

Strategic Corporate Plan FY25



This corporate plan represents
AEMO's Statement of Corporate Intent
under AEMO's Constitution.

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AEMO acknowledges the Traditional Owners of country throughout Australia and recognises their continuing connection to land, waters and culture. We pay respect to Elders past and present.

Foreword

Adapting to a changing energy system

Australia's energy system is transforming. As coal-fired power stations retire, renewable generation connected with transmission and distribution, supported by hydro, batteries and gas, is the lowest-cost way to supply electricity to homes and businesses through Australia's transition to a net zero economy.

AEMO works in the long-term interest of consumers by operating and planning the energy system and markets in a way that supports security, reliability and cost-effectiveness. Recent additions to the legislative objectives applying in the energy systems we operate now require AEMO to have regard to the achievement of governments' emissions reduction targets.

To guide our work ahead, AEMO presents this Strategic Corporate Plan for the 2025 financial year. This plan represents AEMO's statement of corporate intent under our Constitution. It outlines our strategic priorities and initiatives to enable the energy transition to a net zero emissions future.

The FY25 Strategic Corporate Plan recommits AEMO to the four strategic priorities that have guided the company since FY22:

- **Operating today's systems and markets** — keeping the lights on and the gas flowing, matching energy demand and supply in real time around the clock and settling trades between wholesale energy sellers and buyers.

- **Navigating the energy future** — using the data, analysis and insights from being at the centre of the energy system to plan the essential infrastructure and system operability requirements to meet future energy needs. We share these insights through our energy reports and plans, and support the design and implementation of energy reforms.
- **Engaging our stakeholders** — to build trusted relationships among governments, businesses and communities to work together to find solutions to complex problems the energy transition presents.
- **Evolving the way we work** — to modernise AEMO's own practices, processes and systems to ensure they are fit for securely operating the energy systems of the future, as well as making AEMO an easier place to work with and within.

While these strategic priorities are now well established, the initiatives, projects and actions that underpin each priority have evolved to ensure AEMO's work continues to be positioned to meet the needs of energy consumers, in the context of Australia's rapid energy transition.

For the year ahead, there are four prominent streams of work that will help AEMO deliver on its responsibilities.

Cyber, Digital & IT

Fields such as cyber security, the impact of artificial intelligence (AI) on system operability, and the quantum of data management have emerged as crucial considerations to the future energy system.

AEMO works in the long-term interest of consumers by operating and planning the energy system and markets in a way that supports security, reliability and cost-effectiveness.

AEMO is increasingly recognised as a trusted delivery partner to governments in implementing their energy plans and infrastructure security legislation. Accordingly, AEMO continues to invest in its cyber and digital capability, and underlying IT systems and architecture.

AEMO plays an important role in protecting Australia's energy system against increasing security threats. We plan to continue to uplift our security capability through delivery of AEMO's Cyber Strategy and FY25 Cyber Program.

We aim to ensure the operational efficiency and reliability of IT systems operating the systems and markets by implementing a Digital Monitoring Centre providing comprehensive monitoring capabilities across AEMO's IT ecosystem.

This will help significantly improve AEMO's ability to predict, prevent, disrupt and respond to incidents, risks and threats.

Integrated System Plan (ISP)

The Energy and Climate Change Ministerial Council has proposed expanding or 'supercharging' the ISP, to explicitly incorporate gas, distribution and consumer resources into development of the optimised plan for the transition of the National Electricity Market (NEM) to meet government policy objectives.

AEMO has started scoping work on an expanded 2026 ISP and will build on this work throughout FY25.

100% Renewables by 2025

We are building our understanding of what is needed to be ready to securely operate the power system at times of 100% instantaneous renewable generation.

Real-world data shows the renewable resource potential in the NEM has already reached 99.7% of demand, while actual supply has reached a record high of 72.1%. In the Wholesale Electricity Market (WEM) in Western Australia, the renewable potential has already passed 100% of demand, while the actual instantaneous penetration of renewables has hit a high of 84%.

To help guide the journey, we will be publishing an annual 'Transition Plan for System Security', starting this December. This will highlight how to maintain power system security through the transition to a low or zero emissions power system.

Operational capabilities

It is fundamental that we manage real time operations of the systems and markets of the NEM and WEM to meet the required standards of security and reliability.

In the FY25 plan, we will continue to invest in improving our operational capability of the NEM and WEM. This encompasses effective operational planning and forecasting, congestion and grid modelling, operator training, the management of power system conditions (including interim reliability measures) and seasonal analysis and preparation.

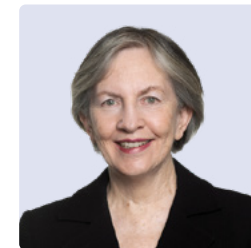
Over the year we will transition implemented reforms, including reforms in the East Coast Gas system, WEM and NEM, into operations and successfully embed process, procedure and system changes for AEMO and industry.

We will modernise technology systems and tools to meet the evolving needs of Australia's energy markets and systems by planning and delivering prioritised projects under the Operations Technology Program.

Our people at AEMO are delivering the initiatives and projects outlined in this Strategic Corporate Plan. We are modernising our internal systems and investing in developing our talent to ensure AEMO remains an employer of choice, with the expertise and capability to deliver value to our members and energy consumers.

We welcome your interest in our FY25 Strategic Corporate Plan as we chart the next chapter in Australia's transition to its net zero energy future.

Real-world data shows the renewable resource potential in the NEM has already reached 99.7% of demand... In the Wholesale Electricity Market (WEM) in WA, the renewable potential has already passed 100% of demand.



Mary O'Kane
AEMO Chair

A stylized black ink signature of Mary O'Kane, featuring a prominent 'M' and 'O'.



Daniel Westerman
AEMO Chief Executive Officer

A stylized black ink signature of Daniel Westerman, featuring a large 'D' and 'W'.

AEMO: who we are and what we do

AEMO, the Australian Energy Market Operator, independently manages the day-to-day operation of Australia's electricity and gas networks. AEMO works in the long-term interests of consumers by planning and operating energy systems to ensure that Australians have safe, reliable and affordable energy.

AEMO is an independent, not-for-profit company with its membership comprising state and federal governments (60% voting power) and energy industry participants (40% voting power). Our registered participants pay fees for the services that AEMO provides.

AEMO employs people from diverse backgrounds and professions including engineering, science, economics, accounting, IT, digital and communications. In addition, AEMO has an in-house suite of corporate support services, such as finance, human resources, legal and governance and external relations.

AEMO has three primary functions:

- **operate the electricity and gas systems**
- **operate the wholesale energy markets, and**
- **plan and enable the energy system of the future**

We carry out these functions for the East Coast Gas system and markets and the NEM. On Australia's west coast, we operate the South West Interconnected System (SWIS) and operate the WEM.

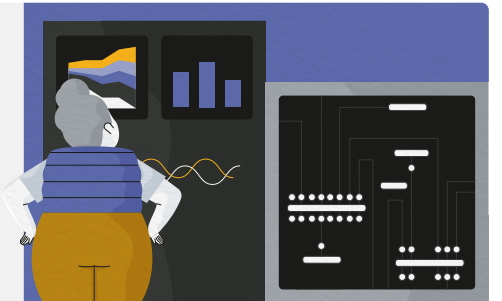
Operate energy systems

- Real-time operations
- System service and security management, monitoring and review
- Engineering analysis, support and modelling
- Monitoring power system operating reserves, gas supply adequacy and operational forecasting
- Emergency and outage management
- Digital and cyber security (AEMO systems)



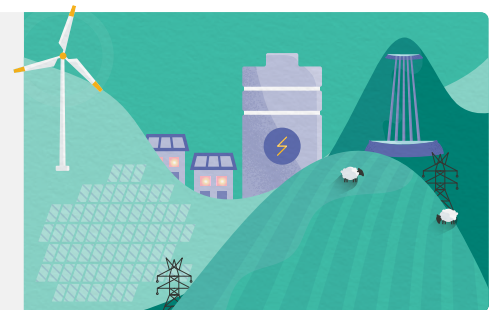
Operate energy markets

- Participant registrations and accreditation
- Market operations and procedures
- Metering, settlements, prudentials and payments
- Market monitoring, advice and analysis
- Modernising digital market systems



Plan and enable the energy system of the future

- Enable the energy transition through the ISP
- Energy system forecasting, modelling and planning
- Network connection enablement
- Technical analysis and resource adequacy assessments
- Statutory and government policy support and integration
- Energy system and market reform consultation and project delivery



Operate energy systems

AEMO operates Australia's principal electricity and gas systems around the clock to match energy supply and demand in real time. It does this for the east coast National Electricity Market and for the west coast Wholesale Electricity Market. AEMO also controls the operation and security of supply for the Victorian Gas Declared Transmission System (DTS).

AEMO control rooms monitor the flow of electricity and gas minute to minute, every day. AEMO never stops. From our control rooms, we manage the essential services that support a secure electricity system, such as frequency control, inertia and system strength, voltage management and system restart capabilities.

The security of Australia's energy systems are paramount, and AEMO invests heavily in its IT operational technology and cyber security to maximise its defences against hostile actors and to ensure control rooms are fit for the future.

Operate energy markets

AEMO operates wholesale markets, where electricity, gas and energy-related services are bought and sold in a competitive environment to keep the cost to consumers as affordable as possible. AEMO schedules the energy at the least wholesale cost, settles trades, and ensures data and information flows between market participants.

AEMO's cyber and digital development teams ensure the security, integrity and functionality of the systems that underpin the market trading.

To support a more secure, resilient and flexible east coast gas market, AEMO was given new powers to help manage the gas system.

The new east coast gas reforms granted AEMO new broad functions including the ability to monitor gas system reliability and system adequacy, signal threats, trade in gas and issue directions across the east coast gas system.

Plan and enable the energy system of the future

Commonwealth, state and territory governments are committed to a net zero economy for Australia by 2050. Recent additions to the statutory objectives in our energy laws also now require AEMO to act in a way that helps achieve governments' emissions-reduction targets.

AEMO collaborates with industry, government, regulators, academia, consumers and community to produce the biennial ISP — a roadmap for the energy transition in the NEM.

The ISP identifies an optimal development path of generation, storage and transmission investments needed to meet the energy needs of homes and businesses as Australia transitions to net zero by 2050.

Utilising these and other technical and market insights, AEMO then works with industry and market bodies on ways to address challenges and harness opportunities in the energy transition. This includes developing cases for change, designing solutions and coordinating the delivery of cost-effective reforms that are integrated and sequenced.

We also assist the WA Government in planning the state's future power system through its Whole of System Plan.

AEMO Services Limited

(ASL) is a subsidiary of AEMO with an independent Board, purpose built to help transform Australia's energy system. ASL's work helps accelerate project plans into new energy infrastructure, in a way that delivers value for energy consumers and host communities alike. ASL provides tender delivery and advisory services, either through statutory roles or distinct service lines sought by governments to meet specific circumstances and requirements.

AEMO and AEMO Services have been engaged to support the roll-out of the Commonwealth Capacity Investment Scheme (CIS) as an advisor and tender delivery partner, bringing together ASL's expertise in energy market design, management, and procurement. AEMO Services is conducting the competitive tender process that will enable the Australian Government to determine which projects the scheme should support, commencing with the SA-VIC Tender and the CIS NEM tender for generation infrastructure.



Transmission Company Victoria (TCV)

is a new company created by AEMO in 2023 to progress the VNI West transmission project. TCV is engaging with landholders, Traditional Owners and the community about the project, which has now entered the Environmental Effects Statement phase.



AEMO's core functions by state



Operate energy systems		WA	SA	VIC	NSW & ACT	QLD	TAS	NT
	Real-time Operations NEM Power Systems		●	●	●	●	●	
	Real-time Operations WEM South West Interconnected System	●						
	Victorian Transmission Network Service Provider			●				
	Real-time Operations Victorian Declared Transmission System			●				
	East Coast Gas Supply Adequacy		●	●	●	●	●	●
	Operational Forecasting and Engineering Analysis and Modelling	●	●	●	●	●	●	
	Operational Reserves and Emergency and Outage Management	●	●	●	●	●	●	
	Cyber Security (AEMO systems)	●	●	●	●	●	●	
Operate energy markets		WA	SA	VIC	NSW & ACT	QLD	TAS	NT
	NEM		●	●	●	●	●	
	WEM	●						
	Gas Bulletin Boards	●	●	●	●	●	●	●
	Gas Retail Markets	●	●	●	●	●		
	Gas Day Ahead Auction		●	●	●	●		
	Gas Short Term Trading Market (STTM)		●		●	●		
	Gas Supply Hubs (GSH)		●			●		
	Declared Wholesale Gas Market (DWGM)			●				
Enable the energy transition		WA	SA	VIC	NSW & ACT	QLD	TAS	NT
	System Planning and Planning Support	●	●	●	●	●	●	●
	Technical Support and Analysis	●	●	●	●	●	●	
	WEM Reforms	●						
	NEM Reforms to Wholesale and Retail Markets		●	●	●	●	●	
	DWGM, STTM, Gas Bulletin Board, GSH and other gas reforms	●	●	●	●	●	●	●
	NSW Consumer Trustee (performed by AEMO Services Limited)				●			
	Tender delivery of the Australian Government Capacity Investment Scheme	●	●	●	●	●	●	

AEMO’s major publications

Interconnection between our major publications

In addition to tracking the outcomes and measures documented in this plan, AEMO will publish the information necessary to fulfil our regulatory obligations and inform our members. AEMO produces a significant number of publications and reports relating to Australia’s energy systems. Please [visit our website for our library of major publications](#).



AEMO's strategy

AEMO's vision of success is an ambitious one: a secure, reliable, low-cost pathway to a net zero energy system that aligns with Australia's targets for renewable power generation, and in a way that maximises the benefits to all Australians.

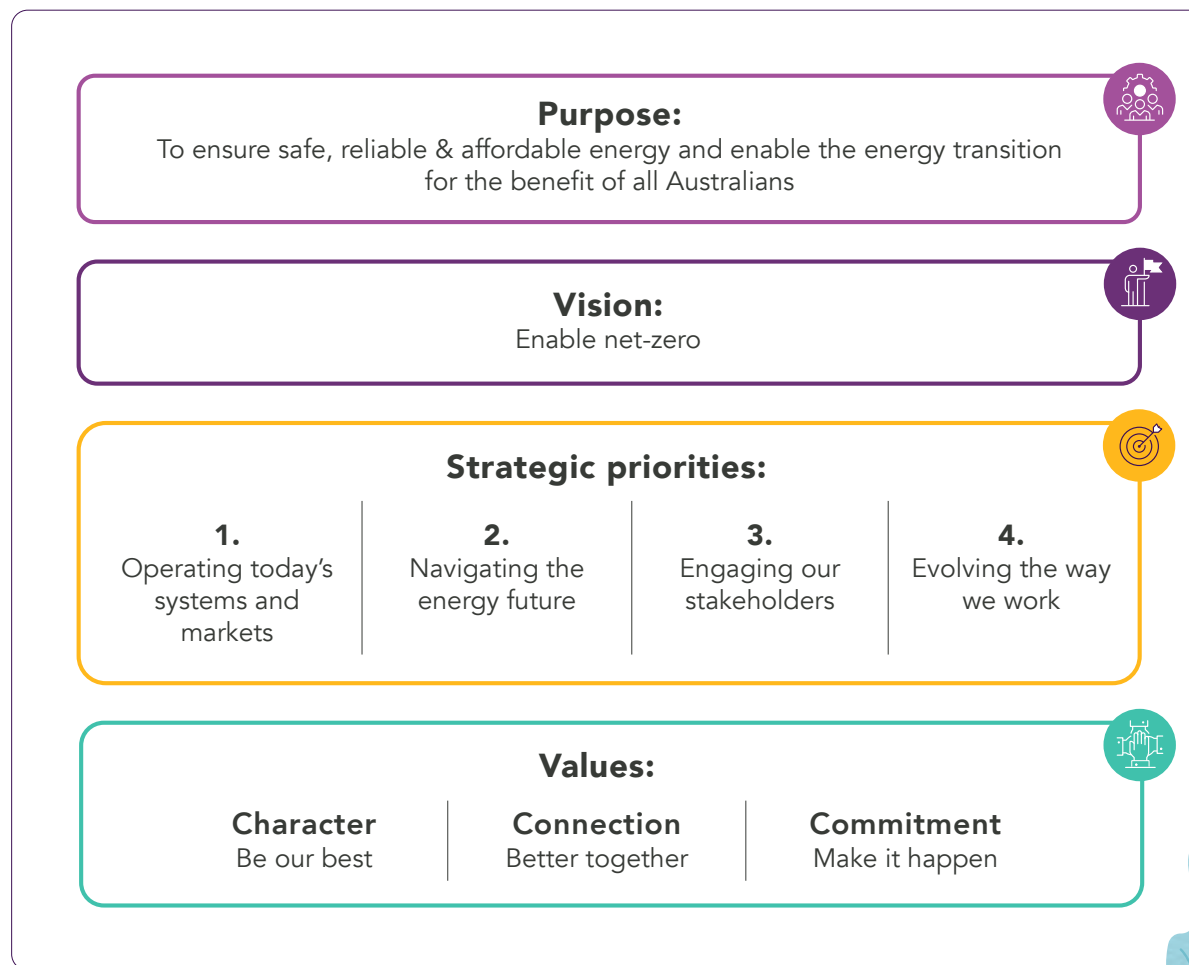
AEMO's strategic framework outlines the guiding elements of AEMO's strategy – our purpose, vision, strategic priorities, and values.

Our purpose and vision describe our 'reason for being' and what we strive for, respectively. Our four strategic priorities remain as relevant as ever and are how we deliver on our purpose and vision: operating today's systems and markets; navigating the energy future; engaging our stakeholders; and evolving the way we work.

We deliver our purpose and vision through our values, which are our core set of beliefs and behaviours that guide how we work and interact with each other, and with our stakeholders. We recognise that no one organisation can manage this energy transition. It requires a group effort between AEMO, governments, industry, market bodies and communities.

Our strategic framework guides our priorities and efforts, ensuring that we effectively work towards the net zero future.

Every person at AEMO has an important job to help us deliver on this strategy, whether it be through operating systems and markets; enabling the delivery of engineering, infrastructure, digital, and market changes; working with our stakeholders; running AEMO; or finding and adopting ways to work better every day, to achieve more with our resources.



AEMO's role in the energy transition

Australia's energy transition is well underway. To replace ageing coal-fired generation and meet growing demand, urgent investment is needed in new renewable energy generation, transmission, storage and flexible gas generation.

The transition is being driven by a combination of government policies, technological evolution, market economics and consumer action. Governments have set 2050 as the target for a net zero economy, with each jurisdiction having interim emissions and renewable energy targets to meet this deadline.

Federal Government policy is a 43% reduction in 2005-level emissions by 2030, with 82% of electricity supplied from renewable sources. On the west coast, the WA Government modelling shows that over 90% of electricity in the WEM could come from renewable sources by 2042.

AEMO has a central role in enabling the transition through its three core functions: operating the system, operating the markets and planning and enabling the future power system. Recent additions to the legislative objectives in our energy laws now require AEMO to have regard to the achievement of government emissions-reduction targets (amongst other things).

This Strategic Corporate Plan articulates the priorities and initiatives for FY25 that guide our actions to ensure safe, reliable and affordable energy today, and enable the energy transition for the benefit of all Australians.

In operating electricity and gas systems in transition — day to day and around the clock — our control rooms gather large volumes of data that are analysed to provide insights into operational conditions and emerging issues. The aim is to keep the systems operating stably and reliably. This is an increasingly complex task as the supply and demand profiles become ever more dynamic with an increasing mix of variable generation and consumption.

Many consumers are taking more direct responsibility for their energy needs, particularly as they increasingly rely on electricity. Consumers continue to invest in rooftop solar (more than 3.1 million in the NEM and almost 500,000 in the WEM), increasingly with battery systems, and the switch to electric vehicles is now becoming more common.

A remarkable fact is rooftop solar is now the largest source of generation capacity in both the NEM and the WEM — overtaking coal-fired generation capacity. These consumer energy resources (CER) are a transformative force in the energy transition, and will be an indispensable part of our future energy system.

As these resources grow, more benefits may flow to consumers with greater orchestration of these resources (actively coordinating charging and discharging). This in turn may reduce the need for larger utility-scale investments, making the most out of consumers' resources.

Presently though, the effect of millions of individual systems feeding into the distribution network presents new operational challenges in maintaining power system stability.

In the NEM, grid-scale wind and solar to increase:

SIX-FOLD

from **21 GW** today

to **127 GW** by 2050

Storage capacity in the NEM to increase significantly:

3 GW

2024

22 GW

2030

49 GW

2050

Rooftop solar and other distributed solar in the NEM to increase:

FOUR-FOLD

from **21 GW** today to **86 GW** in 2050

Our system and markets are also operating in an online world increasingly targeted by hostile actors. Our Cyber and Digital teams are working to keep our operational and market systems secure from intrusion, and modernised so they remain fit for the future.

Planning how the future power system will look and operate, and enabling reforms, is the third way AEMO is enabling the energy transition.

As the nation's independent power system planner, AEMO gathers and analyses data from real time operations to provide valuable insights into emerging issues in the energy system. In turn, these insights and forecasts are shared with governments, industry and interest groups to work together collaboratively on the power systems of the future.

All our data and reports show that as coal-fired power stations retire, renewable generation connected with new transmission, backed up by hydro, batteries and gas, is the lowest-cost way to supply electricity to homes and businesses throughout Australia's transition to a net zero economy.

It is not a case of if but when coal-fired plants retire, and a portfolio of technologies will need to replace them. Retirements have been announced for almost all of the remaining fleet, with about half by 2035 and the rest closed by 2051.

But real-world experience shows they may be withdrawn earlier. Ownership of coal-fired generators has become less attractive, with higher operating costs, reduced fuel security, high maintenance costs and greater competition from renewable energy in the wholesale market.

AEMO's modelling for the NEM indicates as much as approximately 90% of the current 21 gigawatts (GW) of coal capacity would retire by 2035, and all before 2040.

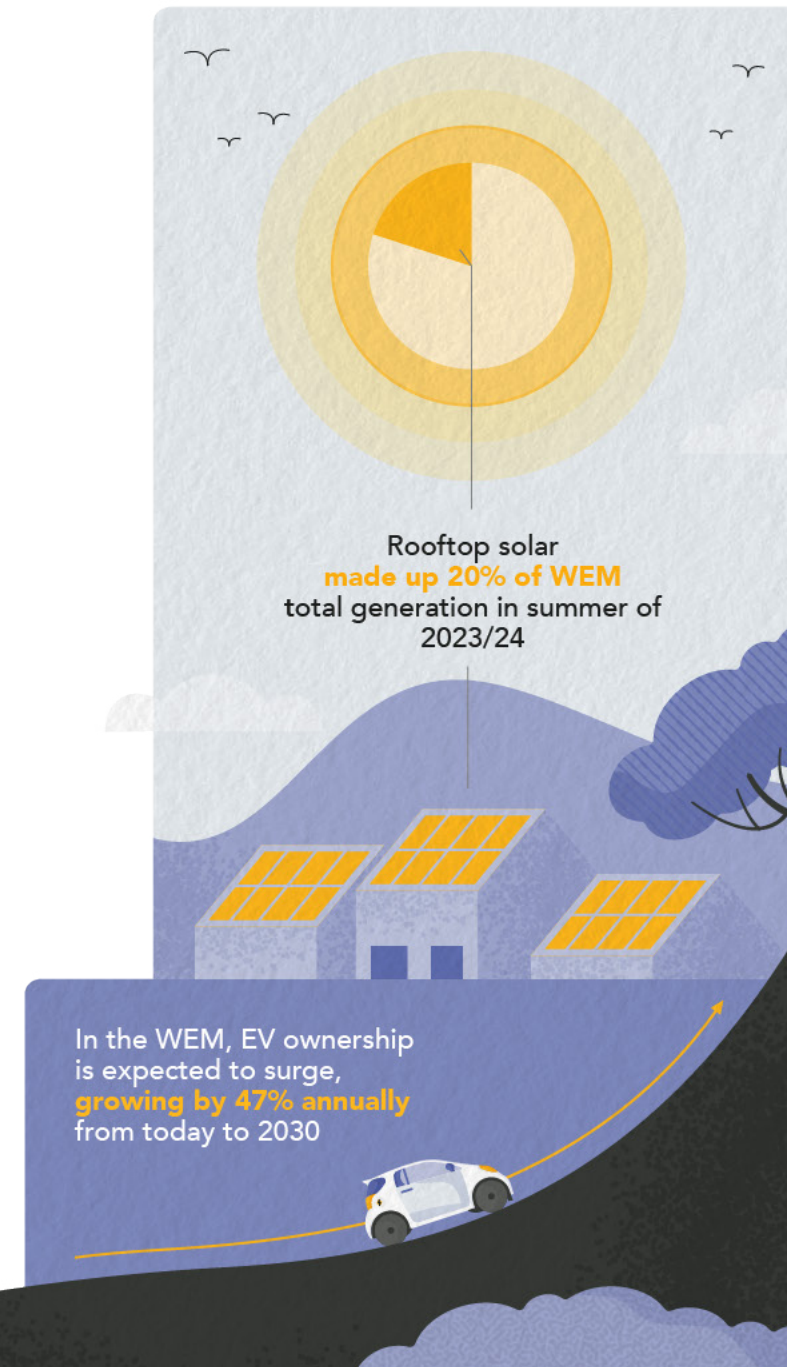
But there is a plan to manage the transition.

AEMO's ISP is a product of extensive collaboration with governments, industry and interest groups.

The ISP seeks to maximise the benefits from new technologies.

These include new transmission infrastructure to connect areas of renewable generation with population centres; renewable energy zones to supply the grid with decarbonised power; batteries, pumped hydro storage and gas-fired generation to store the peaks and fill in in the troughs of weather-dependent generation; and smart ways to handle the world-leading renewable generation and two-way energy flows between the grid, homes and businesses.

At the heart of the ISP is an 'optimal development path' – the least cost path to maintain reliable electricity supply as coal retires and to deliver the energy system needed for a net zero economy. The optimal development path sets out the optimal size, place and timing for the NEM's future assets: the capacity of new generation, storage and transmission needed in the NEM through to 2050.



From this work we know that Australia's energy future will be built on four pillars:

- **Low-cost renewable energy** to take advantage of the abundant wind, solar and hydro resources that Australia has to offer;
- **Firming and backup capacity** such as pumped hydro, batteries, and gas-powered generation to smooth out the peaks and fill in the gaps from that variable renewable energy;
- **New transmission and modernised distribution networks** to connect these new and diverse low-cost sources of generation to our homes, cities and industry; and
- Upgraded power systems capable of running, at times, **entirely on renewable energy**.

But the transition is complex, with four inherent tensions to be managed.

Today and tomorrow: The NEM must operate safely and reliably today while being refitted steadily but surely for tomorrow. The lights must stay on and the gas flowing while the new system is put in place.

The parts and the whole: It must integrate new technologies piece by piece while keeping the whole system stable. It is a highly complex technical challenge to connect and commission new generation, storage and transmission.

Timing is critical to ensure new assets come in ahead of coal retirements. Yet rushing the transition is also risky. Market rules need to be in place and well understood, so that timely investments can be made.

People and populations: It must deliver reliable and affordable electricity for the population, while addressing the concerns of people that host new infrastructure.

Communities are being asked to host infrastructure for Australia's energy future, and share the benefits with new industries across regional Australia and with households and businesses in our cities. Building social licence with communities for the energy transition is vital and a significant part of this Strategic Corporate Plan.

Australia and the world: Australia is not alone in its energy transition: the rest of the world is also racing to decarbonise. There is global competition for the same investment, equipment and engineering skills. Amid government stimulus programs here and abroad, the growing demand for low-carbon technologies will continue to influence costs, stretch supply chains, and test delivery schedules.

The strategic priorities and initiatives outlined in this plan will help AEMO deal with these inherent tensions in order to move the energy transition forward.

The complexity of the transition means AEMO alone cannot solve or action all of the challenges of renewing Australia's energy systems.

AEMO intends to further strengthen its relationships with key stakeholders that include a diverse range of interests, such as federal and state governments, industry, and community and consumer groups.

Given the dynamic rate of change, AEMO will continue to review and refine its systems and processes to be more agile and adaptable to policy, reforms and jurisdictions' own energy plans.

The energy transition must ultimately benefit the people of Australia, and AEMO will work in partnership with key stakeholders to ensure long-term affordability, reliability and security for consumers.



Our priorities at a glance

In FY25, we have continued to organise our efforts around the four strategic priorities established in the past three strategic corporate plans. The strategic initiatives within the four strategic priorities will ensure that we deliver our core obligations and responsibilities, while preparing for the energy systems and market of the future as the energy transition occurs.

The initiatives will also support our engagement and collaboration with our stakeholders, building trust and transparency. Underpinning these will be the continued evolution of our ways of working that builds our skills, improve efficiency and enhance our adaptability and agility.

Each strategic priority includes strategic initiatives that articulate our key areas of focus for FY25 and the relevant measures to track our progress against our investment.





Operating today's systems and markets

Deliver our core responsibilities in accordance with electricity, gas and other laws and rules to ensure safe, reliable and affordable energy for all Australians.

As the energy transition progresses, AEMO continues to work around the clock to keep the lights on and gas flowing for millions of Australians.

Through Australia's changing energy generation mix we are seeing increasing levels of variable renewable energy sources, such as wind and solar power come online at the grid and distribution (or consumer) level. While offering many benefits, this adds complexity in managing system security and reliability during peak and minimum demand periods.

Recent expansions to AEMO's mandated cyber security responsibilities along with broader technological advancements and digital lifecycle management also require an enhanced focus and investments.

In response, AEMO's *Operations Technology Program* will see us deliver a suite of priority projects to modernise our core systems and tools to meet evolving energy system and market needs. Through our *AEMO Cyber Strategy*, we will accelerate our cyber resilience plans and capabilities, whilst also serving to strengthen Australia's broader energy system security through operationalising *Security of Critical Infrastructure (SoCI)* Act obligations.

How we will achieve the outcomes of this priority:

System and Market Operations

We ensure Australia's energy systems and markets are securely and reliably operated in accordance with obligations and standards and in the context of transitioning systems and markets.

- **Manage real time operations** of the systems and markets of the NEM and WEM to meet statutory standards of security and reliability.
- **Monitor and improve AEMO's operational capability** of the NEM and WEM to ensure system security and reliability through effective operational planning and forecasting, congestion and grid modelling, operator training, management of power system conditions (including interim reliability measures) and seasonal analysis and preparation.
- **Effectively manage known and emerging power system risks** by continuing to uplift confidence in modelling and information, reviewing actual and potential power system events and ensuring policies and procedures reflect our latest operational risks.
- **Effectively manage the wholesale and retail market operation functions** including settlement, billing, prudentials, metering and retail market operations to meet all obligations and standards.
- **Manage real time operations of the Victorian Gas DTS and the Victorian DWGM** to maintain gas supply in Victoria, including demand forecasting, system security, safety and emergency response, gas quality, wholesale metering, gas supply adequacy, maintenance coordination and market intervention and incident reporting.
- **Effectively manage and monitor wholesale, retail and secondary trading gas markets** including the Wallumbilla GSH that facilitates gas trading with the Queensland Liquefied Natural Gas (DLNG) producers, STTM hubs to balance gas supply in Sydney, Adelaide and Brisbane, gas pipeline capacity trading and auction systems and gas retail markets and operate the Gas Bulletin Boards.
- **Monitor energy system and market performance** to provide high quality insights and analysis to inform and influence stakeholders through operational incident reports, market insight reports and the QED reports.

System and Market Technologies

We leverage technology and uplift systems to improve the operational efficiency and reliability of energy systems and markets.

- **Modernise technology systems and tools** to meet the evolving needs of Australia's energy markets and systems by planning and delivering prioritised projects under the Operations Technology Program.
- **Ensure operational efficiency and reliability of IT systems operating the systems and markets** by
 - Aligning services, costs, and technology assets
 - Maturing service operations by planning for a universal monitoring capability.

Business Resilience

We strengthen our core systems and processes to be more resilient, including to cyber threats.

- **Ensure effective business continuity and emergency management arrangements** and continue to uplift arrangements and capabilities, reviewing policies and procedures and undertaking emergency response preparation, training, and activities.
- **Reduce market and operational risk of technology-related outages due to obsolescence**, by maintaining and upgrading digital assets, as guided by the Lifecycle Management Process including the Digital Strategic Asset Management Framework.
- **Operationalise AEMO's new SoCI Act roles and responsibilities** across physical, personnel, supply chain and cyber domains.
- **Improved cyber preparedness and resilience across AEMO grids and markets** through the formalisation and codification of AEMO's cyber roles and responsibilities, and continued collaboration with Commonwealth and jurisdictional authorities.
- **Protect AEMO from increasing security threats**, by uplifting our existing security capability through delivery of AEMO's Cyber Strategy and FY25 Cyber Program.



Operating today's systems and markets (cont.)

Our teams will continue to efficiently monitor and manage today's systems and markets and provide valuable insights and support to market participants, including during significant system events, to deliver safe, reliable and affordable energy for all Australians.

Our key business and strategic measures against this priority:

Key measures for FY25	Target
No region-wide system black events	Nil
Maintain energy system security	99.9% of time systems remained within specific requirements
No preventable load shedding	Nil
Achieve operational forecast accuracy	80%
Achieve all material prudential supervision obligations	Nil breaches
Settlement statements issued and settled on time	99.9%
No loss of system and/or market suspension due to preventable cyber incidents impacting AEMO systems	Nil
Improved cyber preparedness and resilience across AEMO grids and markets:	
<ul style="list-style-type: none"> AEMO remains engaged by Home Affairs in key Trusted Information Sharing Network roles 	N/A
<ul style="list-style-type: none"> Participation rates in AEMO run exercises for critical market participants 	75%
<ul style="list-style-type: none"> Participation rates in the AEMO run Australian Energy Sector Cyber Security Framework assessment program for critical market participant 	75%
Maintain high IT system availability for NEM, Gas and WA markets and systems:	
<ul style="list-style-type: none"> AEMO's critical market and system services are available 	99.9%
<ul style="list-style-type: none"> IT Change Management success rate 	97%



Navigating the energy future

Plan the energy system of the future, and support and deliver system and market reforms, investments and improvements to enable Australia's efficient and lowest cost transition to a net zero emissions future.

Australia's governments have committed to achieving net zero emissions by 2050. In addition to requiring significant shifts to underlying energy policies and frameworks, this transition requires innovation, investment and close collaboration between governments, industry and consumers to deliver on and realise its benefits.

AEMO is actively consulting with a broad range of stakeholders to inform and support governments on key NEM, WEM and gas related policies and reforms, including those related to CER, connections, future market design and the transition to operating power systems at times of up to 100% instantaneous penetration of renewables.

In our delivery partner roles to the Commonwealth's CIS and NSW Consumer Trustee (through ASL), we are supporting governments, investors and industry to deliver on the urgent investments needed to meet emissions targets and enable ongoing safe, reliable and affordable energy.

How we will achieve the outcomes of this priority:

Energy system design

We plan, consult and advise on future energy system needs and continually improve and streamline the planning processes.

- **Deliver high quality, timely network planning advice and reliability outlooks** through AEMO's publications including the 2025 IASR, ESOO, GSOO, VGPR, WEM ESOO and WA GSOO with an enhanced focus on social licence, gas and electricity interactions and emissions reduction (as reflected in the National Electricity Objective and the new WA State Electricity Objective).
- **Monitor progress relative to AEMO's planning advice** by tracking outcomes and investment progress against forecasts and actions highlighted in our publications to inform industry, jurisdictions and other market participants.
- **Deliver support roles for jurisdictional plans, initiatives and roadmaps**, providing advice and input as required.
- **Progress initiatives from the future power system modelling strategy** to ensure modelling capability is available and fit for purpose for future needs to support the transition to renewables.
- **Progress prioritised initiatives under the Engineering Roadmap to 100% Renewables and the SWIS Roadmap** to enable secure power systems capable of operating at times at 100% instantaneous penetration of renewables.

Reform Delivery

We efficiently and effectively deliver mandated and essential reform programs on time and on behalf of the industry as required, with a strong focus on efficiency and reducing costs to industry and consumers.

- **Deliver and embed NEM, WEM and gas reforms**, and commence planning of next tranche reforms together with industry through Reform Implementation Roadmap to **proactively support cost-effective reform development and delivery, reducing overall implementation costs.**
- **Effectively transition implemented reforms** into operations and successfully embed process, procedure and system changes for AEMO and industry.

Reform Collaboration

We work with market bodies, industry and governments to develop and influence the design of critical reforms.

- **Collaborate with industry and governments on CER reform**, supporting the establishment of the CER Taskforce, progressing technical and market reforms including sharing learnings from Project Edge in the NEM and Project Symphony in the WEM to inform reforms.
- **Collaborate with government and industry to design the Tranche 2 East Coast Gas System reforms** including progressing design and development of further supply adequacy and reliability measures.
- **Support the government to consider the future of the wholesale market reforms** in the NEM and the WEM by providing technical and operational analysis to inform reform options and design.
- **Collaborate with market bodies, governments, industry and consumer representatives** on regulatory or rule change proposals and changes.

Connections

We transparently inform, cooperate and provide timely responses to all participants throughout the grid connection process while seeking improvements and streamlining.

- **Deliver timely, customer focused national onboarding and grid connection processes** that progress the connection of new generation and improve transparency of the connections pipeline. Similarly in Victoria, execute AEMO's responsibilities for progressing connections to the Victorian transmission network.
- **Deliver incremental and major improvement in the connection process to accelerate connections**, including the interface with developers, original equipment manufacturers and network service providers in the WEM, NEM and Victoria and continue to implement the prioritised key initiatives identified in the Connections Reform Initiative Roadmap jointly developed by AEMO and the Clean Energy Council, the Engineering Roadmap to 100% Renewables and WA Energy Transformation Strategy.



Navigating the energy future (cont.)

Through our major publications such as the ISP, ESOO, GSOO, QED and system security reports, we continue to deliver insights critical to assist policymakers, industry and consumers to understand current system and market trends, identify emerging challenges and opportunities, and contribute to shaping Australia's energy future.

As Victorian Transmission Network Planner and through our subsidiary TCV, we are engaging directly with local landholders and communities to deliver critical transmission projects that positively contribute to power prices, economies and energy security, while simultaneously working with VicGrid as part of the Victorian Government's intended transition of these key functions to VicGrid (pending legislative change).

Work is also well underway to prepare for the 2026 ISP, including significant uplifts driven by the Commonwealth's ISP Review that will see its scope encompass more than ever before.

How we will achieve the outcomes of this priority (cont.):

Victorian Transmission

We deliver on our unique role of planning of the Victorian transmission network to effectively plan transmission network infrastructure.

- **Progress Victorian major transmission projects in a timely, cost effective and community orientated manner** (VNI West and Western Renewables Link) to ensure the transmission network meets future reliability and security requirements given the accelerating energy transition.
- **Deliver AEMO's unique Victorian transmission network planning role** by meeting all statutory obligations under the defined planning process and methodology, including preparing the VAPR and regulatory investment tests for transmission, ensuring close engagement with stakeholders and consumers.
- **Progress recommendations under the Victorian Transmission Investment Framework (VTIF)** including interim process improvements, transitional arrangements and consolidation of functions.

Tender Services

We plan and procure investment to support the energy transition

- **Deliver on core obligations and responsibilities as the NSW Consumer Trustee** by partnering, planning and procuring energy investment to deliver the transition.
- **Deliver on core obligations and responsibilities as delivery partner for the Capacity Investment Scheme** by partnering, planning and procuring energy investment to deliver Australia's energy transition.

Our key business and strategic measures against this priority:

Key measures for FY25	Target
High priority projects and initiatives delivered to scope, on time and to budget	Deliver 8 high-priority projects on time, to scope and budget
Achieve the FY25 initiatives to prepare for 100% instantaneous renewable penetration	>75% of initiatives complete
Delivery of NSW Consumer Trustee functions and obligations to the satisfaction of the NSW Government	Program delivered to the satisfaction of the NSW government
Delivery of the CIS tender program to the satisfaction of the Commonwealth Government	Program delivered to the satisfaction of the Commonwealth government
Improving connection process and satisfaction:	
<ul style="list-style-type: none"> • Increase from FY24 in projects that complete each of the three connection phases within the Target Timeframes (Target timeframes: Application phase – 8 months; Registration phase – 4 months; Commissioning (reach full output) phase – 3 months) 	20%
<ul style="list-style-type: none"> • Proponent satisfaction score 	70%
Effective delivery of AEMO's Victorian declared network and <i>National Electricity (Victoria) Act 2005</i> functions	85% of agreed outcomes delivered



Engaging our stakeholders

Be a trusted partner working with our stakeholders to deliver better energy outcomes for consumers and the community.

As the energy transition progresses, the stakeholder landscape is evolving and growing. Tackling the increasingly complex challenges of the transition requires genuine collaboration and cooperation with and between market bodies, industry participants, jurisdictions and consumers.

As a trusted source of technical expertise for our stakeholders and jurisdictions, we will continue engaging transparently, openly and collaboratively to deliver the best outcome for all Australians.

AEMO is committed to contributing to the social licence needed for the transition by ensuring that consumers and communities are heard and understood, and that the distribution of benefits and costs of the transition are kept front-of-mind.

How we will achieve the outcomes of this priority:

Enhance trust in AEMO

We enhance trust by delivering value to consumers, members and stakeholders, and by working with jurisdictions and stakeholders to achieve positive energy transition outcomes.

- **Continue to enhance AEMO's relationships and trust with governments, industry, and energy consumers to deliver key priorities and critical reforms**, including by collaborating closely to enable CER integration, offering insights towards key policymaking, and engaging deeply with consumer advocates and broader industry to shape the 2026 ISP.
- **Uplift AEMO's engagement and communications capabilities** by continuing to enhance our internal stakeholder knowledge base, engagement practices, providing more streamlined opportunities for stakeholders to engage through our forums and committees and empowering our people to help share AEMO's priorities and critical role in enabling the energy transition.
- **Continue to work closely with industry participants** to deliver on our key system design, reform and operational programs of work and enable the energy markets and systems of the future.

Enhance awareness and understanding of the energy transition

We enhance stakeholders' awareness and understanding of the energy transition.

- **Improve understanding and reach of AEMO information and publications** by ensuring that our major reports (e.g. ESOOs, GSOOs, ISP) and collateral are written for broad audiences, accessible through a variety of channels, and underpinned by timely stakeholder communications and engagement.
- **Build greater understanding and awareness** of the energy transition with consumers and the community by delivering engaging content through AEMO channels and establishing an energy transition hub to curate AEMO's consumer facing material.

Embed a consumer and community focus

We enhance our focus on the energy consumer and the community, and support social licence for the energy transition.

- **Embed a more consumer-focused mindset in AEMO's decision-making and ways of working** by delivering an organisation-wide engagement approach that raises awareness of key social licence, consumer and community matters, and delivers targeted consultation opportunities that enhance our consumer-centric thinking and outcomes. This includes supporting good practice community engagement and communications where we have the remit to act, for example in delivering the VNI West and Western Renewables Link electricity transmission projects.

Our key business and strategic measures against this priority:

Key measures for FY25	Target
Achieve improved weighted stakeholder perceptions	Stakeholder perception score of 70%
Enhance transparency, accountability, collaboration with stakeholders	Stakeholder satisfaction score of 70%
Enhance broader reputation and credibility	Media impact score of >1.5
Engage effectively on delivery of our core roles	Stakeholder satisfaction scores of 70% in relation to the ISP, NEM Reform, WA operations, system planning and reform, and NEM operations engagement activities



Engaging our stakeholders (cont.)

Maturing our approach to stakeholder engagement and measurement.

AEMO recognises that listening to, understanding and collaborating with our stakeholders is essential to improving what we do and how we do it.

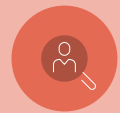
In early 2024, we publicly launched our Stakeholder Engagement Framework and Principles, highlighted in the box opposite. The Framework and Principles outlines the purpose, principles and values that guide our approach to engagement, and which we invite all stakeholders to hold us accountable to.

Similarly, in FY25 we have also expanded on our stakeholder success measures to better capture and respond to matters of both strategic and core business focus for our members and stakeholders.

Looking forward, we will continue to evolve our approaches and ways of working to ensure we are meeting stakeholder expectations, acting on improvement opportunities, and working together to deliver better energy outcomes for Australians.

AEMO Stakeholder Engagement Framework and Principles

Engagement Principles in action



Credible

- We engage genuinely, with honesty, authenticity and humility.
- We are open and transparent about our information.
- We are intentional in our engagement and clear about which decisions stakeholders can and cannot influence.



Reliable

- When we make decisions, we explain them openly, clearly and in an accessible way.
- We provide a coordinated, consistent service to stakeholders so that engagement with AEMO is effective and efficient for all.
- We provide information in a timely manner, treat stakeholder queries as important and respond in reasonable timeframes.



Staying close

- We are flexible and pragmatic when solving our stakeholders' problems.
- We meet with stakeholders regularly so we understand their perspectives and expectations and how we can offer value.
- We ensure multiple relationships between AEMO and stakeholders.



Self-aware

- We learn from our stakeholders through our engagements and apply those learnings.
- We treat our stakeholders' success as our own and help them achieve their objectives.
- We take a view of what is best for consumers and the energy system as a whole. We are aware of our limitations and consider whether other organisations are better placed to deliver on some things.

To see AEMO's Stakeholder Framework and Principles in full, visit the [AEMO website](#)



Evolving the way we work

Be an adaptive, effective, commercial and consumer-focused organisation that delivers value and contributes to a more inclusive and sustainable energy future.

As well as delivering on Australia's changing energy needs, AEMO is committed to caring for our people, environment and communities.

Through our diversity, wellbeing and workforce strategies, we seek to promote the safety, health, and wellbeing of our people, and foster a culture that is adaptive, inclusive and enables the ongoing success of our people and organisation.

In developing our first Environment, Social & Governance (ESG) Strategy, we are actively working to contribute to the decarbonisation of Australia's energy systems and drive better practice governance, risk management, and value for money for our members and consumers.

We will build on our inaugural Reflect Reconciliation Action Plan (RAP), launched in 2024. Our RAP journey will see us build our understanding of Aboriginal and Torres Strait Islander cultures, histories, experiences and perspectives, and develop closer relationships with First Nations peoples and groups across the country, to inform and shape our reconciliation journey.

Underlining this all, we will continue to invest in our people, practices, processes and technologies to nurture talent and leadership capabilities, drive efficiency and effectiveness in what we do, and deliver experiences that make it easy to work with us and each other.

How we will achieve the outcomes of this priority:

Talent, capabilities, and culture

We strive to be an inclusive, adaptive and stakeholder focused organisation, attracting, empowering, developing, and retaining, talent for AEMO's current and future business requirements.

- **Continue to implement AEMO's Strategic Workforce Plan** so that AEMO attracts, recruits and develops emerging talent to ensure it has the right capacity, skills and experiences, to deliver on AEMO's Strategic Corporate Plan and longer-term strategy.
- **Continue to uplift employee engagement and build alignment** through enhanced employee engagement opportunities and leadership development, as evidenced by an uplift in employee engagement scores and action on focus areas.
- **Deliver the pillars of the Diversity, Equity and Inclusion strategy** which positions AEMO as a leader in the energy sector.
- Deliver on the commitments outlined in the **Reflect RAP** and commence the development of **AEMO's Innovate RAP**.
- Develop and deliver AEMO's **ESG Strategy**.
- **Deliver the AEMO Safety, Health and Wellbeing strategy** with a particular emphasis on mental health and wellbeing and psychological safety in the workplace.

Process and system improvement

We modernise our systems and processes to reduce effort and costs, make AEMO easier to do business with and make AEMO an even better place to work.

- **Continue to mature the capability** of the organisation to respond effectively to the internal and external change/transformation agenda, and the capability of the Enterprise Portfolio Office to effectively support, facilitate and drive that change agenda.
- **Uplift capability for corporate functions, enabled through modern technology**, including a new Finance Enterprise Resource Planning solution.
- Continue to uplift our **risk management capability and culture** through embedded risk appetite, enhanced operating model, and new Governance, Risk and Compliance technology.
- **Deliver Year 3 of the Digital Evolve Strategic Action Plan priority initiatives delivering efficiencies and maturity uplifts** across cyber security, IT service management, IT operations management, digital risk & budget, workforce prioritisation, capabilities and processes.
- **Mature and uplift AEMO's data capabilities** (and drive data cost efficiencies), through the implementation of AEMO's Data and Artificial Intelligence (AI) Strategies.

Financial Health

We are prudent and efficient at delivering outcomes within agreed budgets, seeking to minimise the overall cost to consumers and building transparency.

- **Deliver outcomes within the agreed budget**, embedding efficiency improvements and in line with published fees.
- **Clearly demonstrate the value AEMO provides to energy consumers and members** with appropriate governance measures and risk management methodology, including through the WA allowable revenue process.
- **Commence NEM General participant fee consultation**.



Evolving the way we work (cont.)

The way we work

How we work in delivering our Strategic Corporate Plan is underpinned by our values.

Character goes to the essence of our professionalism. Through our expertise we seek to be honest and authentic, tackle tough challenges, strive to do better, and make a difference for others.

Connection describes the ways in which we seek to collaborate with stakeholders and each other. Working together, we want to cultivate an atmosphere of trust, learning, continuous improvement and wellbeing.

Commitment reflects the way we put people at the heart of our thinking. It means are evidence-led and transparent in what we say and do, hold ourselves accountable, and help others to succeed.

Character. Connection. Commitment. These are our compass bearings in our day-to-day actions and to help guide us when we face the uncertainties of the future.



Character Be our best

We bring our **professional expertise** to make a difference

We consistently **strive to be better**

We thrive on **the tough challenges**

We are **flexible** and **pragmatic**

We are **honest** and **authentic**

We are **inclusive** and **value difference**



Connection Better together

We work as **one team** across the AEMO group

We **actively engage** with **colleagues** and **stakeholders**

We prioritise the **safety** and **wellbeing** of **ourselves** and **others**

We **build trust** and **trust others**

We **support** and **learn** from **each other**

We **challenge respectfully** and **constructively**



Commitment Make it happen

We put the **needs** of **consumers** and **communities** at the **core** of our thinking

We balance **evidence**, **timeliness**, **cost** and **risk**

We **set clear goals**, **take ownership** and **do what we say we will do**

We **find better ways** to **get things done**

We are **transparent** and **responsive**

We **invest in our people**

Our key business and strategic measures against this priority:

Key measures for FY25	Target
Continue to strengthen Health, Safety and Wellbeing performance of AEMO	Effective
AEMO employee engagement	Employee engagement score of 73%
Achieve FY25 Expenditure Budget (net of recoveries)	Meet Budget
Achieve all material legal and reporting obligations	No material obligations breached

Governing our organisation

Governance

AEMO is governed by a Board of Directors, which are supported by a robust and fit-for-purpose governance framework. The Board and its Committees balance oversight of AEMO’s policies, budget, fee structures and long-term strategy with management’s delivery of AEMO’s key organisational objectives and responsibilities, including business performance, risk management, stakeholder engagement and compliance.

Our FY25 Strategic Corporate Plan represents our Statement of Corporate Intent, which reaffirms the priority the Board and leadership place on meeting AEMO’s core obligations and evolving responsibilities. In collaboratively supporting energy transformation, fostering strong stakeholder relationships and delivering an efficient and cost-effective organisation, AEMO has uplifted its engagement and transparency with stakeholders to demonstrate responsible stewardship.

As AEMO’s role and responsibilities have increased, integration of subsidiary entity governance at a group level has been a key focus. Initiatives to evolve group governance policy, risk reporting and broader corporate governance continue and are expected to contribute to an enhanced standard of governance across the group. While a sustained focus on cyber risk and resilience has continued to further strengthen digital oversight and investment, AEMO has committed to establishment of its ESG program and climate reporting to demonstrate its commitment to transparent communication and building a resilient and sustainable business.

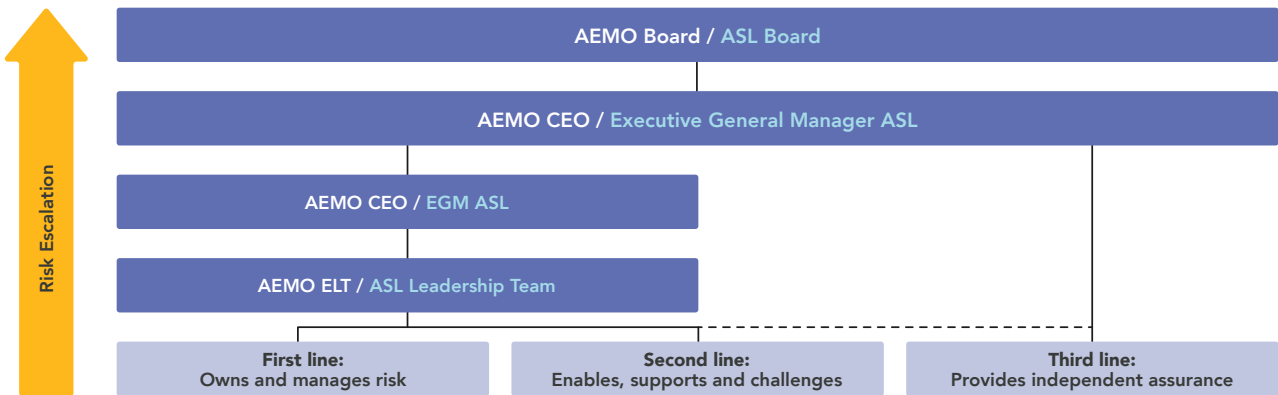
Risk statement

AEMO is embedding a ‘top down, bottom up, horizontally aligned’ approach to risk governance.

We have implemented the Three Lines model of risk governance to ensure we have comprehensive coverage over our risk exposures, with clearly articulated roles and responsibilities for all employees at AEMO.

Our risk strategy, framework and processes are set at the enterprise level, with implementation and operationalisation owned by AEMO’s divisions and subsidiaries:

Risk Management Structure at AEMO and ASL



- **First line:** AEMO’s divisions and project teams are responsible for owning and managing of risk. Our Executive General Managers and Group Managers have primary first line accountability for the management and oversight of risks within their area of responsibility.
- **Second line:** Specialist teams, including the Group Risk and Compliance team, provide expertise, support, monitoring and challenge regarding risk management activities. The second line also facilitates the coordination and management of cross-divisional risks and are responsible for executive and Board reporting on risk and compliance.
- **Third line:** Internal Audit provides independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management. Consistent with ASX and Not-for-Profit corporate governance principles, this includes examining, evaluating, and providing assurance over risk management, internal control and governance processes.

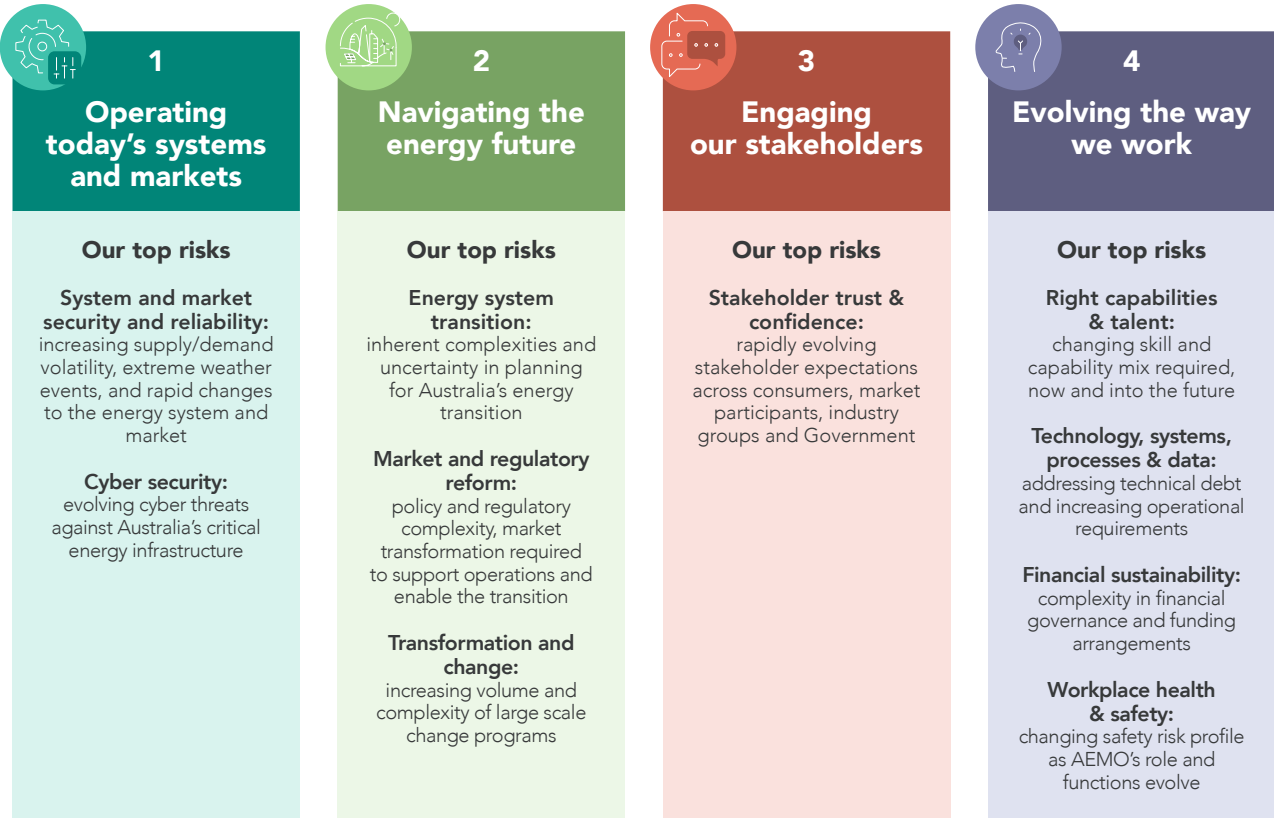
At AEMO, we are anchored by our purpose to ensure safe, reliable and affordable energy and enable the energy transition for the benefit of all Australians. To deliver on this, AEMO has a dynamic, forward-looking risk management approach which embeds risk into every business activity, decision, function, and process. Our risk management approach is aligned to the ISO 31000: 2018 Risk Management standard.

AEMO is committed to fostering a proactive, outcomes-focused, and robust risk culture where every employee understands and manages risk.

AEMO’s risk framework seeks to empower our employees to make risk informed decisions. Risk is inherent in AEMO’s purpose and mission, not something to be avoided entirely. Our Board approved risk appetite provides a pragmatic, forward-looking approach for effectively balancing risk and opportunity, and informs key decisions such as system design, operational planning, reform agenda, cyber defence, investment briefs, project delivery and strategic workforce planning.

As part of the FY24 Strategic Corporate Plan, a comprehensive risk blueprint was developed and endorsed by the Board and ELT to establish a strategy and roadmap for continuing to evolve our risk management maturity. The risk blueprint defines key actions to be undertaken to:

1. Continue to strengthen the linkage between our long-term strategy and risk.
2. Transparently manage risk and opportunity according to our defined risk appetite.
3. Elevate our understanding and accelerate our response to critical risks facing AEMO and the energy transition.
4. Build a risk aware culture, improved risk capability and enhanced risk ownership.



Prioritising our top risks

In order to navigate the inherent uncertainties facing the energy industry in our journey to net zero, we will maintain a clear focus on our top risks. These risks are considered through the lens of our purpose to ensure safe, reliable and affordable energy and enable the energy transition for the benefit of all Australians.

Our top risks are aligned and managed according to our Strategic Corporate Plan priorities. Additionally, our FY25 Strategic Corporate Plan initiatives provide transparency and accountability over key actions we will take to address them.

As the energy industry, threat landscape, and stakeholder expectations evolve, we will continue to enhance our focus on new and emerging risks, including:

- Expanding our understanding of its key drivers through scenario analysis;
- Enhancing the use of our key risk indicators and analytics to drive decision making; and,
- Improving our risk and compliance technology capabilities.

FY25 budget summary

Budget overview

AEMO's budget establishes the annual revenue requirements for performing AEMO's core functions and priorities related to operating the NEM, WEM and East Coast Gas systems and markets, and for designing and reforming them for our future renewable energy network. Our revenue requirement reflects the anticipated costs for performing these functions.

The budget also includes ongoing investment in key organisational capabilities that are essential for the secure and reliable operation of Australia's energy systems and markets, such as in our digital systems and cyber security.

In the FY25 budget, AEMO anticipates a full recovery from the accumulated deficit in the NEM Core segment, as we promised stakeholders in 2022. This will be achieved while AEMO's responsibilities have grown and expanded in response to the energy transition during this time and will continue to do so as it progresses. The accelerating transition is also creating a more complex environment, creating additional pressure on our costs.

In this context, the recovery will be achieved by continuing to exercise financial discipline, and prudent and efficient operations, driven by a continued focus on enabling least-cost energy for consumers.

Also of note in the FY25 budget, is the inclusion (via depreciation and amortisation) of capital costs in the NEM, East Coast Gas and WA Reform programs within the respective segments, reflecting the deployment of major projects over the last 12 months and which are anticipated to be deployed during FY25.

Depreciation and amortisation will continue to grow as reforms are deployed in preparation for a net zero future.

In the FY25 budget we have separated the cost of AEMO's NEM Onboarding and Connection obligations from the NEM Core segment to provide increased clarity for participants, as these costs are recovered directly from connecting market participants.

The budget sets the revenue requirements for the NEM Core, NEM Functions and East Coast Gas segments. For completeness and transparency, the budget also includes the revenue requirements for Western Australia's WEM and Gas Services Information (GSI) segment, and the Victorian Transmission Network Service Provider segment, however, the revenue requirements for these segments are determined through alternative processes.

AEMO's revenue and fees model

AEMO is a not-for-profit organisation, operating on a full cost-recovery basis. As a member-based organisation, funded by registered participants, we are committed to transparent and accountable financial and risk management.

AEMO's revenue requirement is determined by establishing efficient and prudent levels of expenditure associated with the functions and services it provides in each of the segments it operates.

Costs incurred for each segment are recovered by fees paid by participants and applied according to the established fee structures for the relevant segment.







Fee structures for segments are set, in consultation with stakeholders, and are relevant to the market participants who benefit from the functions performed in the segment. The fee structures determine the proportion of revenue to be paid by each type of participant and on what basis the fee will be allocated. Discreet fee structures create transparency for participants.

AEMO's capital investments and short-term working capital requirements are primarily for digital assets and are facilitated through debt financing. Capital investment costs are incorporated in revenue requirement via depreciation and amortisation after the project has been delivered. This spreads the recovery of capital investment costs over the life of the asset, enabling more stable revenue requirements from year to year.

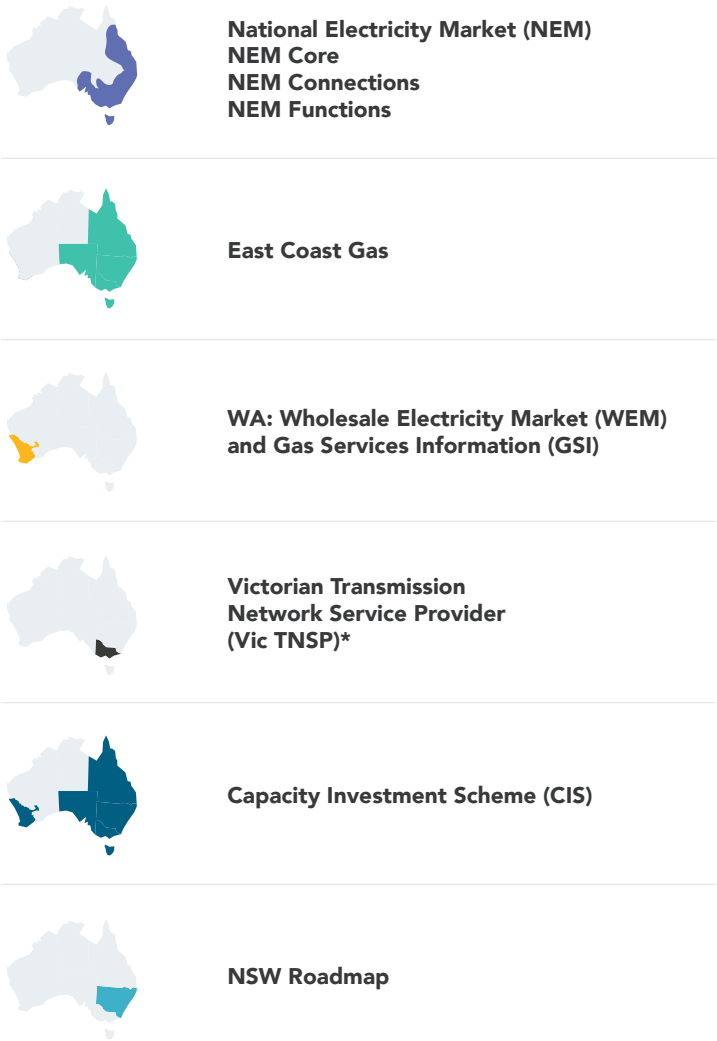
[AEMO's full budget is available on our website.](#)

Budget by segments

AEMO's budget is structured around segments. The segments are:

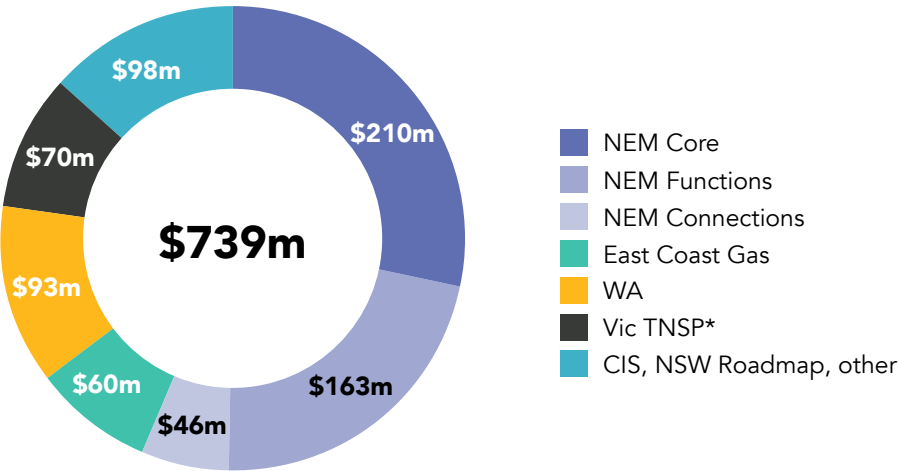
National Electricity Market (NEM) NEM Core NEM Connections NEM Functions	East Coast Gas	WA: Wholesale Electricity Market (WEM) and Gas Services Information (GSI)	Victorian Transmission Network Service Provider (Vic TNSP)*	Capacity Investment Scheme (CIS)	NSW Roadmap
 <p>NEM Core</p> <ul style="list-style-type: none"> Managing power system security and reliability. Markets operation and systems. Wholesale metering, settlements, and prudential supervision. Near-term energy forecasting and planning. <p>NEM Connections</p> <ul style="list-style-type: none"> Assessing and negotiating performance standards to ensure power system security. Providing information on establishing or modifying connections to the transmission and distribution networks in the NEM. Contributing to the assessment of simulation models of power system plant and associated control systems. Commissioning and post-commissioning activities Onboarding new connecting parties through registration process. <p>NEM Functions</p> <ul style="list-style-type: none"> National transmission planning. Management of five-minute settlements. Trading in Settlements Residue Auction. Management of the NEM Reform Program. Facilitation of retail market competition. Provision of a consumer data platform. Planning the integration of CER into the NEM. 	 <ul style="list-style-type: none"> Operating the Victorian DWGM and Declared Transmission System. Facilitating the STTM and day ahead auctions. Operating GSH and Capacity Trading Platform. Facilitating retail market competition. Developing the GSOO. Administering change proposals for the Operational Transportation Service Code. 	 <ul style="list-style-type: none"> Market operations: operating and settling the Reserve Capacity Mechanism and managing the buying and selling of electricity in the Short Term Energy Market, and new security-constrained, co-optimised real-time market for energy and essential system services. Power system operations: maintaining the SWIS in a secure and reliable state, working alongside the network operator (Western Power). Long-term planning for system security and reliability in the SWIS and WEM. GSI functions: operating the WA Gas Bulletin Board and preparing the WA GSOO. 	 <p>AEMO has a unique role in Victoria. It ensures the Victorian transmission network is planned in an efficient way for the benefit of all Victorian electricity consumers by:</p> <ul style="list-style-type: none"> planning future requirements for the declared shared network. procuring augmentations and non-network services. procuring system strength transmission services in Victoria. delivery of the VNI West project through a wholly owned subsidiary, TCV. 	 <p>The Australian Government has engaged AEMO to administer CIS competitive tender processes, including to recommend projects to the Australian Government consistent with tender guidelines.</p> <p>The CIS is designed to attract and accelerate investment in renewable energy infrastructure across Australia to deliver the energy transition.</p> <p>AEMO Services is conducting the competitive tender process that will enable the Commonwealth to determine which projects the scheme should support, commencing with the SA-VIC Tender.</p>	 <p>ASL was appointed as the Consumer Trustee by the New South Wales (NSW) Government, giving it a central role in NSW's energy transition.</p> <p>As the NSW Consumer Trustee, ASL coordinates planning of long-term investment in generation and storage in NSW, designs and conducts competitive tenders to facilitate this investment, undertakes authorisation of Renewable Energy Zone transmission infrastructure, and provides financial risk management and advice.</p> <p>This work is performed under a duty to protect the long-term financial interests of NSW electricity consumers.</p>

Budget by segments (cont.)

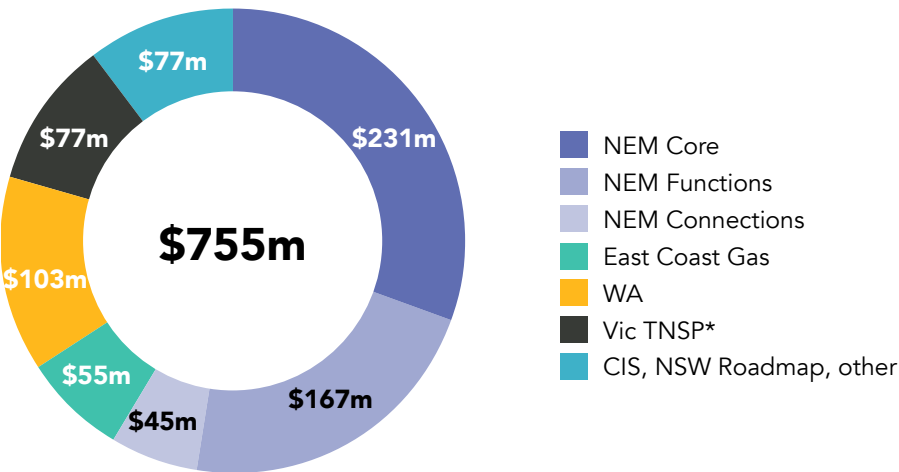


*Vic TNSP segment includes TCV, a wholly owned subsidiary focused on accelerating the delivery of the VNI-West program.

FY25 budgeted operating costs by segment (\$m)



FY25 budgeted revenue requirement (operating costs +/- surplus/deficit) by segment (\$m)



Investing in Australia’s energy future

AEMO is investing across four key programs of work, as we prepare the markets and our operating and business systems for a renewable energy future. These are:

- **NEM and East Coast Gas reforms:** NEM Reform is a large scale, complex, industry-wide program, supporting the transition of the NEM and bringing Australia closer to a net zero future. It includes Energy Security Board reforms, which are the core of the program, related initiatives to support these reforms and regulatory reform initiatives. AEMO has in place the Reform Implementation Forum and Reform delivery committee which forms part of our NEM reform program forums to support the implementation of the NEM Reform.

These forums and committees focus on the program, from strategic planning and risk mitigation to implementation planning and implementation. East Coast Gas reforms are focused on supporting a more secure, resilient and flexible east coast gas market, recognising the vital role gas has in enabling the energy transition.
- **WA reform:** This reform program has delivered a new wholesale electricity market for the SWIS that addresses today's security and market effectiveness challenges and is ensuring the delivery of secure, reliable, sustainable and affordable electricity for years to come. In parallel, AEMO is enabling CER and new technologies to be an integral part of the SWIS and delivering further reforms to improve the effectiveness of the WEM, such as reforms to the Reserve Capacity Mechanism.
- **Market operating systems modernisation:** AEMO's Operations Technology Program is modernising our operating technology systems and tools and increasing systems capability, to ensure we can maintain a secure, reliable, resilient, safe and flexible operation as system volatility and complexity increases. Key program of activities in FY25 include intelligent alarming, gas transmission simulators, wide area monitoring and Energy Management System upgrades among others.
- **Business systems modernisation:** AEMO is upgrading and modernising its core business systems, particularly its cyber defences, to ensure we can maintain efficient operating systems.

A full list of AEMO's major programs and initiatives is available on our [website](#).

Table 1. AEMO’s FY25 investment plan

Program	Budget FY24 \$m	Budget FY25 \$m	Variance \$m	Variance %
Reform Delivery (NEM and East Coast Gas)	69.8	73.9	4.1	5.9%
WA program	36.2	32.1	(4.1)	(11.3%)
Designing and modernising market operations systems	27.7	48.8	21.1	76.2%
Modernising business systems	23.7	25.2	1.5	6.3%
AEMO capital expenditure	157.4	180.0	22.6	14.4%
Project-related operating costs [#]	17.5	38.6	21.1	120.6%
Total investment expenditure*	174.9	218.6	43.7	25.0%

[#] Project-related operating costs includes items that are software-as-a-service, feasibility studies and costs that are attributed to be operating in nature during the delivery of the investment program. These costs are captured as operating expenditure in the FY25 Budget and Fees document but are shown in this table to provide a more complete picture of project costs.

* VNI West capital expenditure is budgeted within TCV, a wholly owned subsidiary of AEMO, and will be funded by a separate concessional facility.

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