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Australian Energy Market Commission

Submitted via AEMC Webportal

3 September 2026

Dear AEMC team

ERC0425: National Electricity Amendment (Improving Compensation Frameworks) Rule – Draft Determination

Akaysha Energy (Akaysha) is pleased to provide the Australian Energy Market Commission (AEMC) with a response to the Improving Compensation Frameworks Draft Determination (the Draft Determination). Akaysha is one of Australia's leading developers of utility scale battery energy storage systems (BESS) with more than 5GWh in operation and construction.

We expressed support for most elements included in the Consultation Paper and the broad efforts of the AEMC in aligning the compensation frameworks. In our previous response to the Consultation Paper, we noted our support for the inclusion of opportunity costs across all three compensation frameworks – not just within the administered pricing compensation framework. This is particularly important for BESS assets. As an energy limited asset, any direction or other market intervention will ultimately impact on the planned bidding strategy for the day. We still believe this is an important reform, and our comments below are based on this.

Within the Draft Determination, the AEMC is looking for comments on the following:

- Implementation timelines and impacts
- Time limits for making compensation claims
- The need for the objections options in the IE appointment process
- Thresholds for claims including thresholds for referring claims to IE assessment

Akaysha's comments on these points are below.

1. Implementation timelines and impacts

Akaysha understands the need for a staged implementation timeline for the proposed changes to the compensation framework – and understand the rationale on the different schedules set out by the AEMC. We question whether the alignment of time limits at 60 days needs to wait until schedule 3 to be implemented and cannot occur before. In addition, we also make the below comments in respect of:

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- The implementation timing of schedule 1; and
- The inclusion of opportunity costs.

The AEMO High Level Impact Assessment (HLIA) provides a useful level of additional detail in understanding the level of work needed to implement these reforms. Based on the information in the HLIA it appears as though the AEMC could revisit these two elements.

Schedule 1 implementation – consider a 6-month implementation window (implementation from 15 April 2027)

In respect of the schedule 1 implementation timelines, the AEMC has limited these reforms to items requiring no AEMO process changes or guideline updates only.

The HLIA sets out changes to enable the different schedules in tables 8 and 9. The document changes for schedule 1 include only an update for correction in cost recovery rules reference to intervention price trading intervals in the Regional Benefits Directions Paper.

In respect of the impacts on broader stakeholders set out in Table 12, the only medium impact item identified in respect of schedule 1 reforms is the potentially higher number of compensation claims being made by affected participants – this appears to be a positive change as it anticipates the compensation framework changes working effectively.

Based on the limited number of changes identified by AEMO in the HLIA, Akaysha asks the AEMC to consider whether the schedule 1 implementation could occur within 6 months rather than 9 months.

Include opportunity cost reforms into schedule 1

The AEMC has included the alignment of claimable costs across all frameworks in Schedule 1 which recognises the importance of this change.

However, the element that is most important within the alignment of compensable costs, is the inclusion of opportunity cost recovery in all of the frameworks. As noted by above, this is particularly important for BESS operators. The AEMC has currently included the implementation of opportunity costs in schedule 2, which would delay the inclusion of opportunity costs within compensation frameworks until October 2027.

At the same time, the AEMC noted – in the “Minimum system load governance and market arrangements rule change consultation paper”[1] - an upper limit of 135 MSL events in South Australia prior to 2031; 53 days in Victoria and 33 days in Queensland. MSL events are just one cause of market direction. This, combined with increased essential system security (ESS) risks and arising directions,

[1] MSL Rule Changes_Consultation Paper_July2026

means that AEMO may make a potentially significant number of directions over the next 18 months. Any efforts to bring opportunity costs into all compensation frameworks as soon as possible reduces the impact on BESS operators.

The rationale for delaying this reform to schedule 2 by the AEMC seems to be driven largely by the changes to the independent expert process – with changes to the role and selection process of the independent expert separately captured in schedule 2. This position was reinforced by AEMO during the HLIA webinar.

Importantly the AEMO HLIA only explicitly notes only two actions relevant to changes needed to include opportunity costs into existing processes:

- Updating the confidentiality deed for the independent expert to include opportunity cost claims; and
- Adding opportunity cost claims into the “Guide to intervention pricing”

The AEMO HLIA notes that the impact of this change for participants seeking compensation is high. As above, Akaysha interprets this impact rating as AEMO recognising that this change is high value for market participants lodging compensation claims. Based on the content included in both the Draft Determination and the HLIA, Akaysha believes that a preferable model would be to:

1. Include opportunity costs in the schedule 1 priority focused on aligning claimable costs across all frameworks. This would be done within the existing framework; and
2. Separately work the required skillsets of the independent experts related to opportunity costs that would need to be considered within the schedule 2 reforms.

The benefit of this approach is that it will likely provide market case studies on opportunity costs that would better inform the scope of skills to be requested of an independent expert in respect of opportunity costs.

Note that our preference is to have opportunity costs included in all compensation frameworks as soon as possible. In respect of our earlier point regarding compressing schedule 1 timeframe implementation from 9 months to six months; if this was possible but would preclude opportunity costs from being considered in schedule 1 – then we would prefer for the schedule 1 implementation to be maintained at 9 months.

2. Time limits for making compensation claims

Akaysha appreciates the alignment of the time limit for claims at 60 days. As noted above, any efforts to bring this forward from schedule 3 would be appreciated.

The 60-day time limit applies specifically for claimants to make a claim. The Draft Determination does not set out any other changes to the timelines for claims being assessed. As Akaysha noted in our response to the Consultation Paper, an efficient assessment of claims is important. Based on the AEMO HLIA, we understand that there are significant AEMO process reforms that will ultimately be implemented to improve the efficiency of the process from initial directions or market intervention –

through the compensation claim process. It would be useful for the Final Determination to set out what the impacts of the reforms are on the overall compensation claim timeframes, and whether these efficiencies will result in claims being settled within shorter timeframes.

3. Thresholds for claims

As Akaysha noted in our previous response to the Consultation Paper, we believe that the threshold for referral to the independent expert is too low. The timelines associated with independent expert review are significant and it would be preferable for fewer compensation claims to go through this process. The independent expert also costs in the order of $30k per reviewed case – so a $50k threshold for referral would not represent good value for AEMO or market participants. Akaysha believes that a >$100k threshold would be more appropriate for independent expert referral.

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.

Kind regards

Emma Fagan

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