



Jabem District
ELC-PNG
Office of the President
Rev. Yasam Aiwara



1 October 2021

Dear Mr Fear and Mr Indermaur,

We understand that you have recently been appointed as incoming directors at Mayur Resources Ltd. It has further been reported that your appointment coincides with a review that the company is undertaking into its operations in PNG.

As civil society organisations who are interested in PNG's energy policy, we are particularly concerned with the company's plans to introduce coal power to PNG through its proposed Central Cement and Limestone project at Papa Lea Lea, its proposed Lae coal-fired power plant, and its coal mining exploration leases in Gulf Province.

These projects represent an attempt to introduce a coal industry and coal mining into a country that currently exists without one and into a world that does not need more coal dug up for consumption, driving climate change.

Indeed, this review is a prime opportunity to ensure the company's projects best position it in an increasingly climate conscious world, where the risk of stranded assets is higher than ever before.

The CCL Project

The company's most advanced project in PNG is the Central Cement and Limestone (CCL) Project. The proposed CCL project, located 25km northwest of Port Moresby, at Papa Lea Lea, will produce large quantities of three materials: cement, clinker and quicklime.

Your managing director, Mr Paul Mulder, has been open about Mayur's intention to use imported coal to power the CCL plant. He has stated publicly several times that Mayur will use the cheapest coal they can source from international suppliers. Furthermore, the CCL definitive feasibility study produced in 2019 specifies coal power as the prime energy source. We note that there are no domestic suppliers of coal in PNG and that Mayur does not hold a coal mining licence.

If the company plans to use imported coal, how will it handle scenarios that include a carbon price or carbon border tariff? If the company is planning to use domestic gas instead as an

energy source, how will this be possible if there is no pipeline between the Napa Napa gas plant and the CCL site?

Kumul Petroleum estimate that taking the LNG plant offline to reconfigure it for domestic supply will take eight weeks at a cost of USD\$12m/day. Will this cost be borne by Mayur?

It is important that answers to these questions are put on the public record, so the people of PNG may better understand the company's plans. We would appreciate the company supplying responses directly to us, or via official company announcements.

The Central Province and the Southern region of PNG has world class wind, solar and hydroelectricity resources all within close proximity to the CCL site. It is therefore highly problematic that Mayur would still be determined to use coal and we urge any review to consider the economic, climate and social implications of placing a coal power plant here.

The Lae Coal-Fired Power Station

When it comes to the other proposal to introduce coal-fired power into PNG by building a coal-fired power plant in Lae, our principal concern is that the company does not have a social licence to proceed with the project. [Our research shows](#) that communities in Lae have not been properly consulted about the proposed coal-fired power plant in their area.

Kipu Anonga, the elected councillor for Labu Butu Village, the closest village to the proposed power plant, has told us that locals are worried about the impact on their crops, fish and water supply. Peter Kesu, a community leader in Butibam, in the city of Lae, told us he is most concerned about the plant's impact on air quality. He said Mayur Resources did not obtain his community's consent for the project. Neither Mr Kesu nor Mr Anonga have been made aware of any meetings, public consultations or written materials explaining the purpose of the plant and its potential impacts.

Our recent interviews with other members of Lae communities confirm our view that Mayur Resources is pushing through a major industrial development without the knowledge and consent of the people who live nearby. Locals had little to no awareness of Mayur Resources or its planned power plant. They were not asked for consent and were not told about the project.

Where there is awareness of the project, there is skepticism. Last week, 100 members of the Lae Lutheran Youth Group attended the Evangelical Lutheran Church of Papua New Guinea National Youth Conference in the Eastern Highlands Province, where they spoke about the Nogat Coal (No to Coal) campaign. They questioned the idea that a coal-fired power plant would bring positive outcomes for their community.

Considering this, any strategic review of Mayur Resources should include an assessment of the company's efforts to consult Lae communities and its greater metropolitan populace, in order

to ensure it achieves its stated aim of building a brighter future for the people of Papua New Guinea.

Coal: the worst option

Papua New Guinea does not need a coal industry to meet its energy needs. The country already sources much of its energy from hydropower and is developing more hydropower plants. It is also developing its first biomass and solar plants. All of these are better options for improving supply to the grid than coal.

Mayur Resources' claim that it can produce electricity at a significantly lower tariff than hydropower and biomass is highly questionable. The World Bank's analysis shows that the cost of producing coal at the proposed Lae power station would likely be more expensive than these renewable alternatives. It would also be more expensive than highlands-produced natural gas.

New hydropower, solar and biomass would also expand access to electricity in Papua New Guinea in a much cleaner and greener way than a coal-fired power station—a fact that should interest Mayur Resources, given the company's website states that it has the “know-how and the right solutions... for a cleaner and greener future”.

As a company that will receive tax concessions from Papua New Guinea for the next ten years, it would be unfair for Mayur Resources to move forward with a project that generates energy in the worst possible way for the country. It goes against Papua New Guinea's vision to Take Back PNG.

The sun is setting on coal

A new coal development is not just bad news for Papua New Guinea. It would be a disaster for communities and ecosystems around the world.

Our planet can't afford more coal projects. The recent [report by the Intergovernmental Panel on Climate Change](#) confirmed that human-caused climate change is affecting every region on earth, with devastating consequences including extreme heatwaves and wildfires.

Papua New Guineans are already facing harsh effects of the climate crisis including droughts, floods and rising sea levels. These are forecast to only get worse, due in large part to coal developments like the one Mayur Resources has planned for Lae.

Mining and burning coal plays a huge role in our changing climate. The [International Energy Agency has been clear in its warning](#): no new fossil fuel projects should be developed if we want to mitigate climate catastrophe.

Increasingly, people and institutions around the world are waking up to the urgent need to transition from coal power to renewable energy. The Powering Past Coal Alliance, a coalition of governments, businesses and organisations that started in 2017, already has more than 100 members.

An Opportunity

We urge that any review of Mayur Resources is conducted in a manner that is transparent, so that the public can judge whether it is asking the right questions and will lead to real outcomes, rather than being a mere greenwashing exercise.

If Mayur is interested in improving energy access and industrial capacity in PNG, we hope that this review will provide an opportunity for the company to instead consider the much cheaper possibilities for renewable energy generation.

Sincerely,



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