

Australian Energy Market Commission

Submitted via AEMC Webportal

30 April 2026

Dear AEMC team

### **ERC0425: National Electricity Amendment (Improving Compensation Frameworks) Rule**

Akaysha Energy (Akaysha) appreciates the opportunity to provide the Australian Energy Market Commission (AEMC) with a response to the initial Consultation Paper in respect of the National Electricity Amendment (Improving Compensation Frameworks) Rule.

Akaysha is supportive of amendments to the existing compensation framework. As noted by the AEMC efficient and effective compensation frameworks are important for providing confidence to market participants to continue supplying services during market intervention periods. The inconsistent treatment of whether “opportunity” costs are compensable, is particularly problematic for energy-limited assets like battery energy storage systems (BESS) – and we are pleased to see the AEMC looking to harmonise existing compensation frameworks to properly capture opportunity costs.

Our response to each of the areas considered in Chapter 2 of the Consultation Paper is provided below:

#### **1. Changes to the calculation of compensation frameworks**

Akaysha is supportive of work done to streamline how compensation is calculated. The current process is administratively burdensome for market participants, and there is scope for more automated processes.

While we are supportive of a more streamlined methodology – calculating the VWAP over a rolling 12-month period is unlikely to be suitable for BESS assets – even if determined on a technology type basis. The BESS market revenues are too volatile and the response during a direction event will be highly specific to that event – we would encourage the AEMC to consider how to best manage the treatment of BESS assets with a particular focus on opportunity costs post event.

#### **2. Harmonising compensable direct costs**

Akaysha is very supportive of the proposal to harmonise compensable costs across all frameworks. We are particularly supportive of the proposed move to allow opportunity costs to be claimed across all frameworks. This is an important update for BESS assets – which face opportunity costs both during and following direction events.

The appropriate dispatch intervals to claim opportunity costs is an important additional point that should be considered by the AEMC. The current compensation model considers “opportunity costs incurred during the relevant trading interval as determined in accordance with the Compensation Guidelines”. BESS face opportunity costs in the interval period in which they are directed. Directions also impact on the state of charge of the BESS which then result in opportunity costs for later intervals. The AEMC should consider expanding the definition of opportunity costs to include interval periods directly after a direction – and consider the appropriate number of interval periods that may be captured.

We note that the AEMC has also considered that there is no specific compensation framework required for minimum system load (MSL) interventions. For these interventions, the AEMC should also consider extending the opportunity costs to intervals preceding the direction to account for any obligations on the BESS to hold a low state of charge to charge during the MSL period.

### **3. Improving governance and assessing compensation claims**

As noted above, Akaysha is supportive of a more consistent and streamlined approach in respect of the existing compensation framework. To this end we are supportive of some, but not all, of the governance improvement recommendations put forward.

We do not support the proposed thresholds for when a compensation claim is referred to the independent expert. The Consultation Paper suggests that compensation claims are referred to the independent expert in the following instances:

- Market suspension claims over \$50,000
- Directions compensation claims over \$20,000
- Administered pricing compensation claims
- Opportunity cost claims under any compensation framework.

BESS compensation claims will almost always be related to opportunity costs – so we would first question whether there should be a threshold applied to these compensation claims. Secondly, the thresholds are all incredibly low. We would suggest that the AEMC consider whether a threshold set in the hundreds of thousands is a more appropriate benchmark for a referral to the Independent Expert. The current thresholds would capture almost all compensation claims.

We are supportive of improvements to the process for appointments of independent experts – including improved process transparency and introducing clear criteria and guidelines for who can be nominated by AEMO or the AEMC as an independent expert.

We are supportive of the proposed extension and harmonisation of time limits for claimants to provide supporting information. However, we would suggest that the overall process timelines should remain the same – this may result in a contraction of the time taken by the independent expert to make their assessment. The time taken to assess claims is a key concern of ours – and we do think any process

improvements should focus on how compensation claims can be resolved as quickly and efficiently as possible.

#### **4. Preventing inadequate compensation**

Akaysha is not supportive of the proposal to implement a \$0/MWh floor to the spot prices for the dispute resolution panel that determines compensation for scheduling errors – at least not applied ubiquitously to all asset classes. We agree with the note by the AEMC that this may result in scheduled bidirectional units (BDUs) not being properly compensated for efforts in scheduling their load when prices are negative.

Akaysha looks forward to continuing to engage with the AEMC on this Rule Change, and we would welcome the opportunity any follow-up discussions. For more information on this submission please contact Emma Fagan at [emma.fagan@akayshaenergy.com](mailto:emma.fagan@akayshaenergy.com).

Kind regards

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