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Australian Energy Market Operator

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AEMO Draft FY26 Budget and Fees

AusNet welcomes the opportunity to comment on the Australian Energy Market Operator (AEMO) Draft FY26 Budget and Fees document.

AusNet is the largest diversified energy network business in Victoria – we own and operate three core regulated networks: electricity distribution, gas distribution and the state-wide electricity transmission network, delivering energy to more than six million Victorian households, businesses, and industrial users.

AusNet commends AEMO on its efforts to provide increased transparency and certainty of its costs and emerging impacts from the transition to a net-zero system through forums such as the Financial Consultative Committee (FCC) and the Reform Delivery Committee. AEMO's forecast full recovery from the NEM core accumulated deficit within FY25 and the projected reduction in NEM core operating costs are clearly positive outcomes.

We note the step up in the expenditure associated with NEM Functions in the draft FY26 budget. AusNet is supportive of the reform work and appreciates the importance of progressing key NEM transition roadmap initiatives as we continue to observe the impact from increasing CER and electrification of mobility and gas appliances on our networks. This includes the focus on AEMO's cyber security coordination responsibilities, which we see as critical in a NEM which is increasingly dependent on distributed energy.

We are equally cognisant of the financial burden that increasing energy costs impose on our customers, particularly those customers who may not yet see fair and equitable benefits from the proliferation of CER and renewables. We believe it is incumbent upon AEMO to ensure that reform initiatives and more broadly, NEM operational functions, are efficiently planned and delivered with a focus on minimising cost and balancing the need for new capabilities against the optimal timing for the delivery of those changes. AEMO should ensure that fee revenue sought in FY26 is based on a sufficiently firm assessment that the funded work can be delivered and avoid fee increases that may result in undue surplus recovery. To that end, AusNet suggests that AEMO consider the inclusion of:

- A current year (i.e. FY25) forecast column in the document's key financial tables, which would provide stakeholders with information regarding the delivery against current year budget
- A section which outlines any cost savings achieved by AEMO within the current year.

Finally, AusNet encourages AEMO to provide extended forward forecasts as part of the annual budget and fees consultation process to give industry and customers a better view of what to expect in the coming years. Indeed, as networks must forecast fees in their regulatory determinations, a forward view extending to seven years to align with regulatory determination forecasting timelines is required to provide network business with the opportunity to recover their efficient costs. We suggest that a 5-year forward view, refined annually, would offer broader stakeholders significant value.

Please do not hesitate to contact Anoop Nambiar (anoop.nambiar@ausnetservices.com.au) with any queries relating to this submission.

Yours sincerely,



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