



Akaysha Head Office
Level 7, 22 Gordon Street
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Thursday 4th July 2024

Dear Ms Ilaria Barletta,

Akaysha Energy ('Akaysha') welcomes the opportunity to provide feedback on the Australian Energy Market Commission's ('AEMC') Consultation paper on the Retailer Reliability Obligations ('RRO') exemption for scheduled bi-directional units ('BESS') published in May 2024.

Akaysha is a large utility scale battery energy storage developer, asset manager and owner operator, developing projects across multiple markets and regions. Akaysha's project pipeline is estimated to be currently more than 4 GWh across Australia. Akaysha strongly advocates for an efficient transition to a clean energy future.

Akaysha supports the proponents' proposed changes to the design of the RRO, specifically the exemption of scheduled bi-directional units from being considered liable assets through an amendment to the definition of an RRO liable entity.

Akaysha recognizes that the RRO may lead to unintended negative consequences, and that this minor rule change could bring immediate market and system benefits. These benefits are likely to be realized due to the mitigation of investment and operational risk associated with RRO, ensuring full value can be realized. Akaysha believes there is an underestimation of the incompatibility between providing grid-supporting services and RRO liability owing to a lack of a nuanced assessment regarding BESS liability under RRO.

Akaysha broadly agrees with the proponents' reasoning, in particular, the disincentives for BESS to operate as a load to provide FCAS for system security purposes during gap periods. The practical operation of the RRO framework may incentivize battery operators to 'turn off' load for system security services to avoid 'Procurer of Last Resort' costs from breaching the RRO. This practical operation may decrease system security, create reliability issues and lead to higher market prices and costs for consumers. Further, Akaysha believes these challenges will only further develop as renewable energy penetration rises, as the RRO directly conflicts with the requirements of low cost, reliable and secure energy. Overall, Akaysha believes that grid security and reliability should take precedence over compliance with the RRO framework.



Akaysha would further like to stress the importance of quick deployment of storage assets for the renewable transition and power system reliability, noting the latest reliability forecast gaps from the Australian Energy Market Operator ('AEMO'). Therefore, it should follow that whatever allows for the best economics for BESS would be in-line with the overarching need for quick and reliable deployment. This is diminished by the RRO framework.

Akaysha also notes that the blunt criteria of the RRO fails to consider the benefits of BESS loads. Akaysha recognizes the purpose of the RRO is to ensure supply and sufficient quantities of reliable powers to the market. However, in effort to achieve this purpose, the RRO fails by assuming that all loads are inherently detrimental to reliability. The loads coming from BESS occur at time periods that benefit the system, by adding load to the system when required, which is not detrimental. Akaysha wishes to stress that the RRO do not consider the time-of-day load creation, as BESS are almost exclusively creating load in the middle of the day when it is required. The counter cyclical nature of BESS when compared to other generation assets in the market is beneficial to offset generation, however the RRO as a blunt instrument fails to capture this. Overall, Akaysha believes that adding costs to BESS, as a solution to the problem the RRO is concerned with (supply and reliable power), would be counterintuitive. It would be more effective to exempt BESS, enabling new storage capacity to increase market supply and quantity of reliable power, which achieves the RRO objectives.

Akaysha thanks the AEMC for the opportunity to provide feedback on its proposed rule change and looks forward to continued engagement on these issues. Our Director of Energy Markets can be contacted at (pan.galanis@akayshaenergy.com) if you would like to further discuss any elements of this submission.

Yours sincerely,

Paul Curnow

Managing Director – Chief Commercial Officer & General Counsel

Akaysha Energy