kWh
LAE COAL

The report makes the following more general findings on the question of what the best energy solutions for PNG would be moving forward:

- Starting a coal industry to help meet PNG's energy needs is entirely unnecessary. PNG already sources much of its energy from hydro and is developing more hydropower plants. It is also developing its first biomass and solar plants. Both are better options for improving supply to the grid than coal.
- The argument that coal is needed to help increase energy access for PNG is also a false one. The easiest and cheapest way to increase PNG's low energy access rates would be to

implement various off-grid solutions to the 96 per cent of rural Papua New Guineas currently without reliable or any electricity access. Micro-hydro, small scale solar, and biomass are all solutions that could be tried in certain parts of the country depending on terrain, geography, sunshine, etc.

- A 200MW coal-fired power station would increase PNG's carbon emissions by around 4 per cent. If more power stations were developed in PNG, by Mayur or others, to consume coal excavated locally or sourced internationally, the subsequent impact would make it very difficult to reduce its greenhouse gas emissions in the coming decades.

RECOMMENDATIONS

The principal recommendations of the report are:

- PNG Power should immediately reject Mayur's proposal for a PPA for the coal-fired power station.
- CEPA (the Conservation and Environmental Protection Authority) should reverse its decision to approve the Lae project's environmental permit.

The report makes several other recommendations, including:

- CEPA and Mayur Resources should immediately release all feasibility studies, environmental management

plans and Environmental Impact Statements (EIS) that have been submitted in connection with coal mining in Gulf Province.

- CEPA should release any documentation it has received in connection with a possible coal power plant and the proposed CCL factory outside Port Moresby.
- The Mineral Resources Authority should immediately release all information related to mining and all exploration leases in the Gulf Province that it has granted in relation to coal, including any leases that have been granted for both coal and other minerals (e.g., mineral sands).



DOWNLOAD THE FULL REPORT HERE:

www.nogatcoal.org/resources