Submission to the Australian Energy Market Commission

ERC0425 – Improving Compensation Frameworks

September 2026

Epic Energy

Submission to the Australian Energy Market Commission

ERC0425 – Improving Compensation Frameworks

Epic Energy welcomes the opportunity to comment on the Australian Energy Market Commission's draft determination on Improving Compensation Frameworks.

For more than 50 years, Epic Energy has built, owned and operated critical energy infrastructure across Australia. As an owner and operator of gas transmission infrastructure, renewable power generation and energy storage assets, we have a direct interest in market frameworks that support reliable, efficient and transparent market outcomes.

Epic Energy supports the draft determination and welcomes the proposed reforms to improve the transparency, consistency and effectiveness of compensation arrangements when market interventions occur.

We support the inclusion of opportunity costs across all compensation frameworks. We agree that opportunity costs can be a significant and legitimate consequence of directions, administered pricing events and market suspension events.

This is particularly important for storage assets and other flexible technologies whose investment cases rely on their ability to respond to market signals, including high-price events. Recognising opportunity costs within compensation arrangements will help ensure participants remain willing to provide services that support system reliability and security during periods of market stress.

Epic Energy also seeks clarification regarding the treatment of costs and opportunity costs arising under virtual toll arrangements and other derivative products. In particular, we request confirmation that:

1. Costs and opportunity costs incurred under contractual arrangements such as virtual tolls are intended to be captured under the reference to "relevant contractual arrangements which specify a price for the relevant service"; and
2. The compensation framework and associated guidelines will appropriately recognise the role of derivative and risk-management products in modern electricity markets when assessing compensation claims.

As the 2025 NEM Wholesale Market Settings Review recognised, a well-functioning derivatives market is an important component of efficient market operation. It is therefore important that the compensation framework provides clear recognition of legitimate costs and opportunity costs arising from these arrangements.

Epic Energy appreciates the AEMC's work to develop a more consistent, transparent and predictable compensation framework and supports the progression of the draft rule.

Yours sincerely,

Gino Luglietti
Corporate Affairs Manager
Epic Energy