

Strategic Corporate Plan FY26

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



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Acknowledgement of Country

We acknowledge the Traditional Custodians of the land, seas and waters across Australia. We honour the wisdom of Aboriginal and Torres Strait Islander Elders past and present and embrace future generations.

We acknowledge that, wherever we work, we do so on Aboriginal and Torres Strait Islander lands. We pay respect to the world's oldest continuing culture and First Nations peoples' deep and continuing connection to Country; and hope that our work can benefit both people and Country.



'Journey of unity: AEMO's Reconciliation Path'
by Lani Balzan

AEMO is proud to have launched its first Reconciliation Action Plan in May 2024. 'Journey of unity: AEMO's Reconciliation Path' was created by Wiradjuri artist Lani Balzan to visually narrate our ongoing journey towards reconciliation - a collaborative endeavour that honours First Nations cultures, fosters mutual understanding, and paves the way for a brighter, more inclusive future.

READ OUR RAP



Foreword

Australia's energy system is rapidly evolving. Shifting from its historic paradigm of *baseload and peaking*, dominated by coal-fired generation, to a future of *renewables and firming*.

This transition is well underway. Australia is leading the world in the uptake of inverter-based generation, dominated by the solar panels that are now more common across Australian suburbs than backyard swimming pools. The implications of this shift, from big industrial-scale spinning machines to household investments that are spread across cities, suburbs, and towns, dominates the work that happens in AEMO's offices across the country.

This transition is not linear. The contents of this plan reflect the need for AEMO's employees to focus on operational readiness as Australia's coal-fired power stations retire after decades of service. This involves working with industry and government to ensure Australia's electricity grids remain secure, and gas grids continue to meet demand.

This path will provide inflection points. Points in time where systems must be ready for step changes in the availability of synchronous generation. Maintaining system security through these transition points is a challenge for the entire industry. It will need detailed technical engineering work and coordinated action – with resourcing and effort over and above existing activities.

This effort coincides with a time where the energy industry must compete with growth in other sectors. The entire industry faces a significant challenge in making sure the transition has the skills across engineering, analytics and digital systems, to make sure this impactful work can be done in a timely manner.

AEMO's FY26 Strategic Corporate Plan outlines the company's response to these challenges. It maintains the four strategic priorities that have guided employees since FY22:

- **Operating today's systems and markets** – keeping the lights on and the gas flowing.
- **Navigating the energy future** – using the data, analysis and insights to guide future energy investment and market reforms.
- **Engaging our stakeholders** – building trust among governments, businesses and communities.
- **Evolving the way we work** – modernising AEMO's processes and systems, while making AEMO an easier place to work with.

Delivering on these objectives will require efficient internal operations that deliver for the needs of consumers. This plan outlines how the business intends to deliver new gas functions as requested by the Energy and Climate Change Ministerial Council, on state-based procurement functions, and the Federal Government's Capacity Investment Scheme.

Central to FY26 activities will be the upgrade to core digital systems. This program, that will be funded by the Commonwealth Government, will enhance energy security and reliability.

And of course, continuing to build trust with industry, government and consumers is a precondition to success. As a business AEMO is committed to build this trust through transparency, through efficiency, and through the prudent use of consumers' money.

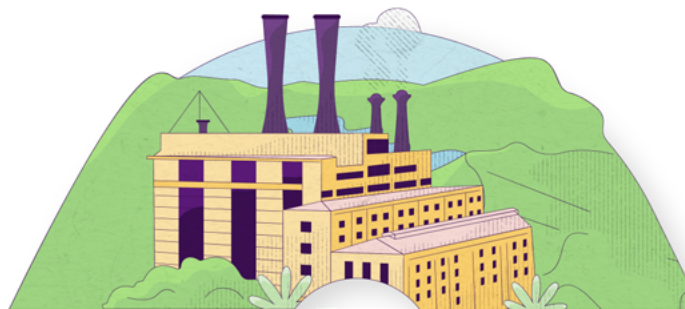
Thank you for your interest in AEMO's strategy for FY26. These initiatives will guide AEMO's work in enabling the energy transition for the benefit of all Australians.



Mary O'Kane
AEMO Chair



Daniel Westerman
AEMO Chief Executive Officer



Consultation outcome

AEMO's Strategic Corporate Plan is published annually and outlines our vision, strategic priorities, key initiatives and performance measures to support the continued safe, reliable and affordable delivery of energy for all Australians and enable the energy transition.

The FY26 Strategic Corporate Plan adopts a forward-looking view to ensure AEMO continues to deliver on our purpose, values and strategic priorities. These priorities guide how we meet our core responsibilities while preparing for the energy systems and markets of the future, enabling investment, and improving how we operate.

While many of the functions AEMO performs are mandated, we recognise that stakeholders can provide valuable insights on how we deliver on our priorities in a way that supports positive outcomes across the energy sector.

Consultation scope

As part of our continued commitment to transparency and accountability, AEMO undertook public consultation on its Draft FY26 Strategic Corporate Plan from 12 May to 28 May 2025.

Consultation focused on the strategic priorities and initiatives, as these define AEMO's key areas of focus for FY26, and form the basis of how we intend to measure success, manage emerging challenges and opportunities and deliver value to energy consumers.

A separate consultation was conducted on AEMO's Draft FY26 Budget and Fees. AEMO has considered this feedback and released its final budget and fees alongside this document.

Outcomes and next steps

AEMO received six formal submissions on its Draft Corporate Plan, with stakeholders commenting positively on the direction and focus of AEMO's strategic priorities. Particular initiatives of interest included those to strengthen operational readiness, plan for an energy future with enhanced integration of consumer energy resources (CER) and support the acceleration of market reforms that would enhance and streamline participation from a diverse range of market participants, which are addressed under strategic priorities 1, 2 and 3.

While minor wording clarifications have been made to AEMO's final FY26 Strategic Corporate Plan in light of stakeholder feedback, the consultation provided a valuable opportunity to connect with stakeholders as part of AEMO's strategic planning. AEMO will continue to evolve its corporate planning engagement approach in the future, to continue to seek a diversity of perspectives in our thinking.

A document summarising consultation submissions and AEMO's responses is provided alongside this Plan on the AEMO website.



AEMO's operating environment and context

The energy transition represents a historic transformation for Australia. Energy systems are rapidly evolving from reliance on coal-fired power stations to a future of variable renewable energy (VRE) like wind and solar and the rise of consumer energy resources (CER) such as rooftop solar and battery energy storage systems.

As coal-fired power stations retire, urgent investment is needed in new renewable energy generation, transmission, storage and flexible gas generation to ensure reliable, secure and affordable electricity supply into the future while meeting net zero policy objectives.

AEMO's modelling indicates as much as 90% of the current 21 gigawatts (GW) of coal capacity will retire by 2035, and all will retire before 2040. As this occurs, renewable generation connected with new transmission, backed up by gas, hydro and batteries, is the lowest-cost way to supply electricity to homes and businesses as Australia transitions to a net zero economy.

As the energy market and system operator, AEMO is carrying out our core functions in a fast-changing and increasingly complex external environment.

Governments have set 2050 as the target for a net zero economy. In addition, there are various jurisdictional level interim emissions and renewable energy targets. Federal Government policy is a 43% reduction in 2005-level emissions by 2030, with 82% of electricity in the National Electricity Market (NEM) supplied from renewable sources. The Western Australian Government expects over 90% of electricity in the Wholesale Electricity Market (WEM) to be provided from renewable sources by 2042.

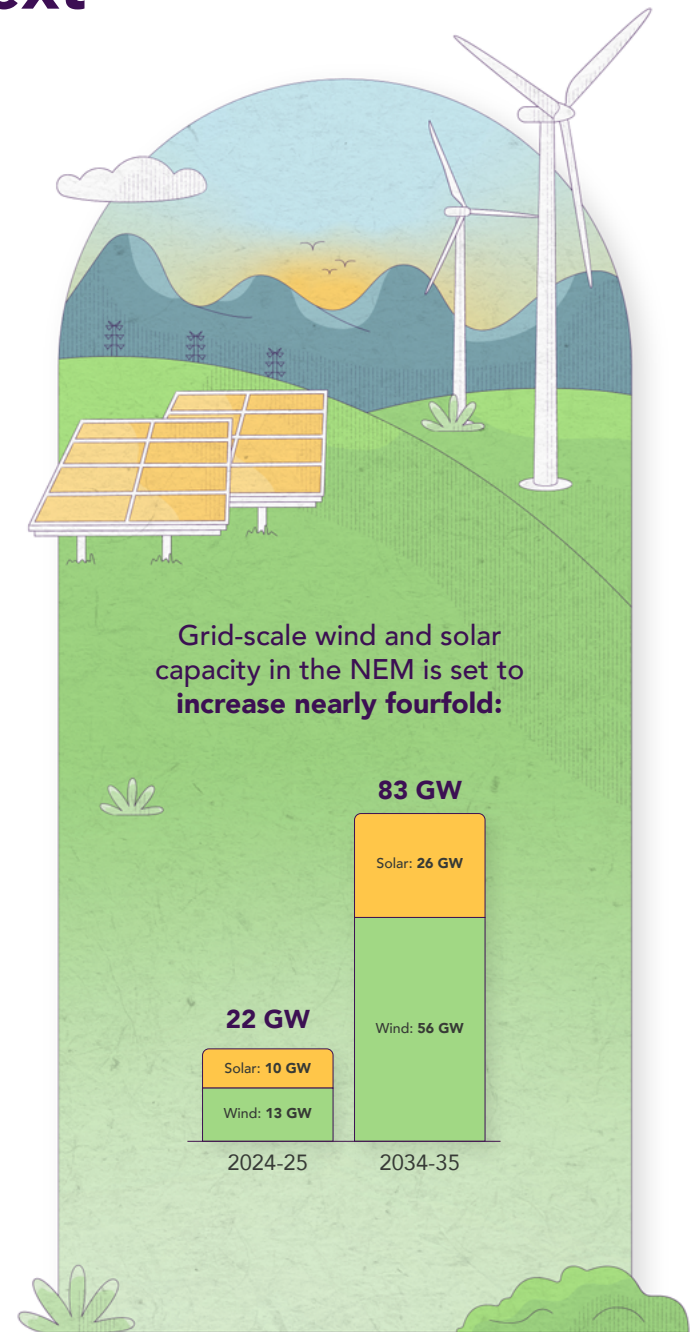
AEMO's purpose is to ensure secure, reliable, and affordable energy and enable the energy transition in the long-term interests of consumers.

Australia's future energy system will look very different from today. The mix of resources required to continue to ensure reliable, secure and affordable energy will include:

- low-cost renewable energy to take advantage of Australia's abundant wind, solar and hydro resources
- backup technology like pumped hydro, batteries, and gas-powered generation to smooth out the peaks and fill in the gaps from VRE
- new transmission and modernised distribution networks to connect these new and diverse low-cost sources of generation to towns, cities and industry, and
- power systems capable of running, at times, entirely on renewable energy.

Energy markets and services need to evolve to provide the right investment signals to supply the least-cost energy to consumers in a safe, reliable and secure way into the future. This could mean establishing new markets or refining today's markets to deliver timely and efficient investment.

As Australia shifts to the energy mix of the future, electricity supply will be more intermittent due to the high proportion of wind and solar generation and will become increasingly decentralised. Energy markets, networks and operations must continue to evolve to be ready for very high penetrations of renewable energy.



This shift is already underway, with the amount of renewable energy injected into the grid continuing to increase at record levels. Instantaneous renewable penetration peaked at over 75% in the NEM and 85% in the WEM in 2024. In the future, at times AEMO will need to regularly operate the power system at times supplied entirely by renewable energy. This presents a range of engineering challenges to solve, as high levels of renewable generation have implications for system security and strength.

Consumers continue to invest in rooftop solar at record rates (more than 4 million across Australia including 530,000 in the WEM) which, together with the growing uptake of battery systems, is providing them with greater flexibility in how they use energy. While contributing to operational challenges associated with high levels of renewables, CER also provide opportunities to support the stable operation of the power system. Changes to market frameworks to better integrate CER will enable consumers to be paid to provide flexibility and allow these resources to be harnessed.

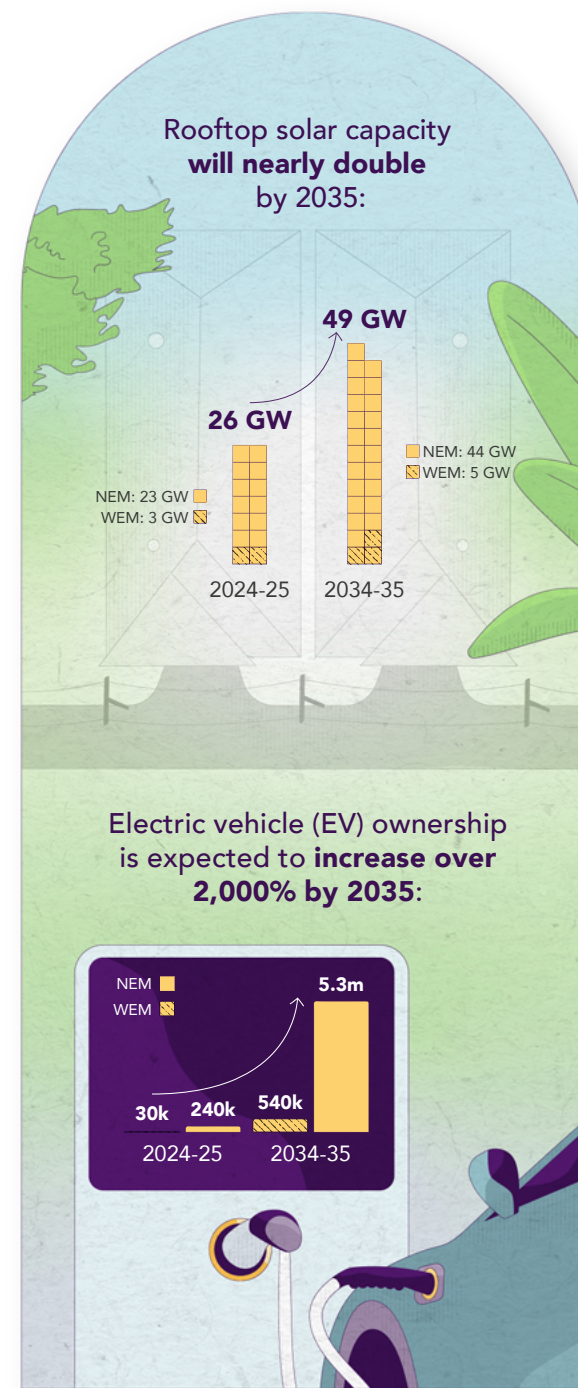
Australia's gas markets are undergoing change, both as a fuel source for electricity generation and for general use by homes and businesses. In the East Coast Gas Market, AEMO has identified forecast shortfalls from 2028, as supply from Victoria's Bass Strait gas fields declines. The technical insights in our gas forecasting and planning reports are produced to support investors and governments in making informed policy and investment decisions that benefit consumers.

Important gas market reforms are taking place, with agreement from Energy Ministers to implement additional reliability and supply adequacy measures. Reforms progressing through the Australian Energy Market Commission's (AEMC's) rule change process include the introduction of a gas reliability standard and a notice of closure requirement for gas infrastructure, which will be applied to our gas forecasting and planning responsibilities.

Beyond these reforms, Energy Ministers are considering policy options to address east coast gas supply challenges. This may include asking AEMO to support investments to secure supply as a last-resort measure from 2028. AEMO and Energy Ministers strongly encourage the private sector to respond to clear market signals by delivering the investment and projects needed to ensure gas markets remain well supplied.

Greater digitalisation, decentralisation and interconnection of energy systems and markets is increasing the energy industry's exposure to cyber security risks. A cyber-attack on the energy system could have significant consequences for consumers, whether large industry, small businesses or households. AEMO's market systems are critical infrastructure assets, and as such the escalation of cyber risk means that ensuring AEMO's cyber security is now core business requiring continued investment in people, processes and technology.

AEMO's role has needed to evolve – and will continue to evolve – as we plan for the future while maintaining a secure, reliable and affordable energy system in an increasingly complex external environment.



AEMO: who we are and what we do

As Australia's independent system and market operator and system planner, our purpose is to ensure secure, reliable, and affordable energy and enable the energy transition in the long-term interests of consumers.

Around 1,800 people work for AEMO across Australia, including engineers, scientists, economists and IT and digital specialists, in addition to corporate support. AEMO is an independent, not-for-profit company with membership comprising state and federal governments (60% membership interest) and energy industry participants (40% membership interest). Registered participants pay fees for the services that AEMO provides.

AEMO's functions are prescribed in its Constitution and in legislative instruments, such as the National Electricity Law and National Gas Law, as well as Western Australian provisions such as the Electricity System and Market Rules. These functions have evolved and will continue to evolve, in response to the challenges and complexities of the energy transition.

We continue to fulfil our core responsibilities to operate systems and markets and plan the national transmission system in the NEM.

At the same time, we increasingly partner with governments to support the delivery of new investment in energy infrastructure to meet future needs.

Our functions have expanded and adapted to ensure we continue delivering our core objectives while addressing the demands of a more complex and transitioning energy market.

AEMO carries out four primary functions:

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 AEMO's planning and forecasting functions
- Energy system forecasting, modelling and planning
- Enable network connections
- Technical analysis and resource adequacy assessments
- Statutory and government policy support and integration
- Energy system and market reform consultation and project delivery

Support new investment

- Design and conduct tenders for generation, storage and firming infrastructure through the federal Capacity Investment Scheme (CIS)
- Map development pathways and tender plans in New South Wales
- Authorise renewable energy zone (REZ) network infrastructure in New South Wales
- Work with governments to support the design and implementation of the new tender processes as required

Operate energy systems

AEMO operates Australia's principal electricity and gas systems around the clock to match energy supply and demand in real time. Our control rooms monitor the flow of electricity and gas minute to minute, every day. 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.

As the energy system transitions towards a net zero economy, AEMO will increasingly need to manage the secure operation of the power system at times when demand is met entirely by renewable energy.

The security of Australia's energy systems is paramount, and AEMO invests heavily in information and operational technology. With funding from the Federal Government, we have a program underway to uplift our core digital systems to enhance their effectiveness and reliability.

We are also investing in cyber security to maximise our defences against hostile actors and ensure control rooms are fit for the future. We have been granted new functions in the NEM including managing power system cyber incidents, mitigating or reducing their impact, and supporting industry participants and governments in enhancing cyber maturity and incident response.

AEMO has an important role in implementing ongoing reforms to better manage gas reliability and supply adequacy across east coast gas markets. Our functions include tools to address short-term gas supply issues such as information transparency, signalling actual or potential threats, directions powers, and the ability to trade natural gas in certain circumstances.

Operate energy markets

AEMO operates a number of wholesale energy markets, matching up the buying and selling of electricity and gas as well as energy-related services. We manage the NEM, the WEM and gas markets, including the Victorian Declared Wholesale Gas Market (DWGM).

These markets are designed to operate competitively, keeping the cost to consumers as affordable as possible. AEMO schedules the energy at least wholesale cost, settles trades, and ensures data and information flows between market participants.

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

We are responsible for the systems that facilitate market activities and provide participants with clear, accurate and timely data relating to the market. These include the Gas Bulletin Board and the WA Gas Bulletin Board as well as a number of market IT systems and interfaces. In managing the markets, we gain unparalleled insights into factors affecting the energy sector.

As a result, we also provide longer-term analysis and advice around market performance, issues and trends. This allows participants and other stakeholders to make effective decisions and improves the efficiency and transparency of energy markets.

Plan and enable the energy system of the future

AEMO has a central role in supporting the transition to the energy system of the future.

We publish the Integrated System Plan (ISP) every two years, following a collaborative stakeholder engagement process. The ISP is a roadmap for the energy transition in the NEM over at least the next 20 years, in line with government policies to reach a net zero economy by 2050. It outlines the lowest-cost pathway of essential generation, storage and transmission infrastructure to meet consumers' forecast energy needs for secure, reliable and affordable energy, and to achieve net zero emissions targets. This information supports government and industry to plan and invest in infrastructure to meet current and future energy needs.

We provide independent technical insights to inform policy and market-led investment. Reports such as the Electricity Statement of Opportunities (ESOO) and the Gas Statement of Opportunities (GSOO) on both the east coast and west coast are important planning and forecasting tools that support investors and governments to make informed decisions.

Our planning functions are evolving to consider greater interdependencies between electricity and gas, and between electricity transmission and distribution. Following the Energy Ministers' response to a review of the ISP and two recent rule changes, we have updated our ISP methodology to better integrate gas, improve demand-side modelling, assess actionability of transmission projects, and enhance modelling.

We work with governments, industry and market bodies to inform, deliver and embed market and system reforms. One of the major areas we are working on with government and industry is better integration of CER into market and system design in the NEM, through the development of the national CER Roadmap to unlock CER at scale.

In Western Australia, we supported the State Government's Distributed Energy Resources (DER) Roadmap through Project Symphony, a completed pilot project, and continue to collaborate with industry on Project Jupiter. These initiatives support the accelerated integration of DER – including rooftop solar and batteries – so that households and communities can participate in Virtual Power Plants (VPPs) to support the grid and engage in energy markets.

Support new investment

With the energy transition underway, Australia is faced with the task of overhauling how energy is generated, stored and transmitted across the country.

While AEMO continues to operate systems and markets and conduct energy planning, we are increasingly partnering with governments to support the delivery of new investment in energy infrastructure needed in the transformation of Australia's energy system.

In support of government programs to bring forward new investment, new functions have been conferred on AEMO, such as our role in CIS tenders, and AEMO Services' continued role for the New South Wales Electricity Infrastructure Roadmap tenders to support new investment in generation, storage and firming infrastructure.

AEMO Services

AEMO Services helps accelerate project plans into new energy infrastructure, in a way that delivers value to energy consumers and host communities alike. AEMO Services provides tender delivery and advisory services, through statutory roles and distinct service lines sought by governments to meet specific circumstances and requirements.

AEMO Services supports the implementation of the NSW Electricity Infrastructure Roadmap, including coordinating planning of long-term investment in generation and storage in NSW, designing and conducting competitive tenders to facilitate this investment, and undertaking authorisation of REZ transmission infrastructure. These services are carried out in accordance with the obligations of the NSW Consumer Trustee role conferred on AEMO Services Limited by the NSW Government.

AEMO and AEMO Services have been engaged to support the roll-out of the Federal Government's CIS as an advisor and tender delivery partner, bringing into the process AEMO Services' tender services expertise.



Victorian transmission network role

The Victorian Government is progressing reforms to change the way transmission is planned and developed in Victoria, including through the Victorian Transmission Investment Framework (VTIF).

The Government's reforms include transferring responsibility for planning Victoria's declared shared network, and all of AEMO's associated declared network functions, from AEMO to VicGrid in November 2025.

Transmission Company Victoria (TCV), which was created by AEMO to progress the Victoria – New South Wales Interconnector West (VNI West) early works, will also be transferred to VicGrid.

This will end AEMO's Victorian transmission network service provider (TNSP) role.

AEMO's core functions by state



		WA	SA	TAS	VIC	NSW & ACT	QLD	NT
Operate energy systems	Real-time Operations NEM Power Systems		●	●	●	●	●	
	Real-time Operations WEM South West Integrated System (SWIS)	●						
	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)	●	●	●	●	●	●	
	Cyber Security preparedness and response coordination in the NEM**		●	●	●	●	●	
Operate energy markets	NEM		●	●	●	●	●	
	WEM	●						
	Gas Bulletin Boards	●	●	●	●	●	●	●
	Gas Retail Markets	●	●		●	●	●	
	Gas Day Ahead Auction		●	●	● ^	●	●	
	Gas Short Term Trading Market (STTM)		●			●	●	
	Gas Supply Hub (GSH)		●				●	
	Declared Wholesale Gas Market (DWGM)				●			
Enable the energy transition	System Planning and Planning Support	●	●	●	●	●	●	●
	Technical Support and Analysis	●	●	●	●	●	●	
	NEM Reforms to Wholesale and Retail Markets		●	●	●	●	●	
	WEM Reforms	●						
	DWGM, STTM, Gas Bulletin Board, GSH and other gas reforms	●	●	●	●	●	●	●
Support new investment	New South Wales Consumer Trustee					●		
	Tender delivery of the Federal Government's Capacity Investment Scheme	●	●	●	●	●	●	

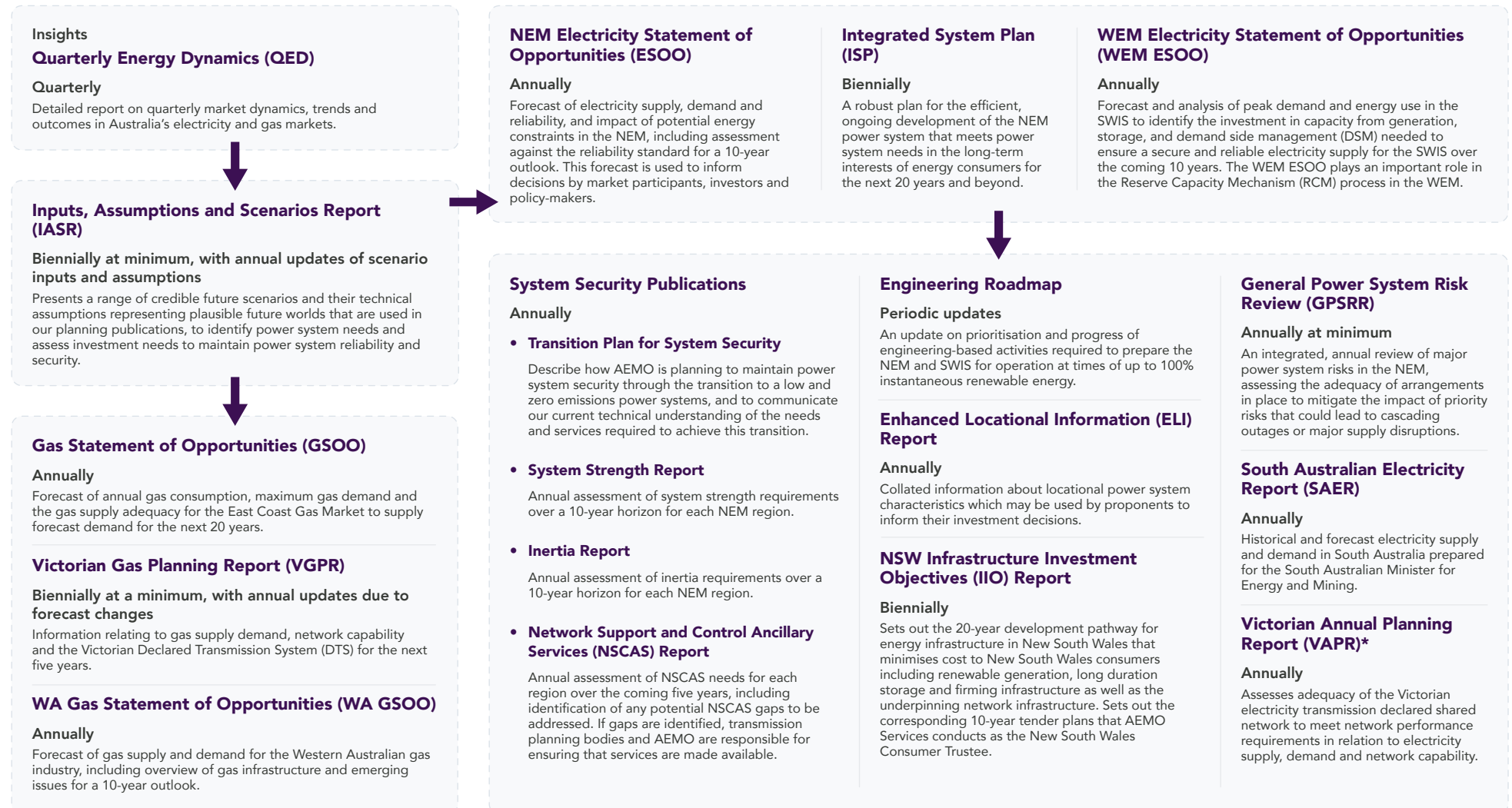
* AEMO's Victorian transmission network planning and connection functions will be transferred to VicGrid in November 2025.

** [New role since 12 December 2024.](#)

^ DAA doesn't include the Victorian DTS.

AEMO's major publications

We publish information to fulfil our regulatory obligations and inform our members, and produce a significant number of publications and reports relating to Australia's energy systems. Please visit our [website](#) for our library of major publications.



* 2026 VAPR may be a VicGrid publication, depending when AEMO's Victorian declared network functions formally transfer to VicGrid.

AEMO's strategy

Our vision of success is an ambitious one: a secure, reliable energy system, with a least-cost pathway to net zero and other government targets in the long-term interests of consumers.

Our strategic framework outlines the guiding elements of our 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.

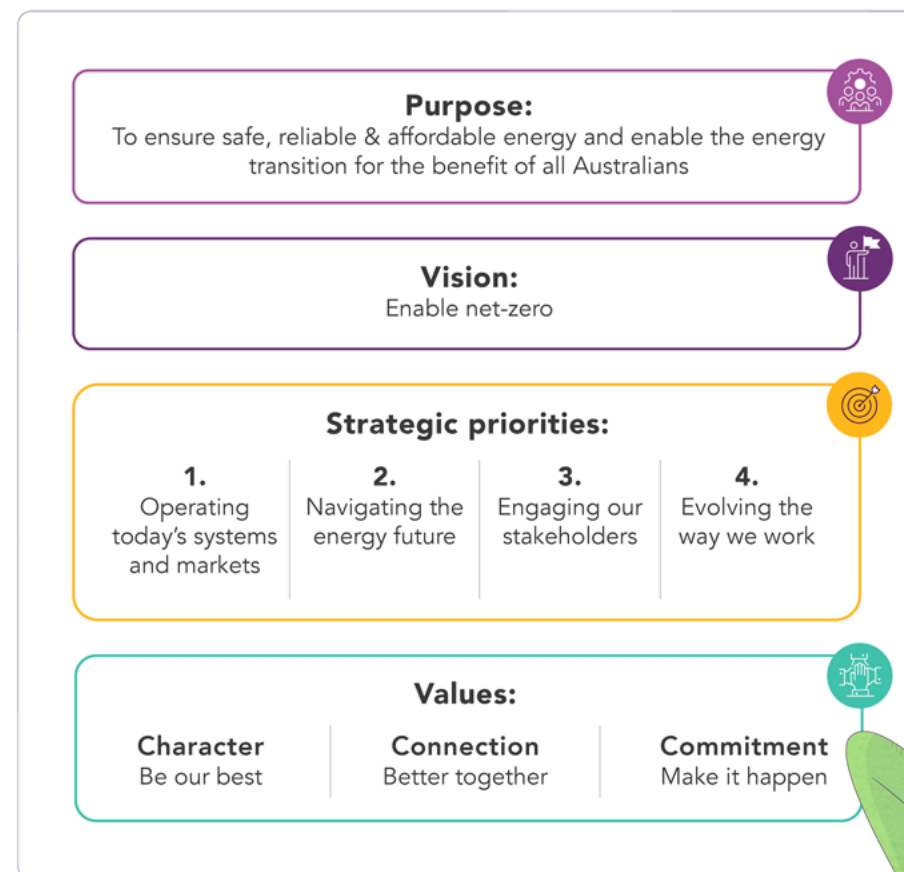
Our strategy includes delivering our core functions, as conferred on AEMO through legislation, with excellence. We do this by running the systems and markets in the interest of energy consumers, providing fact-based insights into the performance of systems and markets, and undertaking technical analysis on reliability and system security needs in the short to long term. We also work collaboratively with industry, government and consumers to develop plans that inform policy and support new investments.

AEMO's role have and will continue to evolve to support the needs of the energy market. AEMO will take on these roles where we are best positioned to support the energy transition. We are committed to remaining flexible and ready to adapt as required, in the best interests of consumers.

We deliver our purpose and vision through our values, our core beliefs and behaviours that guide how we work and interact with each other, and with our stakeholders. We recognise that no single organisation can manage the energy transition - it requires a collaborative effort between AEMO, governments, industry, market bodies, consumers and communities.

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

Every person at AEMO has an important role in helping to deliver on this strategy, whether by operating systems and markets, enabling the delivery of engineering, infrastructure, digital, and market changes, working with our stakeholders, supporting our people, or finding better ways of working every day to achieve more with our resources.



Our priorities at a glance

In FY26, we will continue to organise our efforts around four strategic priorities.

Under each priority, we are implementing key initiatives that will deliver our core obligations, prepare our systems and markets for the energy transition, and deliver long-term value for consumers, now and into the future. These include commitments to building trusted and collaborative relationships with stakeholders, and the continued evolution of our ways of working to improve efficiency and enhance our adaptability.

Each strategic priority also includes relevant measures that we will use to track progress against our objectives.



1

Operating today's systems and markets

Keeping the lights on and the gas flowing, matching energy demand and supply in real time and settling trades between wholesale energy sellers and buyers.

We maintain focus on operating Australia's energy systems and markets every day.

To safeguard our ability to operate in the future, we are investing in our operational capabilities to address the increasing complexity and evolving risks of the energy transition.

This includes strengthening operational readiness for key transition points, modernising operating systems and enhancing cybersecurity and resilience.



2

Navigating the energy future

Supporting the timely and efficient delivery of investment to support future systems and markets, through system planning, tender delivery and critical reforms.

We continue to partner with stakeholders to plan Australia's future energy systems and deliver essential market reforms.

We provide clear investment signals and, when required, support procurement of the appropriate mix of energy assets to enable a secure, reliable and affordable energy transition.

We will increase efforts to support gas reliability and supply adequacy, recognising its critical role in the energy system as the energy transition progresses.



3

Engaging our stakeholders

Building trusted relationships between AEMO and governments, industry, business, communities and consumers.

We are committed to deepening trust with our stakeholders through relationships built on transparency, openness and accountability.

We collaborate across governments, industry and communities to build support for Australia's energy transition. We share our insights and facilitate open dialogue to help everyone navigate Australia's evolving energy landscape with confidence.



4

Evolving the way we work

Leading with our values of Character, Connection, and Commitment to harness our expertise to build capabilities to effectively and efficiently deliver our functions.

We are improving how we work at AEMO, simplifying processes and strengthening key capabilities, ensuring we operate efficiently and focus our expertise where it matters.

We will continue to support our workforce, ensuring our people are safe, engaged and productive.

Strategic Priority 1: 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.

To deliver our essential role as energy system and market operator, AEMO is managing increasing complexity and emerging risks in a rapidly evolving energy landscape while building resilience to effectively respond to significant events. To keep the lights on and gas flowing, both now and into the future, we need to modernise our operational capabilities, technologies, and processes.

The Australian energy landscape has fundamentally changed over the past decade. Since 2012, 10 coal-fired power stations have retired, with that capacity being replaced by VRE. Renewable generation now contributes 46% of electricity on average, frequently reaching peaks of ~75%. This transformation is fundamentally changing how the grid operates, creating significant opportunities while presenting new challenges for system security and reliability.

We will achieve the outcomes of this priority through the following strategic initiatives:

System and market operation

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, identifying and managing emerging power systems risks, and ensuring policies and procedures reflect our latest operational risks.
- **Effectively manage wholesale and retail market operation functions and reserve capacity mechanism** including settlement, billing, prudentials, metering, retail market operations and capacity cycle processes 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 Queensland liquefied natural gas (LNG) producers, STTM hubs to balance gas supply in Sydney, Adelaide and Brisbane, gas pipeline capacity trading and auction systems, and operating the Gas Market 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.
- **Strengthen operational readiness** by advancing and modernising operational capabilities and processes to manage emerging challenges and key transition points (such as coal retirements).

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 establishing a Digital Operations Centre to create a centralised, coordinated technology and security monitoring, event, and incident response management capability.

Strategic Priority 1: Operating today's systems and markets (cont.)

AEMO is actively collaborating with industry, government and communities to identify, plan for, and manage key transition points. We are systematically identifying and removing barriers and resolving technical challenges to enable our energy systems and markets to support high levels of renewable energy as coal generation exits the power system.

Simultaneously, CER like rooftop solar continue to grow, creating new opportunities for consumers to participate in energy markets. Enabling this diverse energy ecosystem while maintaining system security also requires evolution in our operational approach, tools and capabilities.

To support delivery of AEMO's core functions in an increasingly digital and decentralised environment, we continue to focus on building a secure and resilient digital ecosystem to protect critical energy infrastructure and sensitive data across all Australian energy systems and markets. With our formalised cyber security coordination role, we are working with industry and governments to protect Australia's energy systems from cyber threats, and ensure incidents are responded to swiftly and effectively.

System and market resilience

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

- **Uplift AEMO's core digital systems** to enhance their effectiveness and reliability.
- **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.
- **Protect AEMO from security threats** by improving cyber defence controls, data protection, identity and access management, cyber governance and collaborating with key external stakeholders.
- **Improve cyber preparedness and resilience across AEMO systems and markets** through further formalising AEMO's cyber roles and responsibilities in gas and WEM systems and markets.

Our key business and strategic measures against this priority:

Key measures for FY26	Target
No region-wide system black events	Nil
Maintain energy system security	99.90% of time systems remained within specific requirements
Achieve all material prudential supervision obligations	Nil breaches
Achieve operational forecast accuracy within defined limits relative to actual demand at a specified time	Forecast accuracy target is met at least 80% of days
No preventable load shedding	Nil
Settlement statements issued and settled on time	100%
No loss of system and or market suspension due to preventable cyber incidents targeting AEMO systems	Nil
Improved cyber preparedness and resilience* across AEMO grids and markets:	
• AEMO remains engaged by appropriate Commonwealth Agencies in key Trusted Information Sharing Network roles	N/A
• Participation rates in AEMO-run exercises for critical market participants	75%
• Participation rates in AEMO-run Australian Energy Sector Cyber Security Framework assessment program for critical market participants	75%
Maintain high IT system availability for NEM, gas and WEM markets and systems:	
• AEMO's critical market and system services are available	99.90%
• IT change management implementation success rate	97% of the time

*In addition to these metrics, AEMO has a range of security sensitive and confidential metrics and measures related to cyber security which are reported to our Board

Strategic Priority 2: Navigating the energy future

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

Australia's energy systems are undergoing transformational change. Old generators are retiring, being replaced by new sources of energy with different characteristics. Ensuring an orderly transition requires timely and efficient investment in Australia's energy systems and markets, enabled by supporting policies, and close collaboration between governments, industry and consumers.

AEMO plays a key role in supporting this, by providing key insights, guidance, and advice, and by collaborating with stakeholders to drive reforms, develop innovative solutions, and influence policies.

Through major publications and system security reports, we provide visibility of the current state and future investments required to ensure planning and operational readiness for key transition points, particularly with impending coal retirements.

We will achieve the outcomes of this priority through the following strategic initiatives:

Energy system design

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

- **Evolve energy system planning advice and reliability outlooks** through AEMO's publications including the 2026 ISP, ESOO, GSOO, VGPR, WEM ESOO and WA GSOO with an enhanced focus on CER, distribution networks, gas and electricity interactions and investment signals (as reflected in relevant electricity and gas objectives, rules and regulations).
- **Deliver support roles for jurisdictional plans, initiatives and roadmaps**, providing advice and input as required, including establishing power systems analysis support for VicGrid.
- **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.
- **Identify and plan for emerging challenges and key transition points in the energy transition** (such as coal retirements) through delivery of Engineering Roadmap (NEM and SWIS) priority actions, and reporting on system requirements and transition plans to stakeholders (for example, through the Transition Plan for System Security).

Reform collaboration

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

- **Collaborate with industry and government on CER/DER reform**, including influencing and delivering the National CER Taskforce roadmap and the Western Australian DER roadmap.
- **Support Stage 2 gas reforms and develop frameworks for addressing supply shortfalls for the east coast** and continue engagement with the AEMC and industry to progress further supply adequacy and reliability measures within the AEMC rule-making process.
- **Support 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, including the development of the Reform Implementation Roadmap.

Reform delivery

We efficiently and effectively deliver mandated and essential reform programs on time and in collaboration with stakeholders. In delivering reform, AEMO aims to implement cost-effective solutions across AEMO and industry.

- **Implement and embed NEM, WEM, and gas reforms** in collaboration with industry, to **proactively drive cost-effective development, delivery, and transition of reforms**.

Strategic Priority 2: Navigating the energy future (cont.)

An important ongoing body of work is the *Engineering Roadmap* ("Roadmap") which identifies and prioritises the critical engineering actions required to advance operational capability of Australia's largest power systems to securely and reliably operate at times of high renewables contribution.

The Roadmap presents AEMO's view of the technical, engineering, and operational actions required to remove the barriers to high renewables contribution across both the NEM and the SWIS.

Additionally, in December 2024 we published the annual *Transition Plan for System Security* for the first time, which outlines the work underway to define capabilities and progress understanding of achieving system security in a low-emissions power system.

Our people's significant expertise is trusted across the sector, with our reports helping policy-makers, industry, and consumers understand energy trends, anticipate challenges, and guide investment pathways for Australia's energy future.

Connection

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

- **Deliver timely, customer focused national onboarding and grid connection processes** that progress the connection of new generation while improving the transparency of the connections pipeline, **and drive improvement in the connection process.**

Victorian transmission

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

- **Successfully transfer AEMO's Victorian declared network functions to VicGrid**, by supporting our people, providing transitional services to VicGrid, and establishing an ongoing support arrangement which leverages AEMO's core capabilities.

Jurisdictional services including tender services

We plan and procure investment to support the energy transition.

- **Deliver on core obligations and responsibilities as the New South Wales Consumer Trustee** by partnering, planning and procuring energy investment to deliver the transition.
- **Deliver on core obligations and responsibilities as delivery partner for the Federal Government's CIS** by partnering, planning and procuring energy investment to deliver Australia's energy transition.

Strategic Priority 2: Navigating the energy future (cont.)

To ensure safe, reliable and affordable energy for Australians, we work collaboratively to deliver and support critical market and system reforms, across the WEM, NEM and gas markets, and to enable greater agency and participation of CER in markets. This includes expanding opportunities for CER to participate in markets, empowering households, businesses, and commercial and industrial participants to play a more active role in the energy system.

AEMO will also facilitate and accelerate the secure connection of new assets in the NEM and support development of a streamlined connection process in the WEM with our partners to meet reliability needs and emissions targets.

AEMO and AEMO Services continue to provide tender delivery and advisory services to support investment in energy infrastructure across Australia, on behalf of the Federal Government through the CIS and via AEMO Services' role as the New South Wales Consumer Trustee.

We will also support the smooth transition of Victoria's transmission network planning and connection functions currently assigned to AEMO to VicGrid during 2025.

Our key business and strategic measures against this priority:

Key measures for FY26	Target
High priority projects and initiatives delivered to scope, on time and to budget	Deliver 5 high priority projects on time, to scope and budget
Completion of FY26 Engineering Roadmap priority actions	>80% of initiatives complete Readiness plans are developed to an appropriate level and in place, for key system transition points out to 2028
Effective delivery of jurisdictional support services	100% of agreed outcomes delivered
Improving connections process – percentage increase from FY25 to FY26 in projects that meet the target timeframes (Target timeframes: Application phase – 8 months, Registration phase – 4 months, Commissioning (reach full output) phase – 3 months)	5% increase from previous financial year
Successful delivery of the Federal Government's CIS tender program	Successful delivery of the functions and obligations conferred on AEMO and AEMO Services in the delivery of the CIS, across a range of key metrics
Successful delivery of the New South Wales Consumer Trustee functions and obligations	Successful delivery of the functions and obligations conferred on AEMO Services as the NSW Consumer Trustee, across a range of key metrics

Strategic Priority 3: Engaging our stakeholders

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

The stakeholder landscape in the energy transition is evolving and growing, while AEMO's role is also changing. AEMO recognises the impact of our voice and role within the energy sector, and that understanding and collaborating with stakeholders is essential to collectively enable safe, reliable, and secure energy throughout the energy transition.

We will continue to invest in our relationships and deepen trust between AEMO, government, industry and consumers. In line with our Stakeholder Engagement Framework and Principles, we will engage stakeholders at a deeper and more transparent level to shape our work and decision-making.

We will continue to collaborate on strategic work programs and build social licence needed for the work that we do, now and into the future, by ensuring that consumers and communities are heard, and the distribution of benefits and costs of the transition are kept front-of-mind.

We will achieve the outcomes of this priority through the following strategic initiatives:

Enhance trust and relationships

We enhance AEMO's relationships and trust with governments, industry and consumers to drive greater insights sharing, shared value and better energy outcomes.

- **Build communication and engagement capabilities across AEMO** that drive consistent, deep engagement and clear communication around our roles and work across all stakeholder touchpoints.
- **Uplift our engagement tracking, analytics and overall stakeholder experience** through progression of a Customer Relationship Management (CRM) roadmap and more regular metrics, measurement and insights.
- **Continue to build the capability and understanding of energy systems and markets** with industry, consumers and governments, through our Energy Education program.

Continue capability uplift

We continue to uplift AEMO's stakeholder and communications practices and capabilities to better understand others' perspectives and engage meaningfully in shaping our work and decision-making.

- **Work closely with our stakeholders on each of our strategic work programs**, to build awareness, understanding, confidence and support for our role, and the actions needed across the energy sector to effectively and efficiently progress the energy transition.
- **Continue to embed consumer views in our decision-making**, through further engagement on relevant topics via AEMO's Consumer and Community Reference Group (CCRG).

Telling our, and the transition, story

We increase stakeholder awareness and understanding of AEMO's role in the energy transition, and our changing remit, roles and responsibilities.

- **Deliver proactive engagement and communications with media and stakeholders** to clarify AEMO's role and improve public understanding of the evolving energy system, both the challenges and our performance.
- **Expand the reach and improve the accessibility and effectiveness of AEMO's information and communication** by simplifying language, reaching audiences through the right channels and messages, and exploring new ways to communicate.

Strategic Priority 3: Engaging our stakeholders (cont.)

We will uplift communication and engagement capabilities across AEMO, and drive improvement by seeking regular feedback to measure our engagement effectiveness. We will listen to stakeholder perspectives and voices, and act on their feedback to improve how we operate to deliver better outcomes for consumers.

We will clearly communicate AEMO’s evolving roles and responsibilities, to clarify where, when, and how stakeholders can provide input on key issues or concerns. We will also make it easier for stakeholders to engage with us by openly sharing our insights, making our communications more accessible, and facilitating open dialogue to ensure everyone can navigate Australia’s evolving energy landscape with confidence.

Our key business and strategic measures against this priority:

Key measures for FY26	Target
Achieve improved weighted stakeholder perception	Stakeholder perception score of 70%
Enhance transparency, accountability, collaboration with stakeholders	Stakeholder perception score of 70%
Enhance broader reputation and credibility	Media impact score of >1.5
Meeting our stakeholder principles to be credible, reliable, stay close and be self-aware	70% of stakeholders agree AEMO meets its principles
Engage effectively on delivery of our core roles	Stakeholder satisfaction score of 70% in relation to operations, planning and forecasting, connection and onboarding, reform programs and AEMO Services

Strategic Priority 4: 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.

AEMO is committed to delivering Australia's evolving energy needs while caring for our people, environment and communities.

The diversity of AEMO's roles sees us operating across many parts of Australia, and interacting with many organisations, groups, and peoples. We know we achieve the best outcomes when we focus on our AEMO values of 'Connection, Character, and Commitment', foster safe, supportive, and inclusive spaces, and positively contribute to our natural environment.

Through our Environmental, Social and Governance (ESG) Strategy, Disability and Accessibility Action Plan, Reflect Reconciliation Plan and workforce strategies, we will continue to prioritise the health, safety, and success of our people, while contributing as an organisation to Australia's decarbonisation efforts and conversation on reconciliation.

We will achieve the outcomes of this priority through the following strategic initiatives:

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 define and implement AEMO's Strategic Workforce Plan** so AEMO attracts, recruits and develops talent to actively manage key person risk, and ensure we have the right capacity, skills and experiences to deliver on AEMO's corporate plan and longer-term strategy.
- **Continue to uplift employee engagement and build alignment** through inclusion, leadership, ways of working and operating model optimisation.
- **Deliver on the commitments outlined in the Reflect Reconciliation Action Plan (RAP)** and commence the development and implementation of AEMO's Innovate RAP.

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 designing and embedding the new target operating model for Finance, leveraging the new Finance Enterprise Resource Planning solution and progressing further system enhancement.
- **Continue to uplift our risk management maturity** through embedded risk appetite, stronger risk governance, and enhanced risk culture.
- **Optimise AEMO's operating model**, simplifying how we work to maximise efficiency and effectiveness, remove pain points in the way we do things, and leverage expertise and best practice across AEMO.
- **Commence Digital Strategic Action Plan FY26-28 to enable operational and delivery capabilities** for AEMO core functions and digital initiatives.

Financial health

We are prudent and efficient at delivering outcomes within agreed budgets, seeking to minimise the overall cost to consumers, build transparency and ensure costs are appropriately allocated.

- **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.
- **Complete consultation on the general NEM participation fee structure** to apply from 1 July 2026.

Strategic Priority 4: Evolving the way we work (cont.)

Our Strategic Workforce Plan will provide a clear view of future capability needs, helping us develop talent, uplift leadership capabilities, and close critical skill gaps across AEMO.

We are undertaking improved governance and risk management measures, by being more transparent in decision-making, ensuring efficient and prudent budgets, and being open and methodical about managing risks, to demonstrate the value that AEMO brings to energy consumers and market participants.

Underpinning all this, we will continue to invest in improving our practices, systems, and technologies to drive efficiency and enhance effectiveness, making it easier for people working within and with AEMO.



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 FY26	Target
Continue to strengthen the health, safety and wellbeing performance of AEMO	Effective
AEMO employee engagement	Employee engagement score of 73%
Achieve FY26 expenditure budget (net of recoveries)	Meet budget
Achieve all material regulatory and reporting obligations	No material obligations breached

Governance and risk

Governance

AEMO is an independent, not-for-profit company limited by guarantee.

AEMO's functions are prescribed in its Constitution and in legislative instruments, such as the National Electricity Law/ Rules and National Gas Law/ Rules, and the Electricity System and Market Rules.

AEMO is governed by a Board of Directors responsible for the performance of AEMO's statutory functions, having regard to the applicable market objective, and within a detailed framework of energy laws and rules. AEMO's members have no power under its Constitution to influence the performance of AEMO's statutory functions and powers, which is reserved to the Board.

The *Corporations Act* and AEMO's Constitution apply to AEMO, inclusive of rules relating to Director duties, managing Director conflicts and corporate reporting requirements.

AEMO is accountable to the Energy and Climate Change Ministerial Council (ECMC). The ECMC appoints AEMO Directors (other than the Managing Director) following a recommendation by an independent selection panel. The ECMC also receives reports on AEMO's performance against the priorities set out in our strategic corporate plan.

A robust and effective Board governance framework enables the Board and its Committees to balance oversight of AEMO's policies, budget, fee structures and long-term strategy with assurance of management's delivery of AEMO's key organisational objectives and responsibilities, including business performance, risk management, stakeholder engagement and compliance.

AEMO's FY26 Strategic Corporate Plan represents our Statement of Corporate Intent under our Constitution, which reaffirms the priority the Board and leadership place on meeting AEMO's core obligations and evolving responsibilities. In collaboratively supporting the energy transformation, fostering strong stakeholder relationships and delivering an efficient and cost-effective organisation, AEMO has continued to evolve its engagement and transparency with stakeholders to demonstrate responsible stewardship.

As AEMO's role and responsibilities have increased, both for AEMO and indirectly via AEMO subsidiaries, group wide governance has continued to evolve to deliver a robust, effective and consistent system of corporate governance. Initiatives to enhance group governance policy, risk reporting and broader corporate governance continue and are contributing to an enhanced standard of governance across the group.

A sustained and significant focus on cyber risk and resilience has continued to further strengthen digital oversight and investment. Additionally, AEMO has established an ESG program and climate reporting to demonstrate its commitment to transparent communication and delivery of a resilient and sustainable enterprise.

Enhancing our risk strategy

Risk uplift

AEMO has embarked on an ambitious risk transformation journey which seeks to enhance our risk management approach and embed risk intelligence into our operating model. As part of this uplift, we are focused on:

- embedding risk appetite into key decisions
- applying the risk lens in the development of the corporate plan strategic initiatives

- realising the benefits and potential of our new Governance, Risk and Compliance platform
- strengthening deployment of the 'Three Lines' model to enhance risk governance, accountability and enablement, and
- continuing to evolve our risk culture to help us navigate the challenges of the energy transition.

Embedding risk into strategic decision-making and execution

Throughout FY26, we will continue to maintain a clear focus on embedding risk into key business decisions by:

- defining the pathway to appetite for our top risks as aligned to the Board's direction and feedback from our stakeholders, including industry, government and consumers
- further embracing risk as a key input to our long-term strategy and driver of corporate plan initiatives
- strengthening risk alignment to core business planning processes, including integrated business planning, investment decisions, project delivery, and strategic workforce planning, and
- embedding risk in key transformational programs and initiatives, including artificial intelligence (AI) governance, reform agenda, operational planning and cyber defence.
- overseeing program and project investments through the Enterprise Portfolio Office processes which includes developing an integrated investment plan that is reviewed quarterly to ensure deliverability. An Investment Committee oversees the investment portfolio, supported by sub-committees to review performance and delivery.

Prioritising top risks

AEMO operates in a rapidly evolving context, characterised by the inherent complexities facing the energy sector. Our Top Enterprise Risks reflect this changing context and represent the key strategic and operational challenges to delivering our purpose.

We maintain a strong focus on managing these risks and are committed to delivering the strategic initiatives identified to address them.

Key: Increasing (↑), Decreasing (↓), Neutral (↔)

Top Risk	Context	Trend	Broad approach to address the risk
1	System and market security and reliability	↑	We maintain a primary focus on resolving current operational challenges and building readiness to operate Australia's future energy systems. In FY26 this will include uplifting and modernising our operational systems and tools, managing emergent power systems risks and key transition points (such as coal retirements), enabling the participation of CER at scale.
2	Cyber security	↑	We will continue to enhance our cyber preparedness and resilience, with a focus on uplifting our core digital systems and supporting cyber uplift across the energy sector.
3	Energy system planning and design	↑	We will continue to advise on future reliability outlooks, identify and plan for emerging challenges, and develop our future power system modelling strategy.
4	Market and regulatory reform	↑	We will take a proactive approach to influencing and delivering regulatory reforms for the benefit of Australian energy consumers, including market monitoring and CER/DER reforms.
5	Transformation and change	↔	We continue to enhance our change management capabilities, with a clear focus on prioritisation, delivery effectiveness and governance for large-scale change programs.
6	Stakeholder trust and confidence	↑	We continue to work closely with consumers, industry and government to build trust through transparency and clarify AEMO's role in Australia's evolving energy system.
7	Right capabilities and talent	↑	We will continue to develop our strategic workforce plan to ensure we have the right capacity, capabilities and experiences to meet the needs of the future energy system and our long-term strategic roadmap.
8	Technology, systems, processes and data	↔	AEMO will continue to leverage technology and uplift systems to improve the operational efficiency and reliability of energy systems and markets.
9	Financial sustainability	↔	We will continue to focus on value, prudence, and efficiency in delivering our roles and functions, while continuing to uplift our corporate functions to deliver greater transparency and strong financial governance.
10	Workplace health and safety	↔	We remain committed to maintaining a healthy and safe workplace for our people and continue to uplift our capabilities for managing and monitoring the risk of unsafe practices.

FY26 budget summary

FY26 budget context

AEMO's responsibilities continue to evolve as we do what is necessary and appropriate within our remit to tackle the opportunities and challenges facing the industry. Our broadening responsibilities are also changing AEMO's financial landscape, in terms of both our costs and our funding sources.

Once funded almost solely by consumers through market participant fees, a significant portion of AEMO's work is now funded through other means. Our work facilitating renewable energy investment on behalf of state and federal governments – an adjunct to the work we do informing investment in the energy system through our forecasting and planning reports – is funded directly by jurisdictions or jurisdictional schemes.

Also driving overall costs and diversifying our funding base are new connections to the electricity system, which are funded directly by the organisations that own the assets.

Our cost profile is also changing, as capital costs (used to fund market reform projects and other capital projects) are recovered via depreciation and amortisation over the life of the asset. There is a significant volume of regulatory reforms driving complex digital and procedural changes within the NEM and WEM.

The energy transition is also driving investment in our operating technology systems and tools, to ensure we can maintain secure, reliable, resilient, safe and flexible operation as system volatility and complexity increases. Added system complexity is also bringing additional challenges and costs to AEMO's existing work planning and informing the future energy system.

AEMO's market segments and fee structures





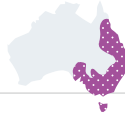

AEMO's annual budget is comprised of distinct financial segments (see the table on the following page), which are aligned with our sources of funding. The majority of AEMO's financial segments are funded by fees paid by registered participants, however an increasing portion of AEMO's activities are directly funded by State and Federal Governments or schemes and via fee-for-service arrangements.

Financial segments that are funded by registered participants have associated fee structures. These fee structures determine how the revenue requirement is divided among different types of registered participants and on what basis the fees are calculated. For example, fees may be allocated based on units such as dollar per megawatt hour or dollar rate per National Metering Identifier.

Fee structures typically apply for a period of three to five years and are determined following a public consultation process. This ensures that our approach is transparent and fair and takes stakeholder input into account. While AEMO's overall budget is developed annually, revenue requirements and fees for some functions and services are set at an earlier date or through other processes. These processes are consistent with relevant laws and the rules governing electricity and gas markets.



AEMO's market segments

					
NEM Core	NEM Functions	East Coast Gas	WA: WEM and Gas Services Information (GSI)	NEM Connections	Other directly funded activities
Incorporates					
Safely, reliably, and securely operating the NEM	The operation and evolution of the NEM, including National Transmission Planning (NTP), implementing reforms, facilitating retail market competition, CER/DER integration, cyber security coordination and other functions	The operation and evolution of the East Coast Gas markets	Safely, reliably, and securely operating the WEM and performing some functions under the GSI Rules in Western Australia	Connections, registrations and onboarding activities in the NEM	CIS, New South Wales Roadmap, Victorian TNSP activities and associated support and funded upgrade to core systems
Funding source/s					
NEM participants via fees	NEM participants via fees	East Coast Gas participants via fees	WEM/ GSI participants via fees	Connecting participants via charges	Via contractual or other arrangement with various jurisdictions
FY26 net revenue requirement					
\$224m	\$190m	\$49m	\$102m	~\$44m rates for fee-for-service	~\$201m subject to variability with workload
Key drivers					
<ul style="list-style-type: none"> Operating the system and market, which is increasingly complex Addressing operational risks emerging from increased system complexity Upgrades to AEMO's market operations systems Implementing actions from the Engineering Roadmap Upgrades to AEMO's business systems 	<ul style="list-style-type: none"> Depreciation and amortisation resulting from reform projects that have been deployed and which are anticipated to be deployed during FY26 Ongoing costs for planning, engaging on and delivering reforms NTP activities including forecasting and scenario modelling, identifying system security needs, regulatory review and alignment, joint planning coordination, and data collation and consultation Coordinating and delivering industry cyber security maturity uplift and response planning activities 	<ul style="list-style-type: none"> Operating the East Coast Gas system Depreciation and amortisation resulting from reform projects that have been deployed Ongoing costs for planning, engaging on and delivering reforms 	<ul style="list-style-type: none"> Operating the SWIS and WEM, which is increasingly complex Addressing operational risks emerging from increased system complexity Implementing reform actions per the SWIS Roadmap and through the ongoing work on the DER Roadmap 	<ul style="list-style-type: none"> Revenue is driven by increasing numbers of connection applications and assessments as the transition progresses AEMO is investing in our workforce, processes, and tools to meet increasing demand and ensure efficient connection processes 	<ul style="list-style-type: none"> Labour and digital costs to enable investment in energy transition and to upgrade our core digital systems

FY26 budget takeaways

- As committed, AEMO has cleared its NEM Core deficit in FY25.
- A 4.5% increase in the NEM Core fee will enable investments to strengthen operational readiness and address key risks identified in the Engineering Roadmap. This is below the 6% - 8% long-term fee pathway. Stakeholders inform us they value a predictable fee trajectory.
- Our core operating costs have remained stable, reflecting labour and indexing increases, demonstrating our strong focus on prudence and cost management.
- Ongoing project costs (capital costs via depreciation and project operating costs) relating to NEM reform activities continue to increase. The revenue requirement for NEM reform activities has increased by \$9m compared to FY25.
- A new rule has formalised AEMO's cyber response coordination, industry preparedness and uplift, risk mitigation and sharing cyber alerts. \$10m has been allocated to this work.
- In FY26 we will commence an upgrade to our core digital systems. This program of work is funded by the Australian Government and will enhance energy security and reliability.
- The WA Allowable Revenue Framework review is underway and for FY26 the WEM and GSI fees are based on the previous Financial Year's WEM Market and Application Fee rate/GSI revenue requirement with adjustments based on Wage Price Index (50%) and Consumer Price Index (50%).
- The Vic TNSP segment, which includes AEMO's transmission planning and associated declared network functions in Victoria, is now anticipated to be transferred to Vic Grid on 1 November 2025.

AEMO's [FY26 Budget and Fees](#) document is available on our website.

Chart 1: FY26 budgeted net operating costs by segment (\$m)

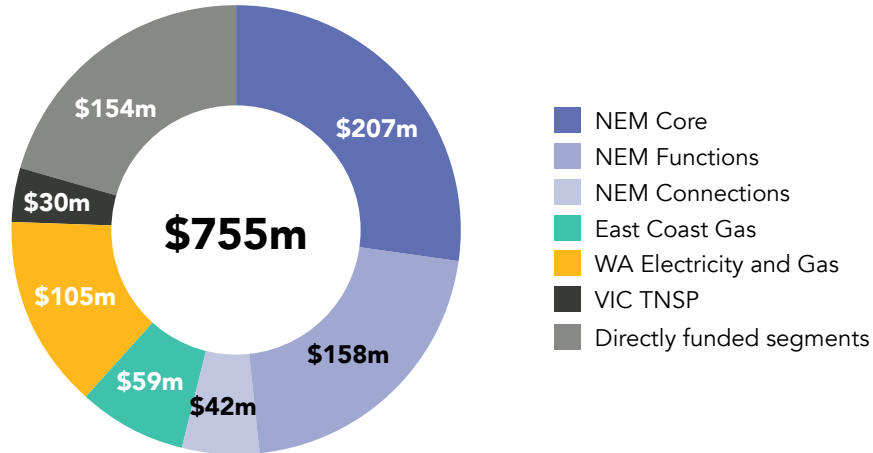
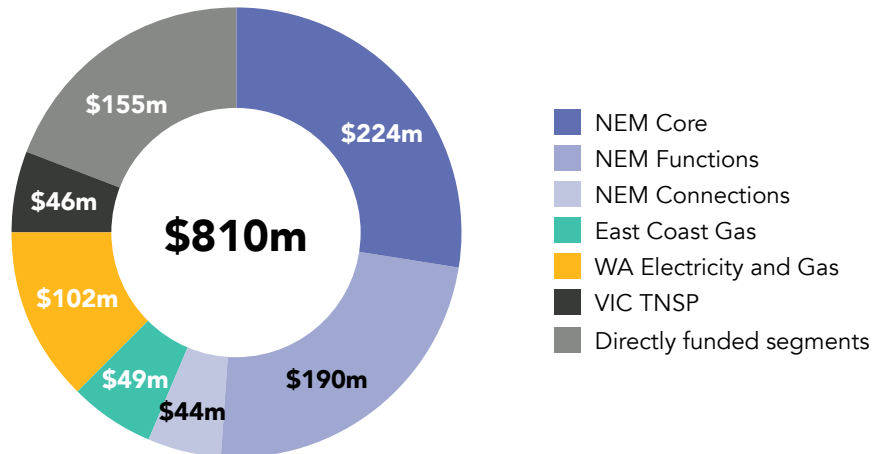


Chart 2: FY26 budgeted net revenue requirement [operating costs ± surplus/ (deficit)] by segment (\$m)



Glossary

CIS – Capacity Investment Scheme

DWGM – Declared Wholesale Gas Market

ECMC – Energy and Climate Change Ministerial Council

ELI – Enhanced Locational Information

ESG – Environmental, social and governance

ESOO – Electricity Statement of Opportunities

EV – Electric vehicle

GPSRR – General Power System Risk Review

GSH – Gas Supply Hub

GSI – Gas services information

GSOO – Gas Statement of Opportunities

GW – Gigawatts

IASR – Inputs, assumptions and scenarios report

IIO – Infrastructure Investment Objectives

ISP – Integrated System Plan

LNG – Liquefied natural gas

NEM – National Electricity Market

NSCAS – Network Support and Control Ancillary Services

NTP – National transmission planning

QED – Quarterly Energy Dynamics

RAP – Reflect reconciliation action plan

REZ – Renewable energy zone

SAER – South Australian Electricity Report

STTM – Short Term Trading Market

SWIS – South West Integrated System

TCV – Transmission Company Victoria

TNSP – Transmission network service provider

VAPR – Victorian Annual Planning Report

VGPR – Victorian Gas Planning Report

VPPs – Virtual Power Plants

VRE – Variable renewable energy

VTIF – Victorian Transmission Investment Framework

WEM – Wholesale Electricity Market



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