Media Release

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Renewables, batteries continue to reshape energy markets

The Australian Energy Market Operator's (AEMO's) latest *Quarterly Energy Dynamics* (QED) report shows record renewable energy output and growing battery participation helped lower wholesale electricity prices in the National Electricity Market (NEM) to their lowest June quarter average since 2020.

Renewables hit a record 42.1% of generation, up from 37.1% in Q2 2025, driven by strong year-on-year output growth in wind (+ 20%), grid-scale solar (+12%) and rooftop solar (+6.9%). Coal generation fell 5%, while gas-powered generation dropped 30% to its lowest Q2 average since 2003.

During the quarter in the NEM, 14 new generation and storage projects totaling 3.9 gigawatts (GW) were commissioned to full output, while household battery capacity grew by 3,283 megawatt hours (MWh) or 41%. Grid-scale battery capacity more than doubled over the past year to exceed 9 GW.

AEMO Executive General Manager Policy & Corporate Affairs Violette Mouchaileh said continued investment in renewables and storage is reshaping market outcomes.

"Record renewable generation, combined with growing battery storage and consumer energy resources, continues to reshape Australia's energy markets," Ms Mouchaileh said.

"These technologies are changing demand patterns, supporting system reliability and increasing the amount of lower-cost energy available across the market," she said.

Average NEM wholesale electricity prices fell 47% year-on-year to $74 per MWh. Victoria recorded the largest decline, with prices falling 60% to $56/MWh, followed by New South Wales (down 53% to $75/MWh), Queensland (down 44% to $67/MWh), Tasmania (down 39% to $86/MWh) and South Australia (down 38% to $86/MWh).

By the end of June, 17 proposed data centre projects, representing a combined maximum connection capacity of 9 GW, were progressing through various stages of the transmission connection process, noting that realised demand is typically lower than the connection capacity.

Over half of this capacity was in New South Wales (52%), with Victoria (31%) and South Australia (17%) accounting for the remainder. Of these projects, 12 (7.6 GW) were in the application stage and five (1.4 GW) were progressing through implementation.

In Western Australia, batteries continued to play an increasingly important role in the Wholesale Electricity Market (WEM), with more than 1 GW of grid-scale battery capacity added since Q2 2025 and 288 MWh of residential battery capacity added in the quarter, supporting greater energy reliability and grid security.

While these structural changes strengthened competition and system security, average real-time wholesale electricity prices in Western Australia increased 30% year-on-year to $118/MWh. Lower wind generation and reduced coal-fired generation limited the availability of lower-cost supply, increasing reliance on gas-fired generation (+27%), which saw the renewable share of generation declining from 33.6% to 32%.

The QED also highlighted softer conditions in east coast gas markets during the quarter. Average wholesale gas prices fell to $9.08/GJ, the lowest June quarter average since 2021, with softer overall market demand – including for electricity generation with above average temperatures – outweighed higher international liquefied natural gas (LNG) prices. Total east coast gas demand declined 3%, despite Queensland LNG exports reaching a new Q2 high.

"Despite ongoing volatility in international energy markets, east coast gas prices were lower than a year ago, and storage inventories were strong heading into winter," Ms Mouchaileh said

Western Australia's domestic gas market remained secure throughout the quarter despite lower production and demand, with active infrastructure management helping mitigate maintenance activities and impacts of tropical cyclones.

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About AEMO

AEMO is responsible for operating Australia's largest gas and electricity markets and power systems in the best interests of Australian energy consumers. These include the National Electricity Market and interconnected power system in Australia's eastern and south-eastern seaboard, the Wholesale Electricity Market and power system in Western Australia, the Victorian gas transmission system and gas markets across Australia.

As Australia's independent energy markets and power systems operator, AEMO provides critical planning, forecasting and power systems security advice and services to deliver energy security for all Australians. AEMO is a not-for profit entity. For more information, head to www.aemo.com.au.