ENERGY ROADMAP AMENDMENT BILL 2025

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To: Queensland Governance, Energy and Finance Committee
Re: Queensland Energy Roadmap Amendment Bill 2025

Thank you for the opportunity for the Institute for Energy Economics and Financial Analysis (IEEFA) to provide input to the Queensland Energy Roadmap Amendment Bill 2025 (Bill).

IEEFA is an independent energy finance think tank that examines issues related to energy markets, trends and policies. The Institute's mission is to accelerate the transition to a diverse, sustainable and profitable energy economy.

IEEFA would like to highlight a number of considerations for the Queensland Governance, Energy and Finance Committee that relate to both the Bill and the recently released Queensland Energy Roadmap (Roadmap). Due to time constraints and other commitments, we have not been able to review the Bill in detail. Therefore in this submission we provide general comments on the high-level focus of the Bill and the Roadmap, based on our prior research.

- **Repealing the current renewable energy targets will reduce investor confidence in new renewable generation.** Government renewable energy targets send a strong and consistent signal to the market that investment in new renewable generation projects supports the state's long-term energy goals. Repealing this target will reduce investment confidence and reduce Queensland's ability to replace exiting coal assets in a timely manner.

- **Firm closure dates for Queensland coal generation would help deliver investment confidence in new assets.** Significant uncertainty remains within the Roadmap regarding when certain coal-fired power plants will exit, which can drive market uncertainty. Firm coal exit dates would improve confidence for those investing in replacement assets.

- **There are costs and risks associated with keeping ageing coal-fired power stations in the system for longer.**

    - **Coal power plants experience more outages as they age, which can drive reliability risks and temporary spikes in wholesale electricity prices.** An April 2025 report from IEEFA found that coal-fired power plants that have closed in the National Electricity Market (NEM) faced low availability levels in the years leading up to closure. Analysis by Baringa found that coal power plants older than 40 years faced availability levels of 65% on average, with an overall downward trend with years of age. Age-related wear and tear can increase the frequency of technical issues and outages as the plants need to reduce output or temporarily shut down units to undertake necessary repairs. Low availability of coal power plants can lead to temporary increases in wholesale spot prices. Extending the

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operation of ageing coal power plants therefore poses both reliability risks and heightened risks of price volatility.

- **Extended reliance on old coal-fired power plants that tend to face more technical challenges can pose risks to worker and community safety.** As power plant equipment ages it becomes more prone to catastrophic failures that can lead to dangerous accidents. As we noted in our April 2025 report, "This has been seen in historical fires at Hazelwood, Yallourn, Morwell and Northern, and in technical issues leading to dangerous explosions seen at Muja AB, Yallourn, Hazelwood."

- **Financial and technical risks arise when refurbishing old coal-fired power plants.** Refurbishing coal power plants to extend their life can be both costly and risky. For example, the taxpayer-funded Muja AB refurbishment in Western Australia cost over $300 million and suffered technical issues, delays and cost overruns. Its utilisation rate after the refurbishment was reportedly only 20% and it closed a few years after the upgrade, making it an inefficient use of taxpayer funds. Planners, policymakers and officials in Queensland should consider the potential for refurbishment cost overruns, delays and technical challenges, given the strategy outlined in the Roadmap to refurbish older coal-fired power plants to keep them in the system for longer.

- **Extending reliance on coal-fired generation in Queensland will result in higher emissions.** It will also make it more challenging for Australia to achieve its national emissions reduction targets.

We thank the Queensland Governance, Energy and Finance Committee for the opportunity to comment on the Bill and welcome any questions on this submission and any related matters.

Kind regards,

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