

# FY26 Budget and Fees

This document provides an overview of AEMO's draft FY26 budget and fees. The full budget and fees is available on [AEMO's website](#).

## About AEMO

As Australia's independent system and market operator and system planner, AEMO's purpose is to ensure secure, reliable, and affordable energy and enable the energy transition for the benefit of all Australians.

We do this by operating electricity and gas systems and markets and planning the energy system of the future

AEMO is a not-for-profit organisation, operating on a cost-recovery basis. Costs are allocated to the market participants or stakeholders who benefit from those services, while some activities are offered on a fee-for-service basis.

[aemo.com.au](http://aemo.com.au)

## Consultation

AEMO consults throughout the year with its Financial Consultation Committee (FCC), made up of representatives from market participants and consumer advocates. AEMO consults with the FCC on financial progress against budget and on the budget for the year ahead.



## Context

- Australia's energy systems are going through the most fundamental change since the National Electricity Market (NEM) was established in 1998.
- As a result, AEMO is being asked to do more.
- AEMO was once funded almost solely by market participant fees. Today, a significant portion of AEMO's work is funded through other means, including contractual agreements with governments for facilitating renewable energy investment.
- Connections in the NEM and Wholesale Electricity Market (WEM) are growing. AEMO's costs for these activities are funded directly by the organisation that owns the asset.
- The increasing complexity of the energy system is driving investment in operating technology systems and tools. This is important to ensure grids remain secure, reliable, resilient and safe.
- Added system complexity is also bringing complexity and cost to AEMO's existing work planning and informing the future energy system.
- AEMO will always prioritise our core operational and planning responsibilities. Where work is better conducted by government or industry, we seek to transfer those roles to the most appropriate organisation. This is occurring with an upcoming transfer of our Victorian transmission network services to the Victorian Government's VicGrid agency.

## AEMO's financial principles



Efficient and cost-effective delivery



Balanced and sustainable cost recovery



Clear, ringfenced participant and member funds



Funding pathways for new investment



Low tolerance for funding risk on contracted activities



Debt-to-assets ratio <100%



Liquidity ratio >50%



Budget to market participants in a timely way

## Key takeaways



As committed, AEMO will clear its NEM Core deficit and return to a **healthy financial position in NEM Core from FY26**.



A 4.5% increase in the NEM Core fee in FY26 will enable investments to strengthen operational readiness and address key risks identified in the *Engineering Roadmap*.



**Our core operating costs have remained stable**, reflecting labour and indexing increases by 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 in FY26 has increased by \$11m in FY26 compared to FY25.



A new rule has formalised AEMO's **cyber security coordination responsibilities**. This includes cyber response coordination, industry preparedness and uplift, risk mitigation and sharing cyber alerts. \$10m has been allocated to this work.



In addition to AEMO activities, in FY26 we will commence an **uplift to our core digital systems**. This program of work is funded by the Australian Government and will enhance energy security and reliability.