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WEEKLY RESEARCH · W43 · APAC

Batteries take the evening peak, but returns lean on contracts

This week Australian batteries supplied more of the evening peak than gas for the first time, while prices and arbitrage spreads kept falling. Akaysha closed Australia's first large battery portfolio refinancing at A$1.75bn. In Japan, small merchant storage sites continued to raise non-recourse finance as portfolios. Korea's 1,180 MW Round 3 tender entered its final weeks before bids close.

Period **2026/10/19 – 10/25** Published **2026/10/26 (Mon)** Markets **Australia · Japan · Philippines · South Korea · Singapore · Taiwan**

Data checked **2026/10/27**

KEY JUDGEMENTS

Five conclusions

1. **Australia: batteries now carry the evening peak, but merchant returns keep shrinking.** In Q3 2026 grid-scale batteries supplied 8% of NEM evening-peak (16:00–21:00) energy, overtaking gas (5.1%) for the first time, and set the price in 48% of dispatch intervals. The average NEM price fell to A$63/MWh, down 27% year on year. More batteries flatten arbitrage spreads, so financing will lean more on CIS underwriting and tolling contracts.[1,2,3]
2. **Australia: competition will intensify.** AEMO's connection queue reached 80.9 GW, above the NEM's existing installed capacity (about 77 GW); batteries make up 55% of the 80.0 GW in the end-to-end process.[4]
3. **Australia: battery finance is moving from single assets to portfolio platforms.** Akaysha Energy closed a A$1.75bn portfolio refinancing for Orana, Elaine, Brendale and Ulinda Park, with 5-, 7- and 10-year tranches from 11 banks (including Mizuho, MUFG and Bank of China). Portfolio diversification lets banks lend for longer and gives the company a financing platform for its roughly 6 GW / 25 GWh pipeline.[16]
4. **Japan: small merchant projects reach non-recourse finance by bundling.** eREX's 2 MW / 8 MWh Chiba site began commercial operation this week. Earlier this month SMTB Lease provided non-recourse project finance for a portfolio of seven high-voltage storage sites, which the sponsors describe as the first merchant portfolio financing of its kind.[6,7]
5. **Korea: price still decides the winners.** Round 3 (1,180 MW / 7.08 GWh) closes on 11/11. In Round 2, LFP-based SK On jumped from zero share in Round 1 to about 50%, showing that cell cost is decisive when price carries a 50% weighting.[10,11]

KEY NUMBERS

Six numbers this week

NEM Q3 2026 average wholesale price

A$63/MWh

-27% y/y, -15% q/q

NEM evening-peak share: batteries vs gas

8% vs 5.1%

Batteries overtake gas for the first time

Dispatch intervals where batteries set the price

48%

18% a year earlier

NEM connection queue

80.9 GW

Batteries 55% of the end-to-end process

Akaysha battery portfolio refinancing

A$1.75bn

4 projects · 11 banks · 5/7/10 years

Korea Round 3 ESS tender

1,180 MW

7.08 GWh · bids close 11/11

TIMELINE

What happened

Date	Market	Event	Why it matters for finance
10/20	JP	eREX's storage site in Shibayama, Sanbu District, Chiba (1.99 MW / 8.15 MWh, LFP) began commercial operation; the company targets 100 MW under management by 2028.[6]	Small high-voltage projects keep coming online but are too small for standalone project finance.
10/20	AU	Akaysha closed a A$1.75bn portfolio refinancing covering Orana 415 MW/1,660 MWh, Elaine 311 MW/1,244 MWh, Brendale 205 MW/410 MWh and Ulinda Park stage 1 155 MW/298 MWh.[16]	Platform-level financing stretches tenor to 10 years and spreads single-asset merchant risk.
10/20	AU	ENGIE's Hazelwood expansion (150 MW/300 MWh) gained Victorian transmission-operator status (declared 10/16), letting it reuse on-site transmission assets as it moves toward financial close.[17]	Grid access at retired coal sites is becoming a scarce asset.
10/22	AU	AEMO September-quarter Connections Scorecard: queue 80.9 GW; 25 new projects (7.5 GW) this quarter, 19 of them batteries (5.8 GW); 4 battery projects registered (1 GW / 3.4 GWh).[4]	New battery supply keeps arriving and will dilute arbitrage returns further.
10/23	AU	AEMO Quarterly Energy Dynamics Q3 2026: average price A$63/MWh; batteries 8% of evening peak vs gas 5.1%; batteries charged 13.4 GWh and discharged 10.9 GWh per day on average (3.7 / 3.2 GWh a year earlier).[1,2,3]	Batteries have moved from marginal peakers to a core system resource: more pricing power, lower unit revenue.
10/26	SG	(Publication day) EMA Energy Infrastructure Plan: just over 1 GWh of storage by 2030, about 350 MWh today; ESS Vision consultation open until 2027/01/27.[12]	The target is about three times today's fleet, but procurement and revenue design await the consultation.

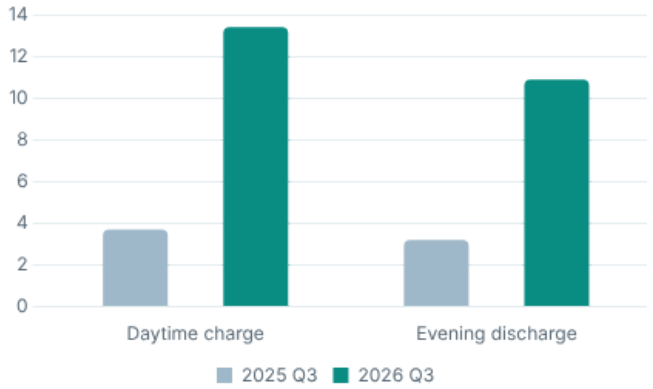
AUSTRALIA

Batteries win the evening peak as spreads keep flattening

VERIFIED FACTS

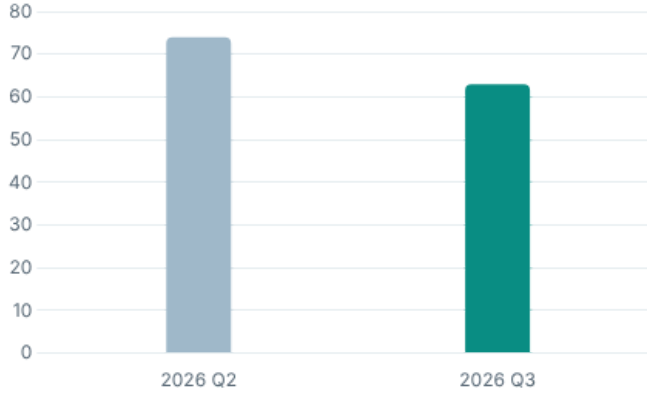
- The Q3 2026 NEM average wholesale price was A$63/MWh, down 27% year on year and 15% quarter on quarter, the lowest third quarter since 2021.[2] The previous quarter (Q2) was A$74/MWh.[14]
- Batteries supplied 8% of the evening peak (16:00–21:00) and gas 5.1%; average gas output was 881 MW, down 34% year on year.[2,3]
- Batteries set the price in 48% of dispatch intervals (18% a year earlier). Renewables supplied 44.3% of NEM generation, a third-quarter record.[1,3]
- Connection queue 80.9 GW; 19 of the 25 new projects this quarter were batteries (5.8 GW). AEMO noted a rising share of long-duration storage.[4]
- On 10/20 Akaysha closed a A$1.75bn portfolio refinancing: 5-, 7- and 10-year term loans plus revolving and contingent facilities; lenders ANZ, CBA, BNP Paribas, Bank of China, CIBC, Deutsche Bank, DNB, ING, Mizuho, MUFG and Rabobank; tranche sizes and pricing undisclosed.[16]
- ENGIE's Hazelwood expansion adds 150 MW/300 MWh to the existing 150 MW/150 MWh for 300 MW/450 MWh in total, expected to complete in 2028; financial-close timing undisclosed.[17]

Average daily battery charge and discharge (GWh/day)



Source: AEMO QED Q3 2026 (as reported by TokenPost)[3]

NEM average wholesale price (A$/MWh)



Q2: AEMO media release[14]; Q3: AEMO QED (as reported by IndexBox)[2]

ANALYSIS

- Discharge grew about 3.4 times in a year while the average price fell 27%. Together with the 85% narrowing of spreads already seen in Q2[13], unit revenue for pure arbitrage projects is still falling.
- Lenders usually size debt on the contracted portion only (CIS underwriting, tolling) and give limited credit to merchant revenue. Expect new projects to rely more on a higher contracted share and longer duration (4 hours or more).
- A counter-signal worth noting: batteries set the price in nearly half of intervals, so they now have pricing power. In extreme periods such as heatwaves or coal outages (for example the mid-October NSW price spike[15]), spike revenue still exists but is harder to forecast.

JAPAN

Small merchant storage: portfolio finance becomes the main route

VERIFIED FACTS

- On 10/20 eREX's second grid-scale battery (Shibayama, Chiba; 1,989.6 kW / 8,147 kWh, LFP) began commercial operation; its first began in April; the company targets 100 MW under management by 2028.[6]
- On 10/8 a fund sponsored by Nihon Chikudenchi and Remixpoint, with eco Properties as asset manager (SPV: NC Pioneer GK), signed non-recourse project finance with SMTB Lease covering seven high-voltage storage sites nationwide; revenue comes from the balancing, wholesale and capacity markets; amount undisclosed.[7]
- Trina Storage will supply the Nozu project (50 MW / 196 MWh, 20-year inflation-linked LTDA contract, Aozora non-recourse finance), scheduled to start operation in Q3 2028.[8]

- From 10/1, projects granted grid connection must submit proof of land rights within two months or lose their reserved capacity; at end-2025 about 172 GW of batteries were in connection studies and about 0.64 GW connected.[9]

ANALYSIS

- Japan now has two financing routes: large projects use long-term LTDA contracts for conventional project finance (Nozu, Mimasaka); small high-voltage projects bundle multiple sites and substitute diversification for long-term contracts. Key diligence points for the latter are geographic and market diversification within the portfolio, the aggregator's operating capability and cash-flow control.
- The land-rights rule will clear out speculative connection applications without land. That benefits projects that already hold land and grid access and may lift transaction valuations for mature projects.

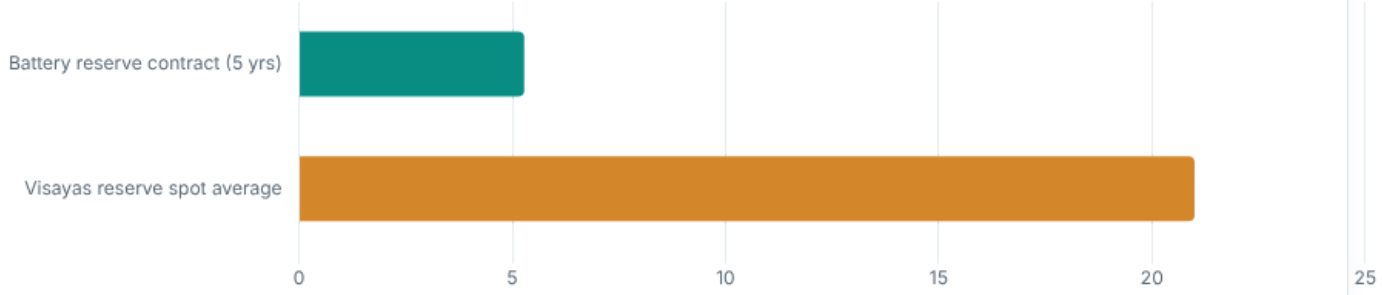
PHILIPPINES · FOLLOW-UP

Buying reliability by contract (provisionally approved 10/9, announced 10/12)

VERIFIED FACTS

- The ERC provisionally approved on 10/9, and announced on 10/12, a battery reserve contract between NGCP and East Asia Utilities Corp. (an AboitizPower subsidiary): located in Mactan, Cebu (Lapu-Lapu City), 44.72 MW; up to 13 MW of regulating reserve and 13 MW of contingency reserve; 5-year term; provisional rate PHP 5.28/kWh.[5,18]
- Recent Visayas reserve spot prices averaged about PHP 21/kWh; from January to early September the Visayas had 123 yellow and red alerts.[5]
- The DOE is pushing to deploy 253 MW of batteries in Cebu, Panay, Leyte and Negros by end-2026. Hearings will be held on 11/3 and 11/10 before a final decision.[5]

Visayas reserves: contract price vs spot (PHP/kWh)



Spot is the recent average of "about PHP 21/kWh", plotted as 21. Source: ESS News[5]

ANALYSIS

- For lenders, a regulator-approved capacity-style contract with availability penalties is easier to underwrite than pure WESM spot revenue.
- But the 5-year term is shorter than most project loans, so renewal and repricing risk must be mitigated with cash sweeps or shorter amortisation. Approval is also only provisional, and the rate may change at the final decision.

SOUTH KOREA

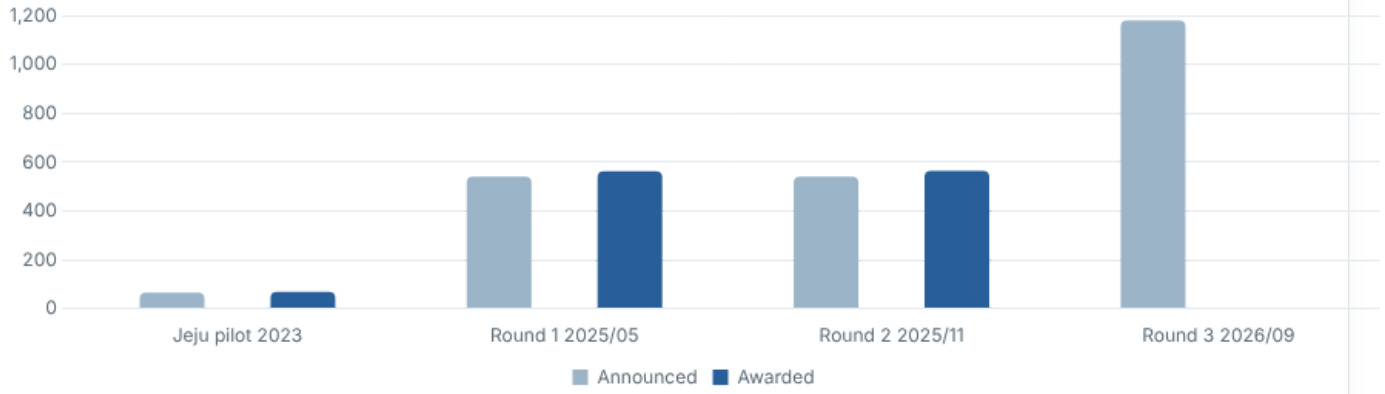
Before Round 3 closes: price weighting shapes the field

VERIFIED FACTS

- Central-contract ESS tenders to date: Jeju pilot (2023/08) 65 MW announced, 68 MW awarded, operating; Round 1 (2025/05) 540 MW announced, 563 MW awarded, completion required by end-2026; Round 2 (2025/11) 540 MW announced, 565 MW awarded, completion required by end-2027.[10]

- Round 3 (announced 2026/09/22): 1,180 MW (1,100 mainland + 80 Jeju), 6 hours for 7.08 GWh in total; bids close 11/11, selection within November, completion by 2029/02; price and non-price criteria weighted 50/50; long-life systems on Jeju may choose a 25-year contract.[10,11]
- Battery shares: Round 1 Samsung SDI about 76%; Round 2 SK On 50.3%, Samsung SDI 35.7%, LG Energy Solution 14.0%; across both rounds Samsung SDI 56%, SK On 25%, LG Energy Solution 19%.[10,11]

Announced vs awarded by round (MW)



Round 3 awards due in November. Source: Jodal Economy[10]

ANALYSIS

- Fifteen-year fixed capacity contracts make Korean winners highly bankable, so competition has shifted from "can it be financed" to "who bids lowest".
- With Round 3 doubled in size and grid conditions relaxed, bidding should be fiercer. If LFP keeps pushing prices down, awarded capacity prices may fall and project IRRs narrow.

SINGAPORE · TAIWAN

Other markets

SINGAPORE (PUBLISHED 10/26)

- EMA Energy Infrastructure Plan: just over 1 GWh of storage by 2030, about 350 MWh operating today; solar target widened to 4 GWp by 2035; S$5.3bn transmission and distribution investment (2025–2029); ESS Vision consultation open until 2027/01/27.[12]

TAIWAN

- No major verifiable public grid-scale storage developments this week. We continue to watch Taipower's Shen'ao storage tender (expected end-2026 or 2027).

FINANCE VIEW

Revenue anchors and lender focus by market

Market	Main revenue anchor	Signal this week	Lender focus
AU	CIS underwriting, tolling, arbitrage + FCAS	Average price -27%; Akaysha A$1.75bn portfolio refinancing	Debt sized on contracted share; merchant tail discounted
JP	20-year LTDA contracts; merchant (wholesale / balancing / capacity)	Small merchant portfolio PF closes	Portfolio diversification, aggregator capability, cash-flow control
PH	Reserve service contracts, WESM	5-year battery reserve contract (provisional)	Contract shorter than loan tenor; final decision
KR	KPX 15-year fixed capacity contracts	Round 3 1,180 MW about to close	Bid price pressure; battery and fire-safety requirements
SG	EMA tender contracts	>1 GWh target for 2030	Procurement and revenue design pending consultation
TW	Taipower E-dReg ancillary services	No new developments this week	Ancillary service prices and rule changes

COMING UP

Calendar

Date	Market	Item
11/03, 11/10	PH	ERC hearings on the NGCP–EAUC battery reserve contract, followed by a final decision
11/11	KR	Round 3 ESS central-contract tender closes; winners announced within November
End-2026	PH	DOE target: 253 MW of batteries operating in the Visayas
2027/01/27	SG	ESS Vision consultation closes

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