

2 December 2025

Wholesale Performance
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Lodged electronically

Submission to AER Significant price reporting guidelines – 2025 Review

Nexa Advisory welcomes the opportunity to comment on the Australian Energy Regulator's (AER) Consultation Paper and Draft *Significant Price Reporting Guidelines* (Guidelines).

Nexa is an advisory firm with an unwavering focus to accelerate 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. We work with public and private clients including renewable energy developers, investors and climate impact philanthropists to help them get Australia's clean energy transition done.

We strongly support the AER's intention to ensure that high-price reporting remains fit-for-purpose in a changing National Electricity Market (NEM). However, we believe that a key objective reporting should be to explicitly recognise and systematically demonstrate the role of coal-fired generator unreliability in driving high-price events and associated consumer costs.

At present, the proposed methodology – informed by the Oakley Greenwood (OGW) advice - risks treating outage-driven events as “obvious” and therefore under-representing their impact on the wholesale price outcomes. Nexa considers that these are exactly the events that warrant prominent, consistent coverage in the AER's high-price reporting framework.

We recommend that the AER transparently reports coal unreliability and its cost impacts – as part of the significant price report and through Wholesale Electricity Market Performance reporting.

Nexa Advisory has recently published a series of case studies examining the performance of major coal-fired generators across the NEM as they approach the end of their technical lives.

These are summarised below:

Eraring Power Station (NSW)¹

- Each of Eraring's units has experienced an average of about two months of downtime annually.
- Eraring recorded an unplanned outage rate of around 6 per cent in 2024.

¹ Nexa Advisory, [The Case for Closing Eraring in 2027](#)

- Despite this poor performance, in May 2024 the New South Wales Government negotiated an extension and potential underwriting of Eraring's operation to August 2027, with an estimated cost to taxpayers of up to \$450 million.

Yallourn Power Station (VIC)²

- Yallourn has exhibited elevated unplanned outages over the last decade – with an annual unplanned outage rate of 32 per cent in 2024.

Bayswater Power Station (NSW)³

- Bayswater has exhibited elevated unplanned outages over the last decade, with an annual unplanned outage rate of around 38 per cent in 2024.
- Between 2018 and 2022, average total downtime across its four units remained over 6,000 hours per year – equivalent to each unit being offline for more than two months annually.

Callide Power Station (QLD)⁴

- Since 2020, average total downtime across Callide B's two units has been around 4,000 hours per year – equivalent to each unit being offline for 12 weeks annually.
- The annual unplanned outage rate spiked to around 70 per cent in 2014 following coal supply issues, and remained very high at around 42 per cent in 2024 due to ongoing unplanned outages and maintenance.
- Callide C has faced significant outages since the catastrophic failure of one unit in 2021 and the subsequent failure of the other unit in 2022, with both units only returning to service in August and April 2024 respectively.

Gladstone Power Station (QLD)⁵

- The average capacity factor of Gladstone has sunk below 45 per cent since 2020, well under the black-coal fleet average of around 55 per cent.
- This low output is driven by a high average total downtime across its six units of 14,800 hours in that period – equivalent to each unit remaining offline for over 14 weeks per year.
- Unplanned outage hours have risen by around 65 per cent since 2020. This means that, despite an increase in planned outages to allow for maintenance, unplanned outages still account for almost half of all downtime.

Across these power stations, the pattern is consistent: ageing coal-fired generators are experiencing high and, in many cases, increasing outage rates and extended downtime. In particular, high unplanned outage rates are a key driver of higher market volatility and contract prices, which ultimately result in higher consumer electricity bills.

² Nexa Advisory, [Coal performance in the NEM: Yallourn Power Station](#)

³ Nexa Advisory, [Coal performance in the NEM: Bayswater Power Station](#)

⁴ Nexa Advisory, [Coal performance in the NEM: Callide Power Station](#)

⁵ Nexa Advisory, [Coal performance in the NEM: Gladstone Power Station](#)

This correlation between coal outages and high prices has been recognised by the AER itself⁶ - particularly for New South Wales, where recent high price event reports identify intervals of materially reduced availability at major coal plants such as Eraring and Bayswater as a key driver of \$5,000/MWh+ price spikes.⁷

Nexa acknowledges the AER's need to move away from a rigid \$5,000/MWh trigger and to adopt a more flexible, principles-based approach as presented by OGW.

However, Nexa is concerned the proposed OGW's methodology – particularly the idea of filtering or de-prioritising events where high prices coincide with large reductions in generation availability – could systematically downplay coal-outage-driven events.

In Nexa's view, this approach is inconsistent with purpose of the Guidelines to provide insight into how the market is functioning and how high prices arise, and to inform policymakers and stakeholders about the underlying drivers of price outcomes.

In today's NEM, high-price events driven by large coal outages are not background noise – they are a central feature of the market and of the risks facing consumers, investors and governments. Treating them as “obvious” and therefore lower value overlooks their broader economic and policy significance.

The consultation paper and OGW report both recognise that event-based significant price reporting cannot alone provide a complete assessment of high price drivers – whether thermal plant or network outages, or market power. Nonetheless, this approach provides a visible and influential lens through which many stakeholders interpret the NEM's performance.

As such, Nexa recommends that the AER adjust the draft Guidelines to ensure that coal unreliability and its cost impacts are consistently and transparently reported. We consider this is well within the scope of the significant price report and complementary to the broader analysis undertaken in the AER's Wholesale Electricity Market Performance reporting.

Thank you for the opportunity to provide input into the Consultation Paper. We welcome the opportunity to further discuss any aspect of our submission - please contact either myself stephaniebashir@nexaadvisory.com.au or Jordan Ferrari, Director - Policy and Analysis, jordanferrari@nexaadvisory.com.au.

Yours sincerely,

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⁶ AER, [Wholesale electricity market performance report 2024](#), December 2024

⁷ AER, [Prices above \\$5,000/MWh - April to June 2025](#)