

MEDIA RELEASE

Eraring is unreliable – extending its life beyond 2027 is a ‘lose lose’

Australia’s largest power station, Eraring, experienced approximately 6000 hours of outages across its 4 units in 2024, according to new analysis from Nexa Advisory. That’s the equivalent to each unit on average being down for two months, due to planned maintenance and/ or unplanned outages.

According to the report, unplanned outages, which usually become more common as power stations age, *“don’t just cause power unreliability and risk blackouts on hot days.... [but] cause higher energy market volatility which results in higher contract prices. These higher wholesale costs ultimately flow to the prices paid by consumers.”*

Besides the cost impact, an energy system that continues to rely on ageing coal fired power stations could increase the likelihood of blackouts. In the final quarter of 2024 alone, there were 144 “Lack of Reserve alerts” issued by the Australian Energy Market Operator (AEMO), a record, 92 of which were for NSW. This highlights the concerning threat to consumer bills due to the market volatility in wholesale electricity prices seen during these events.

The report concludes that the *“ageing 43-year-old generator is unreliable and incompatible with today’s dynamic electricity system”* and that the New South Wales government take steps to open up the enormous pipeline of large scale solar, wind and batteries in New South Wales.

In NSW alone, there are 44 gigawatts of large-scale solar and wind projects proposed, alongside 16GW of large-scale batteries.

How much longer can coal power last? And what does this mean for Federal energy policy?

The longevity and reliability of coal-fired power stations will be a key issue in the lead up to the Federal Election. The Coalition’s energy policy relies on coal fired power stations operating until seven proposed nuclear power stations can be constructed and begin to operate. Analysis like this report call into question the viability of such a plan.

These concerns are shared by some of Australia’s leaders in the energy industry. Damien Nicks, Chief Executive at AGL, [recently expressed scepticism](#) about the viability of relying on coal for another ten years.

Many recent nuclear power projects have [run significantly over time and budget](#).

Stephanie Bashir, CEO at Nexa Advisory, said:

“Eraring is 43 years old, it is already not doing the job its being paid for.”

‘Its frequent unplanned outages and downtime are clear indicators that it is no longer fit for purpose and that is costing consumers.’

‘The \$450m burden on New South Wales taxpayers of extending Eraring’s operation until 2027 is unnecessary and would have been better invested in accelerating the replacement renewable generation, storage and consumer solutions.’

‘There are 10.4 gigawatts of wind and solar, and 4.5 gigawatts of large-scale battery projects in the pipeline, just in New South Wales alone. We need to get these online so we’re not crossing our fingers and hoping that Eraring holds on for a couple more years.’

“Political flights of fantasy, including about patching up coal for another decade until we build nuclear, are not viable let alone sensible.”

‘Governments at all levels must lean into the transition not add drag to the process and cost consumers and taxpayers.’

Background

At 2,880MW, Eraring is Australia's largest coal-fired power station. After Origin Energy announced it would bring forward its closure date from 2032 to 2025, the company subsequently negotiated a deal with the New South Wales Government to underwrite any losses beyond 2025.

This deal, struck in May 2024, would see the New South Wales Government pay up to \$450 million to guarantee the continued operation of the plant. To the extent that this deal was premised on guaranteeing energy reliability, this report calls into question the wisdom of the deal, given the recent high levels of unreliability in recent years.

Some of the findings and recommendations of the report are:

Summary of Key Findings

1. High downtime and frequent unplanned outages, leading to market volatility
 - Each of Eraring's units have experienced about 6000 hours, equivalent to two months, of downtime annually in recent years.
 - These outages have impacted Eraring's availability when it was needed most, including in November/December 2024.
 - Given the state's high reliance on Eraring, this could pose a significant reliability risk to the broader electricity system, raising blackout risk and prices, particularly during periods of high demand.
2. Consistent low utilisation and underperformance
 - Eraring operates at low capacity for much of the year, limiting its competitiveness and profitability.
 - This trend is expected to continue as renewable energy gains market share, with financial losses likely borne by New South Wales taxpayers.
3. Low price responsiveness
 - Eraring has limited ability to ramp generation up and down in response to demand and price fluctuations – highlighting that it is incompatible with today's dynamic electricity system.

Summary of recommendations:

1. Lean into new capacity build by mobilising existing mechanisms such as the Capacity Investment Scheme (CIS) and New South Wales Long-term Energy Service Agreements (LTESA) to progress tenders for projects in New South Wales at pace.
2. Accelerate near-term project approvals for critical projects through broader use of the critical state significant infrastructure (CSSI) ministerial declaration. At a minimum, the New South Wales Government should accelerate the approvals for projects included in the National Priority list, being developed jointly by the Energy and Climate Change Ministerial Council.
3. Bolster firming procurement in advance through Firming LTESAs, rather than ongoing support for existing coal-fired power stations, to send a strong signal to investors and as cost-effective 'insurance' against unexpected capacity loss of coal-fired power stations.
4. Look beyond the Renewable Energy Zones to attract innovative projects and investment where it is needed to accelerate the transition.



5. Enable critical transmission lines by expediting the delivery of priority transmission projects across New South Wales.
6. Leverage the untapped potential of Consumer Energy Resources as well as demand-side participation (DSP) and Virtual Power Plants (VPPs) for both homes and businesses – particularly across the Commercial and Industrial segment.

About Nexa Advisory

Nexa is an advisory firm with an unwavering focus on accelerating the clean energy transition, in a way that provides secure, reliable, and affordable power for consumers of all types.

Nexa Advisory is a team of experienced specialists in the energy market, policy and regulation design, stakeholder engagement, and advocacy.

Nexa Advisory stands at the nexus of the energy sector's complex web of stakeholders. We support and direct their dialogue so as to remove the roadblocks to the transition.

We have a track record in policy creation, advocacy, political risk assessment, and project delivery. We are holistic in our approach and deliver solutions with people in mind, and commercial intent.

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