

Media Release

Nexa Advisory is deeply disappointed with the NSW government's decision to extend the operation of the Eraring coal power station until August 2027, with the potential for a further extension to 2029. This move is a band aid solution that has far-reaching implications for investor sentiment, renewable energy targets, and the energy transition overall.

We are yet to see practical action to expedite the transition and get the New South Wales Electricity Roadmap back on track.

Melbourne, May 23, 2024 — Today the NSW Government and Origin have announced the extension of the 42-year-old Eraring coal power station. The NSW people will pay up to \$450 million to extend the ageing power station for 2 years.

This decision comes as the NSW government seeks to ensure reliability in the state following the reliability gaps identified by Australian Energy Market Operator (AEMO).

In its latest update to the 2023 Electricity Statement of Opportunities (ESOO), AEMO predicts a reliability gap following Eraring Power station's exit of 510 MW in 2025-26, up from 191 MW in the 2023 ES00. Crucially however, AEMO indicates that the Federal Government's expanded Capacity Investment scheme (32 GW) and State Governments' Renewable Energy Zones can largely mitigate this reliability gap.

Stephanie Bashir, Principal at Nexa Advisory, says that ending up here is unnecessary and that the New South Wales Government needs to speed up the transition to renewables, providing confidence in their ability to meet legislated renewable targets.

Eraring, Australia's largest coal-fired power station, was initially slated for closure next year. However, recent energy reliability concerns have prompted the Labor Government in New South Wales to consider extending its operation by at least three years. Stephanie Bashir said that this extension is a desperate move, driven by the government's inability to learn the lessons of the earlier Liddell closure.

The \$450 million represents a huge subsidy to underpin the profit of a greedy corporate and could have been better spent on NSW consumers struggling to manage the increasing costs of living and who are already paying some of the highest energy bills in Australia.

Nexa Advisory's recent analysis reveals that energy consumers in New South Wales are set to pay an extra \$106 each per year by 2027 than they would if the state government had enabled a faster, orderly rollout of renewable energy generation and storage.

The announcement today of up to \$450 million payment to Origin over 2-years, is an additional burden on New South Wales taxpayers.

The NSW Energy Roadmap was a leading light on progressing the clean energy transition, but today that Roadmap lies in tatters as the NSW government panics and takes a huge backwards step.

We call on the NSW government to act with urgency and ambition to get the NSW Roadmap back on track

Stephanie Bashir, Principal at Nexa Advisory, said:

"It is disappointing to see the extension of Eraring from the NSW Government. Keeping this coal plant open jeopardises our emission reduction targets and imposes unnecessary costs on energy consumers. But the New South Wales Government has left themselves no choice"

“The need to replace Eraring can come as no surprise and it is regrettable that the lessons learnt with the closure of Liddell power station have failed to provide the necessary impetus to get on with the clean energy transition.”

“Rather than spending \$450 million on extending the life of an old, unreliable coal-fired power station, the New South Wales Government should be focusing on untapped practical solutions and can quickly help address forecasted reliability gaps.”

“Now we call on the NSW to act with urgency to get the transition back on track.”

“The New South Wales Government should be accelerating demand response measures, leveraging the potential 1.1 GW of demand-side management from Commercial and Industrial consumers, as well as residential consumer energy uptake.”

“These practical solutions are not only deliverable before 2025, but also provide New South Wales with additional insurance against extreme weather and electricity reliability events which will become more common whether Eraring is extended or not.”

“The NSW government has been able to expediate approvals for ash dam expansion at Eraring and it would have been preferable to see the approvals for new renewable and generation projects given priority.”

“Federal and State Government must also prioritise and streamline planning, approving and connecting new renewable generation, storage and transmission projects.”



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Note to Editors: Stephanie Bashir is available for interviews and further commentary.

About Nexa Advisory

Nexa is a full-service advisory firm. We work with public and private clients including renewable energy developers, investors and climate impact philanthropists to help accelerate efforts towards a clean energy transition. We've been shaping the energy industry for over 20 years. With a proven track record across policy creation, advocacy, political risk assessment and project delivery, we're holistic in our approach and deliver solutions with commercial intent.

The Nexa Advisory team is a collaboration of passionate energy specialists, all committed to the successful transformation of Australia's energy markets. The team is focused on helping clients grasp the unpredicted opportunities the energy transformation will bring. The decentralisation of energy promises, for the first time, to enable a truly democratised ecosystem with people and communities at the centre. We believe in an energy industry where people are at the centre of every recommendation we make. This belief guides our approach to the challenges we solve, and the outcomes we create.

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