Annual Report

FY26

AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

Contents

Acknowledgment 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.

AEMO is proud to have launched its Innovate Reconciliation Action Plan (RAP) in June 2026. Pictured left and featuring on the cover of the Innovate RAP is Wiradjuri artist Lani Balzan's 'Journey of unity: AEMO's Reconciliation Path', a visual representation of 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 more about our Innovate Reconciliation Action Plan on page 36.

READ OUR RAP

A message from AEMO's Chair and CEO

Delivering value in a more complex energy environment was a defining challenge of FY26 as the energy transition continued. Evolving patterns of demand, generation and consumer participation continued to reshape Australia's energy systems and markets against the backdrop of a global energy crisis.

Over the past 12 months, AEMO has securely operated Australia's largest energy systems and markets through periods of extreme weather, changing demand patterns and increasingly dynamic market conditions. We also responded to external challenges, including heightened geopolitical tensions in the Middle East and associated risks to global liquid fuel supply chains, working closely with governments and industry to strengthen preparedness and resilience. At the same time, we strengthened operational readiness and invested in the digital, cyber and operational capabilities needed to support the emerging needs of the system and sector.

We also delivered work that supports value for consumers and the sector over the longer term. In June, following two years of analysis and engagement with close to 2,000 stakeholders, we released the 2026 Integrated System Plan, setting out the least-cost pathway for the future development of the National Electricity Market while meeting government policies. In December, the release of the second Transition Plan for System Security set out a plan to meet system security needs in the NEM over the next decade and support Australia's energy transition.

We also progressed reforms to integrate new technologies and changing demand, supported gas market reform, facilitated new connections, successfully transferred Victorian transmission planning responsibilities to VicGrid, and progressed priority initiatives from the South West Integrated System Engineering Roadmaps to support the security of Western Australia's main power system.

Throughout the year, stakeholder feedback and the review of AEMO's governance arrangements by the Energy and Climate Change Ministerial Council reinforced the importance of transparency, accountability and value for money. We responded swiftly, with our FY27 Strategic Corporate Plan and Budget and Fees introducing a number of early actions and improvements, ahead of the formal government response to the review. Further reforms will be progressed over the coming year as we implement an organisation-wide change program to strengthen governance, engagement and financial discipline.

On behalf of the Board, we extend our thanks to retiring directors Betsy Donaghey and Tony Concannon, and welcome new non-executive directors Luke Menzel and Josef Tadich. Their appointments will help ensure the Board's skills and experience remain aligned as AEMO evolves its capabilities, governance and ways of working in response to a more complex operating environment.

From operating critical energy systems and markets to planning the future of the energy transition, the work outlined in this Annual Report reflects AEMO's focus on delivering value for industry, governments and ultimately, consumers. Further detail on our priorities for the coming year can be found in our FY27 Strategic Corporate Plan. We thank our people, market participants, governments and consumers for their continued engagement and support, and commend this report to you.

Mary O'Kane
Chair

Daniel Westerman
Chief Executive Officer

About us

Who we are and what we do

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

AEMO is the independent system and market operator and system planner. We operate Australia's energy markets and systems in real time. balancing supply and demand to help keep energy flowing to homes, businesses and communities across Australia.

We also plan for the future, providing forecasting, planning and advice to support investment and decision-making.

As Australia's energy system changes, our role continues to evolve. Increasing renewable generation, changing patterns of energy use and new technologies are creating a more dynamic and complex energy system. Working with industry, governments and consumers, we help ensure the system remains secure, reliable and affordable.

Governed by a Board of Directors, AEMO is a not-for-profit, independent company with membership comprising energy industry participants and state, territory and federal governments.

Our functions, responsibilities and powers are set out in the AEMO Constitution and in energy laws, rules and regulatory frameworks across the jurisdictions in which we operate. AEMO is accountable to the Energy and Climate Change Ministerial Council.

With close to 2,000 employees across Australia, AEMO brings together a diverse range of expertise spanning power system operations, engineering, forecasting, market design and operation, information technology, cyber security, economics, data science, policy, corporate affairs and corporate services.

Through our subsidiary, AusEnergy Services Limited (ASL), we also support jurisdictions to accelerate the delivery of new energy infrastructure and coordinate and alignment of investment to meet the future needs of energy systems.

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

Core functions

Operate energy systems

- Real-time operations National Electricity Market (NEM) Power System
- Real-time operations South West Integrated System (SWIS)
- Real-time operations Victorian Declared Transmission System (DTS)
- Operational and demand forecasting
- Engineering analysis and modelling
- Emergency and outage management
- East Coast Gas Supply adequacy
- Cyber security (AEMO systems)
- Cyber security preparedness and response coordination in the NEM

Operate energy markets

- National Electricity Market (NEM)
- Wholesale Electricity Market (WEM)
- Reserve Capacity Mechanism (RCM)
- Market bids and offers management and monitoring
- Market settlements, prudentials and payments management
- Support electricity retail markets
- Declared Wholesale Gas Market (DWGM)
- Gas Short Term Trading Market (STTM)
- Gas Supply Hub (GSH)
- Gas Pipeline Capacity Trading and Day Ahead Auction
- Gas Bulletin Boards
- Gas retail markets

Enable the energy system of the future

- System planning (NEM) and planning support (WEM and other jurisdictions)
- Technical support and analysis
- Connections and onboarding
- NEM reforms
- WEM reforms
- Gas reforms
- Tender delivery of the Federal Government's Capacity Investment Scheme
- New South Wales Consumer Trustee*
- South Australia's scheme administrator for Firm Energy Reliability Mechanism*

*(delivered through ASL)

Executive Leadership Team

Daniel Westerman

Chief Executive Officer and Managing Director

Daniel oversees AEMO's strategy and operations, including collaboration with industry and policy makers.

Under Daniel's leadership, AEMO has ensured a secure and reliable supply of electricity and gas for customers through increasingly complex operations across Australia's energy systems and developed a trusted set of roadmaps to support Australia's energy transition. Internally, AEMO has built a purpose-led and values-based culture, with strong employee engagement, diversity and inclusion, customer orientation, and financial performance. AEMO is a trusted partner of both industry and governments.

Prior to joining AEMO, Daniel held a variety of senior executive roles with London-listed electricity and gas utility, National Grid plc., after an earlier career with McKinsey & Company and the Ford Motor Company.

Daniel holds degrees in Engineering and Mathematics from the University of Melbourne, and an MBA from Melbourne Business School. He is a Fellow of the Australian Academy of Technological Sciences and Engineering, a Chartered Engineer, and a Fellow of the Australian Institute of Company Directors.

Michael Gatt

Executive General Manager Operations

Michael is an experienced and respected executive leader in Australia's energy sector, with a strong track record across operations, infrastructure, policy and asset management. Throughout his career, he has led the delivery of major capital programs, including the commissioning of generation assets, construction of transmission infrastructure, and maintenance of critical energy systems.

As the lead for energy systems and market operations, Micheal navigates complex operational challenges, implements reform and leads AEMO's response to significant electricity and gas system events.

His leadership supports system reliability and Australia's evolving energy markets. Michael holds qualifications in Electrical Engineering and Commerce and is passionate about driving innovation to address the challenges and opportunities of the energy transition.

Gordon Dunsford

Executive General Manager Digital

With more than 25 years of experience in senior business and digital technology roles across a diverse range of industries in Australia and internationally, Gordon is responsible for the digital technology capabilities that underpin Australia's energy markets and power systems.

Gordon leads AEMO's digital transformation agenda, delivering critical digital and data capabilities to support major energy market reforms, including in Western Australia, as well as cyber security, artificial intelligence and enterprise enablement. He formerly held Chief Information and Technology Officer and equivalent executive positions with the New South Wales Police Force, WaterNSW, Airservices Australia, Integral Energy, Transgrid and IBM.

Gordon holds an MBA (Computing) and is a Graduate Member of the Australian Institute of Company Directors.

Violette Mouchaileh

Executive General Manager Policy and Corporate Affairs

Violette's extensive experience spans economic regulation, the development of energy policyand regulatory frameworks, market design, and market change implementation. She was Executive General Manager of ReformDelivery at AEMO before commencing her current position, with prior roles at AEMO in market design development, market change implementation and operations.

Violette formerly held roles driving energy market policy in the Federal Government and worked on competition policy initiatives at the Australian Energy Regulator (AER) and Australian Competition and Consumer Commission (ACCC).

Violette holds a Bachelor of Economics (hons.) from Latrobe University.

Nicola Falcon

Executive General Manager System Design

Nicola has more than 25 years' experience in the energy sector in Australia and overseas. Assuming her current role in August 2025, Nicola is responsible for leading system design at AEMO, driving the collaborative and industry-wide efforts to meet the engineering challenges of Australia's transitioning energy system.

In her prior role as interim EGM of Western Australia, Nicola provided leadership support to real-time operations of WA's power systems and markets, as well as the state's market reform and delivery program.

Nicola holds graduate and post-graduate commerce degrees in Management Science from the University of Canterbury, and is passionate about providing equal opportunities for women in the energy sector.

Kirsten Rose

Executive General Manager Western Australia

With a career spanning over 30 years in the US, UK and Australia, Kirsten is a respected leader in the energy, resources, technology and innovation sectors. In her current role, Kirsten leads system operations and transformation for WA's South West Interconnected System and the Wholesale Electricity Market.

Prior to joining AEMO, Kirsten held senior positions at CSIRO, including as Deputy Chief Executive, and Executive Director, Future Industries. Earlier positions include a global role at BHP as Head of Innovation, Sustainable Operations.

Kirsten serves as a Non-Executive Director on the Pilbara Ports Board, is a fellow of the Australian Academy of Technological Sciences and Engineering (ATSE), and is a graduate member of the Australian Institute of Company Directors.

Mark Ellul

Executive General Manager Finance & Governance

Mark brings more than 25 years of experience in finance, strategy, and corporate leadership across the energy, telecommunications and professional services sectors.

He was appointed to his current position as Executive General Manager (EGM) Finance & Governance in September 2026, after acting as interim EGM of Finance since March 2026.

Prior to joining AEMO, Mark served as the Chief Financial Officer at AusNet where he led major strategic, investment, capital management and business transformation initiatives. Throughout his career he has also held senior roles with Telstra and KPMG.

Mark holds a Bachelor of Commerce from the University of Melbourne and is a Chartered Accountant. He is also a graduate member of the Australian Institute of Company Directors.

Glenn Jackson

Executive General Manager People and Culture

Glenn has over 25 years of people and culture experience in the corporate services sector across Australia, the UK, and the US. Prior to joining AEMO, Glenn spent nearly eight years as Human Resources Director at Queensland Investment Corporation.

Prior to this, he held executive-level human resources roles for Australian and global corporations including Group Chief HR Officer for QBE, and senior roles with the National Australia Bank Group and PWC.

Glenn holds an MBA and is passionate about inclusion, high performance, and enabling talented people to thrive.

Glenn will step away from his AEMO executive role in September 2026.

Our strategic priorities and performance

The four priorities set out in our Strategic Corporate Plan continued to shape our work in FY26, helping to ensure our resources and investments were directed to areas of greatest impact and value.

1. Operating today's systems and markets

Reliable and secure operations to keep 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 are strengthening operational readiness and resilience, modernising core systems, capabilities and processes to reduce market and operational risk.

	Measure	Target	Actual
System security	Operate within technical limits	100%	**100%**
	No system-wide blackout events	nil	✓
	Preventable load shedding	nil	✓
	No loss of system or market suspension due to preventable cyber incidents	nil	✓
	Operational forecast accuracy (NEM | WEM)	80% | 80%	**96% | 78%**
Energy reliability	No region-wide loss of supply	nil	✓
	Achieve all material prudential supervision obligations	nil breaches	✓
Market management	Settlement statement issued and settled on time	100%	**100%**
	IT critical market and system services availability	100%	**100%**
	IT Change Management implementation success rate	97%	**98%**

2. Navigating the energy future

Supporting timely and efficient delivery of investment to enable the energy transition, through independent system planning, efficient grid connections and delivery of critical reforms. We inform decision making and collaborate with consumers, regulatory bodies and industry to support design and delivery of efficient future energy systems and markets.

	Measure	Target	Actual
Energy system design	High priority projects and initiatives delivered to scope, on time and to budget	5	✓
	Deliver the CIS Tender Program to the satisfaction of the Commonwealth Government	Satisfied	✓
	Engineering Roadmap priority actions	75%	**89%**
	Successful delivery of NSW Consumer Trustee functions and obligation	Satisfied	✓
Connections	Improving Connections process and satisfaction	85%	**86%**
	Effective delivery of jurisdictional support services	100%	**100%**

Performance highlights

Our Strategic Corporate Plan sets out short, medium and long term goals under each of the four strategic priorities, supported by a range of initiatives and performance measures. We delivered 37 of 46 initiatives, with nine progressing. These initiatives together with our performance metrics, provide a framework for measuring progress, assessing impact and demonstrating the value delivered through our work.

3. Stakeholder engagement

Building trusted relationships with consumers, industry and governments, by listening, engaging transparently and clearly explaining how decisions are made. We facilitate open dialogue and communicate analysis and insights in a clear, accessible and timely way to inform policy, planning and investment decisions.

	Measure*	Target	Actual
Stakeholder trust and confidence	Stakeholder perceptions of AEMO	73%	**75%**
Transparency and accountability	Stakeholder satisfaction with AEMO's engagement	73%	**70%**
Effective engagement	Engage effectively on delivery of AEMO's core roles	73%	**74%**

*these metrics made up of a number of measures relating to engaging stakeholders

4. Evolving the way we work

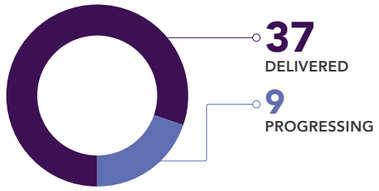
Leading with our values of Character, Connection, and Commitment to harness our expertise and build capabilities to effectively and efficiently deliver our functions into the future. Focusing on financial discipline, transparency, and strong governance, we are simplifying processes and modernising systems, while fostering an inclusive and supportive culture.

	Measure	Target	Actual
Health and safety	Maintain health and safety performance	Met targets	✓
Employee engagement	Employee engagement survey results	73%	**77%**
Budget	Achieve FY26 Budget		
	– AEMO Group	Met budget	✓
	– Market funded	Met budget	✗
Governance	Meet all legal and reporting obligations	Nil breaches	✓

FY26 at a glance

Strategic Corporate Plan initiatives

46



Overall reputation

81% ↑ **6%** COMPARED TO FY25

Employee engagement

72%

engagement in the people survey FY26

Employee lost time injuries

Statements issued to settle FY26

Approximately

110,000

Record NEM connections

Projects delivered

34

New generation and storage

9 GW

Increase over FY25

110%

Gas – Annual trades and volumes (petajoules)

East Coast Gas Markets

FY26

$4.3 B

FY25 $4.7 B

Declared Wholesale Gas Market (DWGM)

201 PJ

Wholesale gas **withdrawal**

$2.2 B

Wholesale gas **purchased**

Short Term Trading Market (STTM)

136 PJ

Wholesale gas **withdrawal**

$1.5 B

Wholesale gas **purchased**

Gas Supply Hub (GSH)

45 PJ

Wholesale gas **withdrawal**

$0.53 B

Wholesale gas **purchased**

Electricity

Annual trades and volumes (gigawatt hours)

WEM

18,722 GWh

Total energy traded

FY26

$3.1 B*

Total Market Value

NEM

207,081 GWh

Total energy traded

FY26

$15 B*

Total Market Value

* Values are estimates assuming all energy and capacity are traded at market prices.

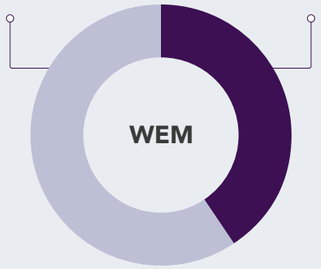
Generation mix

41%

Renewable

59%

Thermal

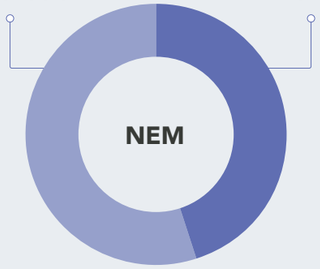


46%

Renewable

55%

Thermal



Renewable
(wind, grid-scale and rooftop solar)

Thermal
(coal, gas and distillate, landfill gas)

Instantaneous renewable contribution records

WEM

91%

20 December 2025

NEM

79%

11 October 2025

Operating today's systems and markets

AEMO continued to operate Australia's energy systems and markets reliably and securely throughout FY26 despite increasingly complex operating conditions and external challenges.

Across the year, the energy systems and markets operated by AEMO remained stable despite bushfires, tropical cyclones, heatwaves and flooding, while adapting to changes in how energy is produced, stored and consumed.

As market operator, AEMO administered the financial and settlement functions that underpin market confidence and participation, issuing more than 110,000 settlement statements and managing energy trades worth $15 billion in the NEM and $3.1 billion in the WEM.

Geopolitical uncertainty, including conflict in the Middle East, remained a focus. AEMO worked with governments, major generators and industry stakeholders on liquid fuel management and contingency planning to maintain Australia's preparedness for supply chain disruptions.

Collaboration across industry and government, supported by investment and seasonal planning, helped maintain the reliability of energy systems and markets.

Australia's power systems continued to integrate increasing levels of renewable generation, storage and consumer energy resources (CER), while growing electrification and new sources of demand increased operational complexity.

Gas continued to support reliability during periods of high demand and lower renewable output, although its contribution to NEM demand declined as renewable generation and battery storage expanded.

Our control room operators successfully managed these conditions, balancing growth in underlying electricity demand while maintaining secure and reliable system operations.

Alongside our operational focus, AEMO implemented electricity and gas market reforms that support a more dynamic energy system while maintaining market efficiency, security and reliability.

AEMO invested in advanced digital and operational capabilities, strengthening readiness for key transition points, modernising operating systems, and enhancing cyber security and resilience. We progressed a significant digital uplift in response to evolving regulatory requirements and increasing cyber threats.

We also advanced the use of artificial intelligence (AI) to support planning and operational decision-making. More than 90 potential use cases were identified across the organisation, including forecasting, modelling, digital resilience and control room operations. Through collaboration with technology partners and global peers, AEMO explored how AI can enhance productivity and support operators in managing Australia's evolving energy systems.

Secure and reliable operations as complexity grows

In FY26, underlying electricity demand continued its gradual increase, reflecting population growth, electrification and the emergence of new sources of electricity consumption. In contrast, operational demand continued to trend lower as rooftop solar and other CER supplied an increasing share of customer electricity consumption behind the meter.

As a result, a growing proportion of electricity consumption was met outside the wholesale market, further changing demand patterns and system operating conditions.

These diverging trends increased operational complexity, particularly during periods of minimum operational demand and high renewable output. While these challenges were largely invisible to consumers, AEMO maintained secure system operation through forecasting, operational interventions and system security frameworks, including directions to manage system strength and minimum demand conditions.

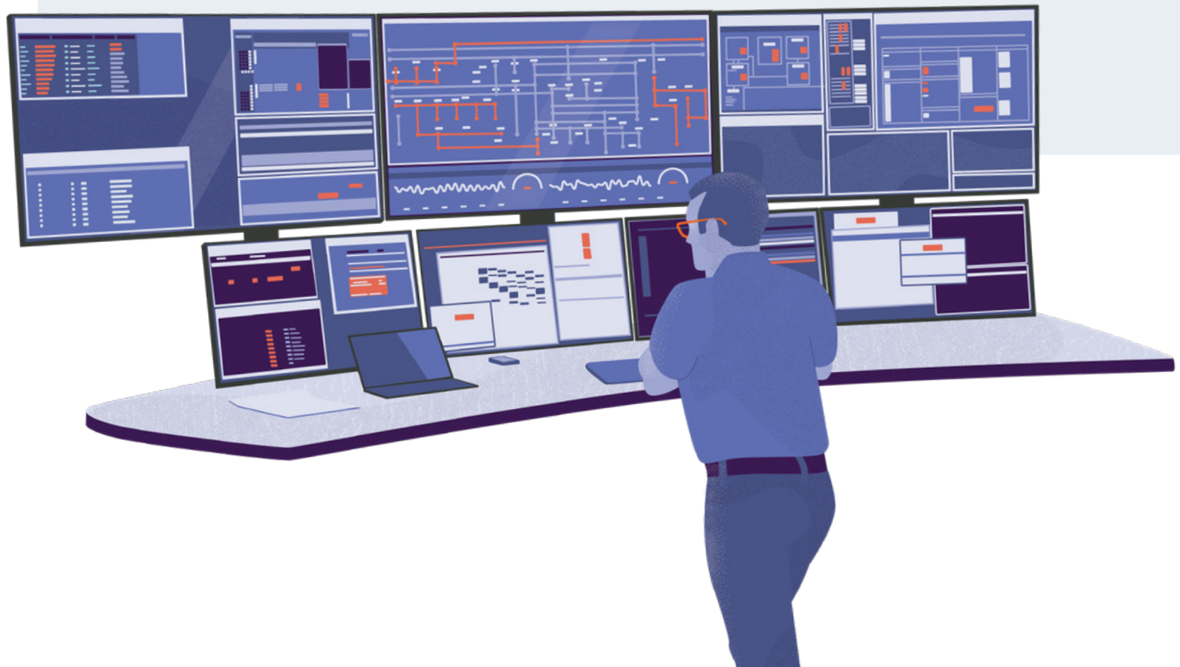
Across both the NEM and WEM, record renewable generation, expanding battery storage and increasing CER participation had a greater influence on electricity and gas market outcomes.

In the NEM, renewable generation, including rooftop solar, accounted for 46% of total generation over the year, exceeding 50% in the December quarter and reaching a new instantaneous renewable contribution record of almost 80% for a half-hour period on 11 October 2025.

Similarly in the WEM, renewable generation accounted for 40.8% of total generation for the year and reached a new instantaneous renewable contribution record of 91% on 20 December 2025.

The expanding capacity of battery storage, both grid-scale and residential, is shifting excess renewable energy during the day into the evening peak periods, reducing reliance on coal-and gas-fired generation, while also providing essential system services.

Gas-fired generation on the east coast reached historically low levels during the first half of 2026. Wholesale gas prices also eased, reaching a five-year quarterly low in the June quarter of 2026 as market conditions remained comparatively well supplied. The increasing role of batteries in meeting evening peak demand was a key factor in reducing gas fired generation and supporting lower wholesale electricity prices and reduced price volatility.



Technology supports the evolution of the control room

Through the Operations Technology and Reform (OTR) program, AEMO continues to modernise our operational technology to improve efficiency, automation and system oversight. Upgrading digital operational systems and embedding enhanced operational processes is essential to maintaining a reliable and secure energy supply as the energy transition increases the complexity of power system operations.

As part of this program of work, AEMO is introducing advanced tools such as look-ahead modelling, wide-area monitoring, real-time dynamic stability analysis and automated outage and security assessments. Together, these capabilities strengthen AEMO's ability to manage a power system increasingly dominated by variable renewable generation, grid-scale batteries and more complex market interactions.

Seasonal readiness builds system resilience

AEMO collaborated extensively with industry and governments to support the delivery of reliable and secure power through periods of heightened operational risk including seasonal weather conditions. This includes assessing weather forecasts, electricity and gas demand, generation and network availability, fuel positions and reserve requirements.

Higher renewable generation, growing CER, changing demand patterns and the retirement of synchronous generation are creating new operational challenges, including both peak demand and minimum demand risks. Changing weather patterns bring additional complexity.

In FY26, wide-ranging collaboration including with industry helped identify and manage these risks in real time, maximising available generation and transmission during times of high and low demand across energy systems.

Key initiatives delivered in FY26 included:

Supporting power system security with an interim solution to support the management of inverter-based resources for power system security enables voluntary participant self-management, reducing manual interventions by controllers.

Energy Management Systems (EMS) for the NEM and WEM were upgraded to improve cyber security and deliver native product support for batteries and DER while cutting out customisations previously needed to manage core functionality.

Technology enhancements were made to dashboards supporting real-time and near-time operations, while world-leading tools were introduced to uplift data management and control room operations. Priority uplifts were also made to integrate DER into AEMO's core operational systems and interfaces, enabling more effective management of growing DER volumes.

A new dispatch training simulator in the WEM control room was developed to provide WA power system controllers with a realistic simulation environment to build skills in managing complex and high-impact events before they occur in in real-time. The capability strengthens operational preparedness to manage an increasingly dynamic power system.

Upgrading NEM dispatch

Under AEMO's 24/7 real-time market dispatch process, AEMO issues dispatch instructions to generators and market participants every 300 seconds, helping keep the system balanced and secure as the NEM transitions to more geographically dispersed and flexible generation and storage.

Enhancements to the dispatch software this year have reduced dispatch processing times by around 35%, supporting AEMO's control room operators and market operations teams, as well as generators and market participants, who rely on timely dispatch targets to adjust their output.

Using artificial intelligence to enhance operational efficiency

In FY26, AEMO partnered with Microsoft on the pilot of Operations Alarm Management, an AI-based solution that provides real-time situational awareness and decision support for control room operators.

By rapidly synthesising Supervisory Control and Data Acquisition (SCADA) telemetry, alarms, network topology, market signals and operational data, the solution has demonstrated improvements in efficiency, decision-making and cost-effective operation of the power system by reducing analysis time from minutes or hours to seconds.

The platform removes manual analysis and helps to improve responsiveness and consistency of decision-making while lowering the effort and cost associated with interpreting complex system conditions. AEMO is now working with Microsoft to operationalise the solution.

Improving security frameworks for the energy transition

Through the NEM Reform Program, in FY26, AEMO progressed implementation of the Australian Energy Market Commission's (AEMC) Improved Security Framework.

By embedding new tools, processes and reporting into operations, AEMO introduced a more proactive approach to procuring essential security services including system strength and inertia, supported by enhanced system security management capabilities and greater transparency for market participants.

Working with industry to operationalise the new arrangements, this work aims to provides clearer signals to support investment in the services required for a changing, increasingly inverter-based power system.

Importantly, these changes have strengthened AEMO's ability to manage system security in real time while reducing reliance on market intervention and supporting more efficient outcomes, better integration of renewable generation and enhanced overall system reliability.

Supporting grid security through low demand

The growing contribution of rooftop solar generation is increasing the frequency, depth and duration of periods of very low operational demand, particularly during high solar output conditions in spring. These minimum system load (MSL) conditions can pose challenges for power system security.

To address this risk, AEMO issued a Statement of Need in late 2025 to procure transitional services to support secure system operation across the NEM. AEMO is seeking to procure capability from battery storage and other flexible technologies that can provide a market response to increase load or reduce generation when required. This helps to maintain system security and reduces reliance on directions and urgent interventions to manage system security risks.

Smart meter reform supports CER/DER integration

In October, AEMO delivered new functionality to support the accelerated rollout of smart meters through the Metering Services Review, enabling industry to manage replacement meter plans and guiding a shift from legacy meters by 2030. Smart meters are critical to the energy transition, improving consumer visibility and supporting integration of renewables and distributed technologies. Further enhancements in late 2026 will complete the system changes needed to implement the reform.

Publishing data on battery availability drives more efficient market outcomes

As grid-scale batteries continue to play a growing role in Australia's energy system, timely and transparent information is becoming increasingly important to efficient market operation.

In FY26, AEMO implemented the Enhancing Reserve Information (ERI) reform to support more informed decision-making by both AEMO and market participants.

The reform introduced the regular publication of prior-day, five-minute battery availability data, aggregated battery state-of-charge information and daily energy limits for scheduled generators by region across the NEM, improving the timeliness and accessibility of critical market information.

By providing clearer visibility of available energy and reserve capacity, the reform helps participants better anticipate emerging supply and demand conditions, make more informed operational and trading decisions, and more effectively integrate batteries and other flexible resources into the power system.

These improvements support more efficient market outcomes and enhance reliability during periods of tight supply.

Digital resilience and cyber security

As cyber threats continue to increase in sophistication and frequency, enabled by advanced AI capability, AEMO is strengthening its digital resilience to support the secure and reliable operation of Australia's energy systems and markets.

During FY26, AEMO continued to progress a significant digital uplift program informed by evolving regulatory requirements and industry best practice to enhance the resilience of its critical systems and reduce reliance on legacy technology where practical.

A key milestone during the year was the execution and commencement of new data centre contracts, supporting the modernisation and security of AEMO's critical technology environment.

Implementation of the digital uplift continued at pace, with investment directed towards strengthening business continuity and emergency management capabilities, enhancing cyber defence controls, data protection, identity and access management, and cyber governance, and improving the security and resilience of AEMO's physical assets. AEMO is exploring opportunities to utilise AI to support threat detection, response prioritisation and cyber awareness.

Several key elements of AEMO's digital uplift are funded by the Australian Government, aimed at further enhancing the security, reliability and resilience of the systems that support Australia's energy markets and power systems.

Collaboration leverages international experience

Through the International System Operator Network (ISON), AEMO works closely with peer operators in the US and Europe to exchange practical, real-world experience of operating increasingly complex power systems. Across FY26, collaboration continued through regular technical forums, leadership engagement and working groups, allowing operators to share insights and solutions in response to common system and market issues.

Participation in ISON helped share valuable learnings from real-world power system disturbances, including the Iberian Peninsula blackout in April 2025, to improve resilience and stability.

International visits and secondments funded by grants supported in-depth hands-on learning with AEMO people visiting operators in the US including in Hawaii to observe systems operating without synchronous generation, in California to understand large-scale battery integration, and in Texas to examine approaches to managing growing demand from data centres.

AEMO also hosted international peers, including from the US and the United Kingdom, with extended placements focused on advancing tools and techniques such as oscillation detection and analysis.

Working with industry to strengthen emergency preparedness

Collaboration during emergency events across industry and government is essential to maintain secure and reliable energy systems. Throughout FY26, AEMO undertook regular exercises aimed at strengthening coordination and response capabilities across the sector.

AEMO also hosted Exercise Trident III, a three-day national cyber security exercise involving industry participants and government agencies to test responses to a large-scale cyber incident impacting energy systems and markets. In May, AEMO and Energy Safe Victoria hosted more than 50 participants to test recovery capability and preparedness for a Victorian gas supply emergency.

Delivered as part of AEMO's cyber security responsibilities under the National Electricity Rules and the Australian Energy Sector Cyber Incident Response Plan (AESCIRP), the exercise provided an opportunity to assess sector-wide coordination, information sharing and decision-making arrangements against an increasingly complex threat environment, helping to strengthen the sector's cyber maturity year on year.

Navigating the energy future

AEMO is collaborating with industry and governments as we prepare for key transition points and plan future energy systems and markets.

Over the past year, AEMO worked closely with consumer, industry and government stakeholders, as we continued to plan for Australia's evolving energy system and markets.

In June 2026, AEMO released the Integrated System Plan (ISP) following two years of extensive analysis and consultation. The ISP reflects the evolution of a more dynamic and interconnected energy system, including rising demand driven by increasing electrification of households and businesses, the emergence of new large loads, and growing participation by consumers in generating and storing energy. Similar trends were evident in Western Australia (WA), with the 2026 Wholesale Electricity Market Electricity Statement of Opportunities (WEM ESOO) highlighting the increasing role of virtual power plants (VPPs) in meeting future system needs.

These growing levels of renewable generation and new patterns of demand are changing how the power system operates and the services needed to keep it secure. In response, AEMO continued to strengthen its forecasting, planning and system security capabilities to identify emerging risks and support the reliable operation of the power system as it evolves. The 2025 TPSS was released in early December, identifying key transition points such as coal-fired power station retirement, and outlining the requirements for the power system to remain stable and secure over the next decade. In February, work began on a new report, the Demand-side Statement of Opportunities (DSOO), reflecting the growing importance of demand-side factors in shaping the energy transition.

We collaborated with industry and governments to advance a broad reform and policy agenda across Australia's energy markets, applying a whole-of-system perspective to planning, market design and participation. This included actively supporting the NEM Wholesale Markets Settings Review as it moved into detailed design and implementation while contributing to a wide range of electricity review and rule change processes, including reforms that were subsequently implemented through our reform delivery program.

AEMO continued to support ongoing improvements to the WEM following the commencement of new market arrangements in October 2023, and enhance its systems to navigate the energy transition through the WA Reform Program. Priority initiatives identified in the SWIS Engineering Roadmap were delivered to ensure the SWIS remains secure as renewable penetration grows.

Building on momentum from FY25, new records were set for the number of projects and new capacity connected to the NEM. We completed phase 1 of the Connections reform initiative to support a more timely and efficient connection process, and saw a significant reduction in the overall time taken for projects to work through the process.

As at 30 June, 75 GW of new generation and storage projects were progressing through the NEM connections process, 42% more than at the same time last year. The WEM also saw a record volume of connections with 835 MW of new capacity commissioned, including three new grid-scale battery projects.

In late 2025, AEMO successfully transferred Victorian declared transmission network functions to VicGrid, reflecting the evolution of governance arrangements to support the energy transition. Power system analysis expertise continues to reside in AEMO, with a new team established to support VicGrid and provide the Victorian Government with power system analysis and planning support.

AEMO also continued to support the delivery of new energy infrastructure through our subsidiary ASL, working with governments to secure investment in the generation, storage and firming capacity needed for future energy systems. By 30 June 2026, ASL had completed 17 tenders across three government schemes, supporting 142 projects representing around 25 GW of generation and 100 GWh of storage, with a further four tenders underway.

Batteries reshaping Western Australia's power system

Distributed energy resources (DER) are playing an increasingly important role in the SWIS, helping to reduce costs for consumers, support reliability, manage peak demand and enable the energy transition. As rooftop solar generation continues to grow, batteries – both behind the meter and at grid scale – are becoming a critical source of system flexibility.

Rooftop solar is now the largest source of generation in the SWIS, helping to meet growing electricity demand as Western Australia's population expands and homes, businesses and industries increasingly electrify. Over the past year, rooftop solar capacity increased by 9.5%, further strengthening the role of consumers in the energy system.

Battery uptake is also accelerating. Almost 48,000 household and business batteries were installed during the financial year, supported by Commonwealth and Western Australian Government initiatives. Together with growing grid-scale battery capacity, these investments are transforming how the power system responds to changing demand and renewable generation patterns.

When coordinated through VPPs, household batteries can provide significant system benefits by storing excess daytime solar generation and discharging during the evening peak. This reduces peak demand, improves utilisation of existing network infrastructure and supports more efficient system operation. Participation requirements under the Western Australia Residential Battery Scheme are expected to drive substantial growth in coordinated DER over the coming decade as part of VPPs, with significant benefits for consumers.

The growth of coordinated DER builds on the Western Australian Government's DER Roadmap (completed in 2025) and a series of pioneering VPP initiatives, including Project Symphony and Project Encore. In FY26, AEMO continued to support the rollout of Project Jupiter, a three-year program designed to enable large-scale integration of DER across the SWIS. Delivered in partnership with Western Power, Synergy and Energy Policy WA, and supported by funding from the Australian Renewable Energy Agency (ARENA), Project Jupiter is helping unlock the potential of consumer-owned resources to contribute to a more reliable, flexible and resilient power system.

2026 ISP: A roadmap for the energy transition

In June 2026, AEMO released the 2026 ISP, developed over two years in collaboration with industry, consumer groups and governments to reflect changes in technology, demand, policy and investment trends. The ISP provides an independent, evidence-based roadmap for the NEM's transition, and outlines an 'optimal development path' (ODP) for generation, storage and network investments to meet both consumer needs and government policies, at least cost, to 2050.

To identify the ODP, AEMO tested more than 1,000 combinations of generation, storage, transmission and distribution investments across three future scenarios that meet government policy, supported by detailed cost-benefit analysis.

The 2026 ISP reaffirms that renewable energy, connected by transmission and distribution, firmed with storage and backed up by gas, presents the least-cost way to supply secure and reliable electricity to consumers, as coal plants retire and electricity consumption doubles.

Through FY26, AEMO actively engaged in the AEMC's review of the ISP framework, to ensure the ISP remains for for purpose and meets the needs of diverse stakeholder groups. The scope of the 2026 ISP expanded following recommendations from the ISP Review, endorsed by Energy and Climate Change Ministers, to better reflect the increasingly interconnected nature of the energy system.

For the first time, the ISP identified investment opportunities in distribution networks to support the forecast growth of CER and other DER, while also providing a more integrated assessment of the role of east coast gas infrastructure in supporting electricity system reliability

Compared with previous ISPs, the 2026 ISP provides a more comprehensive whole-of-system roadmap, improving the information available to governments, industry and consumers to support efficient investment and better energy outcomes.

Collaborating to develop the 2026 ISP

The ISP was developed through a two-year engagement process with consumer representatives, industry and developers, transmission and distribution networks, governments and market bodies. The engagement was designed to test the assumptions, modelling and analysis behind the plan, and to make the final outcomes easier for stakeholders to understand and scrutinise.

Stakeholder input was gathered through consultation on inputs, assumptions and methodology, including forums such as forecasting and reference groups, targeted discussions with stakeholder groups, and ongoing engagement with the ISP Consumer Panel. This gave AEMO a clearer view of where stakeholders wanted stronger evidence, clearer explanation or further testing before the plan was finalised.

Feedback directly shaped the ISP's assumptions, modelling and final materials, including the development of a plain-language "ISP explainer" and infographic. Stakeholder input helped refine the analysis, improve the explanation of key choices and strengthen transparency about how stakeholder views were considered.

Consumer-focused advice from the ISP Consumer Panel also helped test whether the plan reflected the long-term interests of consumers, including on affordability, CER, social licence and transmission development.

ISP Consumer panel

In May, AEMO appointed Mike Swanston (Chair), Dr Jarra Hicks, Dr Ed Langham and Georgina Morris to the four-member 2028 ISP Consumer Panel, an independent advisory body established under the National Electricity Rules that provides a consumer-focused perspective on Australia's long-term energy planning.

We extended thanks to outgoing ISP Consumer Panel Chair Mark Henley and members Beverley Hughson and Craig Memery for their outstanding contributions to the development of the 2024 and 2026 ISPs.

Consulting on the Transition Plan for System Security

The TPSS was informed by engagement with industry, governments, academia and the AEMC's Reliability Panel. While formal consultation is not required under the National Electricity Rules, AEMO invited submissions on the 2025 report. This was complemented by targeted engagement activities, including a webinar with 180 attendees, joint planning arrangements with network service providers, market engagement on Type 2 Transitional Services, and regular meetings with the Reliability Panel.

Stakeholders recognised improvements to the report following feedback on the inaugural 2024 TPSS. Feedback received through submissions and ongoing engagement is also helping shape the development of the 2026 TPSS, planned for release in December 2026.

ISP engagement at a glance

1,940
stakeholders engaged

333
consultation submissions

45+
meetings with the ISP Consumer Panel

450+
stakeholder recommendations identified in submissions

19
webinars and workshops

62
reports and supporting materials published

631
webinar attendees

Planning for system stability and security through the energy transition

In December, AEMO released the second annual TPSS, a plan to meet system security needs in the NEM over the next decade and support Australia's energy transition.

Developed with industry, the expanded report outlines AEMO's current technical understanding of what is needed to maintain and achieve power system security in a low or zero-emissions system. It also includes a comprehensive view of transition points and information and analysis to inform investment decisions. It outlines the collaborative actions needed from transmission network service providers, market participants, governments and AEMO to keep Australia's main power system stable and secure as coal-fired power generation retires. By providing greater visibility of future system security requirements, the TPSS helps industry and governments take timely action ahead of critical transition points.

The latest report consolidated four previous reports into a single plan to outline the steps required to replace the system security services currently provided by retiring coal-fired generators and unlock the growing potential of renewable energy, including rooftop solar, to help deliver a smooth transition for consumers.

The transition planning framework helps industry and government build on action already underway to navigate transition points that require investment or material changes in power system operations. New investments and reforms are needed to maintain system security in advance of these transition points, with opportunities to co-optimise both reliability and system security investments to help keep costs as low as possible. The framework also supports a more coordinated approach to planning and investment across the sector as the energy system becomes increasingly complex and interconnected.

The report is produced in line with AEMO's obligations under the National Electricity Rules, complementing AEMO's existing system security responsibilities alongside those of transmission network service providers and market participants.

Reforming the NEM

AEMO worked closely with government, market bodies, industry and consumer groups providing technical, operational and reform advice to inform energy market reform.

During FY26, across the east coast markets (NEM and Gas), AEMO prepared 51 reform submissions and lodged six rule change proposals seeking changes to market frameworks, system security arrangements, investment signals, metering compliance and compensation frameworks.

We also released two updates to the Reform Implementation Roadmap, which provides AEMO and stakeholders with a holistic view of the reforms impacting Australia's east coast electricity and gas markets, with the aim to help de-risk delivery, inform implementation timing and minimise implementation cost.

NEM wholesale market settings review

AEMO actively engaged in and supported the NEM Review, informing the Panel's final recommendations, and provided technical, operational and reform advice on the next stage of detailed design work, including Electricity Services Entry Mechanism (ESEM) design.

In consultation with industry and consumer representatives, we also led a process to develop a mandatory market visibility framework (MVF) for price responsive resources. AEMO is co-designing a framework that defines fit-for-purpose approaches to address the current visibility gaps in the NEM around how price responsive resources, such as CER, aggregations of storage assets, and large flexible loads, behave, interact with and influence dispatch outcomes, wholesale prices and operational conditions. With the consultation process initiated in May, alongside the establishment of a stakeholder advisory group, AEMO is working with industry and consumer representatives to identify reforms that deliver practical benefits for the market and consumers.

51
Reform submissions

6
Rule change proposals

Enabling demand through the National CER Roadmap

AEMO worked closely with the CER Taskforce, market bodies and industry to advance priority workstreams including national interoperability requirements, a national technical regulatory framework, conformance and compliance frameworks, a national CER data framework and transmission-distribution coordination arrangements, and distribution-system governance arrangements.

Following the Energy Ministers' endorsement of the next phase of the CER Roadmap in December 2025, AEMO progressed planning and preparation work to underpin reform and implementation focused on supporting a more coordinated and secure high-CER electricity system. We continued to work collaboratively with policy makers and industry, including supporting rule changes processes and policy-led sandboxing trials, to enable the reforms, market settings and other actions needed to unlock the potential of, and further integrate, CER and demand flexibility into Australia's electricity systems and markets.

MLF changes to support investors

In response to stakeholder feedback about the existing Marginal Loss Factor (MLF) methodology, AEMO carried out a research project and consultation process, resulting in a rule change request to the AEMC supporting the introduction of an investor stability principle into the MLF methodology, the recommended reform pathway to improve investor certainty.

System security framework enhancements

In response to the issues observed to date with the timely and efficient deployment of resources to meet system security needs over the energy transition, AEMO lodged a rule change request to explore ways to evolve the planning and procurement frameworks for system security so they are better positioned and ready ahead of the next planning cycle.

AEMO defined the problem and the target outcomes, the timely and efficient deployment of resources, while considering the range of options to achieve those outcomes. AEMO considered that the AEMC's consultation and rule change process would be the best path to collaborate with stakeholders to explore reform options.

WEM Reforms

Power system security and reliability

Throughout FY26, AEMO supported implementation of outcomes from the WA Government's Power System Security and Reliability (PSSR) Standards Review, established to ensure a modern, integrated framework for managing power system security and reliability as WA's energy mix evolves. AEMO contributed to the progression of coordinated forecasting and planning arrangements, a new system strength planning framework, updated facility standards for grid-forming and grid-following technologies, and revised network planning standards.

Optimising essential system services

AEMO contributed technical expertise and analysis to the WA Government's Essential System Services Framework Review, supporting the development of new performance metrics and proposing amendments to the Rate of Change of Frequency (RoCoF) Safe Limit. These reforms are intended to deliver more efficient outcomes while maintaining power system security and reliability.

Enhancing frameworks for storage and demand-side participation

During FY26, AEMO played a key role in the Capability Class 2 Technologies Review, providing technical advice and analysis to support reforms for Electric Storage Resources and Demand Side Programmes. The review will progress improvements to Reserve Capacity arrangements, including demand-side participation settings and state of charge requirements for Peak Certified Electric Storage Resources. These reforms will help ensure market arrangements better support the growing role of storage and demand-side resources in maintaining power system reliability and enabling the energy transition.

Improving operational forecasting

During the year, AEMO worked closely with Energy Policy WA on the Operational Forecasting Review, providing forecasting expertise and technical input to identify improvements to forecasting processes, systems and reporting arrangements. The review supports more effective power system operations and market outcomes in an increasingly complex operating environment.

Reforming gas market frameworks

Through FY26, AEMO continued to support governments and market bodies in progressing reforms to ensure system adequacy and reliability within the East Coast Gas System.

AEMO actively supported rule change processes by providing technical and operational expertise, market context and insights to support the AEMC's development of Stage 2 East Coast Gas Reforms, including for:

- enhanced reliability and supply adequacy arrangements,
- projected Assessment of System Adequacy, and
- supplier of Last Resort mechanism.

AEMO also worked to implement framework changes, including for implementation of the East Coast Gas System notice of closure rule change.

In Western Australia, AEMO worked with Energy Policy WA on the Gas Services Information (GSI) Rules review to formalise improvements to the Western Australian Gas Statement of Opportunities (WA GSOO) and identify enhancements to the WA Gas Bulletin Board , improving information accuracy and market transparency.

A snapshot of NEM Connections

		Applications approved	Approved registrations	Full output achieved
FY26	Number of projects	67	37	34
	GW capacity	14.2	7.4	9.1
FY25	Number of projects	60	37	29
	GW capacity	15.9	9.0*	4.4

Record levels of connections and onboarding

A record 9.1 GW of new generation and storage capacity reached full output in FY26, more than double the result achieved in FY25. Across FY26, registration and application approvals reached 7.4 GW and 14.2 GW respectively. While both measures were slightly lower than FY25, the broader connections pipeline continued to expand, growing 42% from 53 GW to 75.4 GW.

Capacity in the application stage more than doubled across the year, and proponent implementation, a developer-led stage that sits outside AEMO's role in the connections process, grew by 30%.

With efficiency gains in connection processes, the average duration for an AEMO application review improved by 9% to 8.6 months, while the implementation of commissioning reforms helped deliver a 10% reduction in commissioning to 4.5 months.

AEMO continues to partner with industry and government to streamline connections and deliver benefits across the energy sector.

* Approved registrations were incorrectly reported in the FY25 Annual Report at 9.2 GW.

Expediting new connections to the NEM

In FY26, AEMO worked closely with federal and state governments, supporting 38 renewable generation and storage projects representing 14.9 GW with dedicated programs to find acceleration opportunities, reduce delays and implement new ways of working.

Co-sponsored by the Clean Energy Council and AEMO to support the increasing volume of connection applications, the Connections Reform Initiative delivered practical tools and process improvements to clarify roles, reduce rework and improve connection assessments. This included the Early Assessment Framework, allowing original equipment manufacturers to have their models assessed before project application.

These initiatives were delivered with support from multiple industry focus groups and the Connections Practitioner Forum, with over 800 people attending a series of webinars about the reforms. Phase 2 of the CRI program also commenced, focused on priority reforms to deliver impact quickly, highlighting flexibility and speed.

AEMO continued to support the connections process for jurisdictional Renewable Energy Zones (REZs) such as Central West Orana REZ representing 7.7GW of wind, solar and storage projects.

We continued working with the AEMC on AEMO's proposed Access Standards Package 2 rule change process, which seeks to introduce access standards for large inverter-based loads, like data centres, connecting to both the transmission and distribution networks as well as informing the development and implementation of jurisdictional specific connections frameworks.

The growth of data centres – planning for growing demand

Data centres are emerging as one of the fastest-growing sources of electricity demand across Australia's energy systems, driven by increasing reliance on digital services, cloud computing and the rapid expansion of AI. Through our connections, planning, and operational roles, AEMO is supporting the efficient integration of these large electricity users, while maintaining system security and reliability.

Working closely with network service providers, governments and industry, AEMO is facilitating new connections, improving visibility of emerging demand, and strengthening long-term forecasting. Around 162 data centres are operating nationally, with 15 sites in operation across the SWIS in Western Australia.

As at 30 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.

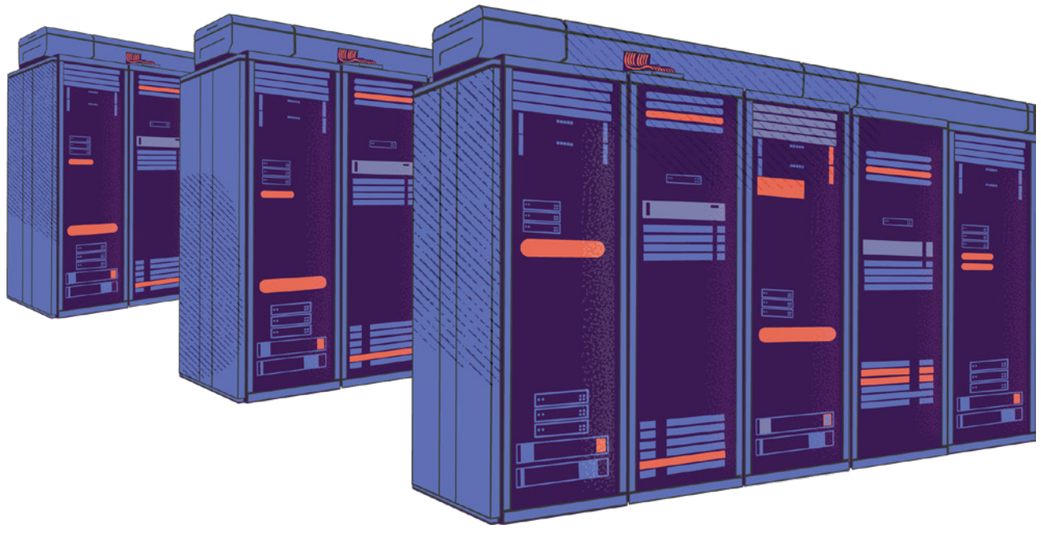
Recognising their growing influence on the energy system, AEMO now treats data centres as a distinct category in planning and forecasting. Data centre electricity consumption is forecast to grow from around 3% of NEM operational consumption today to approximately 8% by 2030.

AEMO is also progressing reforms to ensure large data centres integrate safely and predictably with the power system, including developing new technical standards for large inverter-based loads and industry guidance.

Enabling the opportunities while managing the operational realities of data centres

With Australia emerging as an attractive location for data centres, AEMO contributed to Energy and Climate Change Ministerial Council's (ECMC) FY26 data centre work program, as well as conducting our own analysis, focusing on the timely and efficient integration and visibility of data centres to support efficient market and operational outcomes for consumers.

The work was informed by targeted consultation with key industry and market body stakeholders, resulting in a rule change request on the operational integration and visibility of large inverter-based loads, including data centres. Lodged with the AEMC in July 2026, the rule change is designed to complement and build on the reform work of the AEMC on access standards for this consumer cohort.



Engaging our stakeholders

Trusted relationships with key stakeholders enables AEMO to deliver better energy outcomes for consumers.

As Australia's energy system becomes more complex, AEMO's ability to deliver its responsibilities depends on the trust and confidence of industry, consumers and governments.

Through FY26, we collaborated with key stakeholders as we carried out initiatives across our four strategic priorities. We worked closely with market participants, industry and governments to support the safe and reliable operation of Australia's systems and markets, and to inform major planning, reform and operational programs across the organisation. This included development of the 2026 ISP, NEM and WEM market reforms and participant fee design. Consultation helped to improve our communications and ensure our publications deliver value and support decision making across operations, planning and policy.

Feedback was sought and received through independent stakeholder research, major consultation processes and ongoing engagement forums. In response to stakeholder input, AEMO took steps to strengthen financial transparency through the Financial Consultation Committee (FCC) and Budget and Fees consultation processes, increased executive participation in engagement activities, and embedded consumer perspectives more deeply into system planning, operational and reform processes through forums including the ISP Consumer Panel and Consumer and Community Reference Group (CCRG). Public consultation on the Strategic Corporate Plan and Budget and Fees also provided stakeholders with opportunities to help shape AEMO's priorities, focus areas and resource allocation.

The long-term interests of consumers remained central to our work, as we sought to better reflect affordability, social licence considerations and consumer outcomes in how issues were framed and progressed.

We also continued to strengthen communication and engagement capability across the organisation and improve the accessibility of technical and market information. Formal consultations, forums and briefings were supported by plain-language materials, education programs and direct engagement designed to improve understanding of AEMO's role, decisions and responsibilities.

Close to 1,800 participants from across industry and governments completed AEMO's Energy Education courses during FY26, while publications, media, digital channels and initiatives such as the AEMO on Air podcast shared insights on energy system and market developments and support informed discussion and decision-making.

Feedback received throughout the year also informed priorities reflected in AEMO's FY27 Strategic Corporate Plan and Budget and Fees. While progress has been made, stakeholder feedback and governance reviews reinforced that building and maintaining trust is an ongoing process. The insights received during FY26 will continue to shape how AEMO strengthens transparency, accountability and stakeholder confidence in the years ahead.

Listening to our stakeholders

As AEMO's responsibilities continue to expand and evolve, it is important that the organisation's governance, functions and priorities remain aligned with the needs of consumers, industry and governments. It is equally important to ensure that these responsibilities are delivered efficiently, transparently and clearly demonstrate value. During FY26, reviews of AEMO's governance arrangements by the ECMC and the Western Australian Government provided an opportunity to consider how AEMO can continue to evolve to meet the changing needs of the energy sector.

While perspectives varied, the feedback showed that stakeholders recognise the importance of AEMO's role as the energy transition accelerates, particularly the value of its planning, analysis and advice in informing policy, investment and system development.

Many sought earlier and more meaningful opportunities to contribute to AEMO's work, together with greater visibility of how priorities are set, resources allocated and decisions made. Stakeholders also highlighted the importance of stronger financial discipline and a clearer line of sight between costs, priorities and outcomes, alongside greater transparency around the assumptions, trade-offs and judgements that underpin AEMO's planning, operational and reform activities. Feedback also identified opportunities to strengthen governance and accountability and provide greater clarity around how stakeholder views are considered and decisions are reached.

Many of the themes raised through the reviews aligned with initiatives already underway across AEMO. This includes earlier engagement through the FCC and a commitment to develop longer-term budget forecasts. In FY26, AEMO increased transparency around planning assumptions, modelling and outcomes through engagement with the ISP Consumer Panel, governments, industry and market bodies. Consultation reporting was enhanced to better demonstrate how feedback is considered.

Close collaboration with industry, consumer groups, governments and market bodies was an essential element of AEMO's reports and publications process. Through various forums, stakeholders helped test assumptions, strengthen analysis and improve transparency around how conclusions and recommendations are reached, and informed an uplift in communications materials to help make complex issues easier to understand, supporting informed participation in energy markets and better outcomes for consumers and the energy sector.

FY26 feedback at a glance

AEMO commissions annual independent reputation research through SEC Newgate. FY26 marked the seventh year of this research program and involved in-depth interviews with 75 participants representing 57 organisations across 10 stakeholder segments. During FY26, the research approach and question set were refreshed to better reflect AEMO's evolving responsibilities, stakeholder landscape and areas of strategic focus. For the first time, the research also included dedicated analysis of WA, gas and cyber security stakeholder perspectives, helping ensure a broad range of experiences and viewpoints were reflected.

The research reinforced confidence in AEMO's technical expertise, operational performance and stakeholder relationships, while also highlighting opportunities to strengthen transparency, accountability, financial discipline, planning effectiveness and visibility of decision-making.

The results below provide a snapshot of stakeholder perceptions in FY26. A summary of the FY26 stakeholder research findings and areas of focus is available on AEMO's website: www.aemo.com.au/about/stakeholder-engagement.

Key measure	Score 2023	Score 2024	Score 2025	Score 2026
Overall reputation Reflects the proportion of stakeholders who gave ratings of 7+ out of 10. In 2026 it reached its second highest level. AEMO's key strengths remain its solid operational capability, strong engagement and quality people and relationships. Concerns remain around financial performance, organisational independence, limitations of system planning, and transparency more generally.	75	82	75	**81**
Net advocacy Indicates how likely a person is to speak well of AEMO, rated from -100 to +100. The score increased significantly with advocates (those rating AEMO as 9 or 10 out of 10) rising from 24% to 32%.	-5	10	-1	**+17**
Trust (metric A) Indicates trust in AEMO to act in the long-term interests of energy consumers in terms of price, quality, safety, reliability and security. Trust is grounded in AEMO's strong technical capability and its core role of operating a secure and reliable energy system, but stakeholders want a greater focus on cost to consumers.	74	73	60	**75**
Trust (metric B) Indicates trust in AEMO to "do what it says it will do". While retaining a high score, this fell compared to FY25, due to concerns about timeliness, delays, internal challenges and the perception of outcomes being shaped or impacted by policy or governance constraints.	77	75	91	**86**

Unless otherwise stated, scores represent the percentage of stakeholders who gave a rating of 7 or more out of 10.

Bringing consumer and community perspectives into planning and reform

The energy transition is changing how households, businesses and communities produce, use and think about energy, creating new opportunities and challenges. Established in 2024, AEMO's CCRG brings consumer and community perspectives into AEMO's work, helping ensure decisions are informed by the people affected by them.

The CCRG comprises 10 independent members with expertise spanning consumer advocacy, energy equity, community engagement, social licence, policy and reform. Collectively, they provide insight into how energy decisions may affect households, businesses and communities, and help test how complex issues and trade-offs are framed.

Members are engaged through expressions of interest or targeted outreach, depending on the issue and expertise required. They contribute through workshops, consultations, advisory groups and project-specific activities. To support this work, AEMO developed a forward program of engagement opportunities to identify where consumer and community perspectives could be brought into work earlier and more consistently.

During FY26, AEMO engaged the CCRG on issues including the 2026 ISP, system security reforms, social impact assessment work, market frameworks and strategic communications. Input on the 2026 ISP helped broaden consideration of social licence, demand-side participation and consumer impacts in long-term planning. The group also contributed perspectives on NEM participant fee design, helping AEMO consider affordability, equity and consumer outcomes.

As the energy transition continues, the CCRG will remain an important mechanism for ensuring consumer and community perspectives are considered earlier on issues that matter to households, businesses and communities.
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Strengthening engagement in Western Australia

AEMO continued to strengthen engagement with stakeholders in Western Australia, supporting market participants and new proponents to prepare for the 2026 Reserve Capacity cycle, to determine and procure the capacity needed to maintain reliability in the SWIS.

Through a series of information sessions and workshops, AEMO provided guidance on the application process, key milestones and requirements, supporting participants to engage with the process with greater confidence and certainty. Feedback showed the value of early engagement, with participant confidence increasing by more than 70% following the sessions.

Earlier and more comprehensive engagement on the 2026 WEM ESOO included work to model the increasing impact of VPPs in the SWIS, recognising their potential to significantly reduce the annual forecast peak demand. A lower Reserve Capacity Target has the potential to reduce Reserve Capacity Price and, in turn, costs to consumers.

AEMO continued to engage collaboratively on the WEM Allowable Revenue framework, including consulting closely with government on proposed amendments. Forums such as the Major projects Working Group (under the WEM Market Advisory Committee) and the Strategic Energy Forum contributed valuable stakeholder insights.

AEMO engaged stakeholders on a range of issues through regular forums including the WA Electricity and Gas Consultative Forums, the WEM Reform Implementation Group, the Real-Time Market Insights Forum, and the Distributed Energy Resources Market Participation Forum.

AEMO also worked closely with the Western Australian Government to support the development of the WEM ESOO. This included aligning assumptions where needed and coordinating with other planning processes, such as the Future Energy System Outlook (previously the Whole of System Plan) and Western Power's transmission planning.

Building understanding of systems and markets

AEMO's Energy Education program continued to play a vital role in building understanding of Australia's energy systems and markets, supporting decision-making, investment and participation in increasingly sophisticated and complex market and regulatory environments. In FY26, AEMO delivered 57 instructor-led courses across the NEM, WEM and gas markets through a mix of in-person, virtual and hybrid formats. Self-paced eLearning modules also remained available through the AEMO Learning Academy.

Demand remained strong in FY26, with expanded participation and broad sector representation of 1,751 participants from state and federal governments, energy generators, retailers, distribution businesses, legal and regulatory bodies, consumer groups, and the banking and finance sectors. A record number of AEMO staff also accessed the program to build their knowledge and capability.

To further support understanding of the energy sector, recognising that many energy issues are highly technical and have implications for a wide range of audiences, AEMO produced a range of communications and education collateral to support its key publications, designed to make complex information more accessible and easier to understand.

By providing accessible and practical education, AEMO continued its role as a trusted and independent source of information, helping stakeholders build the knowledge needed to contribute confidently to Australia's energy transition.

Informing public discourse

AEMO plays an important role in building understanding of energy systems and markets, to inform public discourse and policy decisions.

In FY26 we uplifted communications across all channels including publications, developing materials including plain-language explainers, infographics and fact sheets on important topics. Nineteen AEMO On Air podcast episodes reached a wide audience. With more than 20,000 downloads, the podcast provided accessible expert insights on energy system and market developments and system planning, supporting understanding and informed discussion and decision-making.

Our executive team, engineers, scientists, and digital specialists continued to engage regularly throughout the year with industry, consumer and community groups, regulators and academia, to inform innovative thinking and responses to the complex challenges of the energy transition.

Daniel Westerman presents at The Australian Energy Nation Forum 2025

Photo courtesy of The Australian

Reports and publications

In FY26, AEMO's broad suite of reports and publications continued to provide timely, independent analysis and insights to support decision-making in an increasingly complex energy environment. Spanning electricity and gas systems, markets and planning functions, AEMO's publications helped inform policy development, guide investment decisions and improve understanding of how Australia's energy transition is progressing.

More than 150 publications were delivered across the year, developed in close collaboration with industry, consumer and government stakeholders. These operational and market reports, engineering and system security assessments, outlooks, forecasts and long-term planning publications, provided transparency on the performance and future needs of the systems and markets AEMO operates, while helping stakeholders prepare for emerging challenges and opportunities.

Electricity

NEM Electricity Statement of Opportunities (ESOO)
A 10-year forecast of supply, demand and reliability for the NEM. **August 2025**

WEM Electricity Statement of Opportunities (WEM ESOO)
A 10-year forecast for the SWIS, peak demand, consumption and supply. **June 2026**

Enhanced Locational Information Report (ELI)
NEM-wide locational indicators to support early-stage investment and planning. **July 2025**

Whole of energy system plan

Integrated System Plan (ISP)
A roadmap for the transition of the NEM, outlining the least-cost way to supply secure and reliable electricity, while meeting government policies. **June 2026**

Inputs, Assumptions and Scenarios Report (IASR)
Energy planning scenarios and key planning assumptions for industry and AEMO reports. **August 2025**

Electricity Network Options Report
Identifies and costs ways to expand the electricity network for testing in the ISP. **August 2025**

Gas Infrastructure Options Report
Sets out gas infrastructure options and costs to inform gas development projections for the ISP. **July 2025**

System security and readiness

Transition Plan for System Security (TPSS)
Power system security through key energy transition points. **December 2025**

General Power System Risk Review (GPSRR)
Review of major power system risks in the NEM. **May 2026**

Gas

Gas Statement of Opportunities (GSOO)
A 20-year forecast of east-coast gas use, peak demand and supply adequacy. **March 2026**

WA Gas Statement of Opportunities (WA GSOO)
A 20-year forecast of WA domestic gas supply and demand, plus pipeline and storage capability. **December 2025**

Victorian Gas Planning Report (VGPR)
Supply, demand and pipeline capacity adequacy for Victoria's Declared Transmission System (DTS). **March 2026**

Performance

Quarterly Energy Dynamics (QED)
Market dynamics, trends and outcomes in Australia's electricity and gas markets. **Quarterly**

NEM Connections Scorecard
Connection statistics and key metrics on the progress of new generation and storage projects in the NEM. **Quarterly**

Please visit AEMO's website for our library of major publications.

Evolving the way we work

Investing in people, processes and ways of working to ensure they remain fit for purpose as our responsibilities evolve.

AEMO is continuing to evolve to meet the scale, complexity and breadth of its responsibilities. Through targeted planning and investment in capability, workforce development and organisational effectiveness, we are ensuring the organisation remains fit-for-purpose and equipped to deliver a diverse portfolio of operational, planning, market and reform activities.

In FY26, AEMO engaged with governments through formal reviews of our governance arrangements. Stakeholder feedback to the ECMC review informed a range of enhancements to financial and governance frameworks and complemented broader reforms progressed to strengthen oversight, accountability and stakeholder confidence. AEMO will continue to implement additional improvements to our ways of working arising from the reviews and further strengthen our governance arrangements in FY27 and beyond.

Leading with our values of Character, Connection and Commitment, we continued to focus on creating an inclusive and supportive culture for our people. During the year, we progressed diversity, equity and inclusion initiatives, including actions under our Disability and Accessibility Action Plan, while continuing to invest in workforce capability, wellbeing and engagement. Under the AEMO Safety, Health and Wellbeing Strategy, we delivered strong safety outcomes through targeted audits, collaboration and face-to-face safety sessions across the business. FY26 also saw strong employee engagement outcomes, with a high participation rate in the employee engagement survey and an overall inclusion score of 79%, reflecting continued progress in creating a workplace where our people can thrive.

As AEMO's responsibilities continue to expand, we remain focused on identifying and managing risks that could affect the delivery of our objectives. In FY26, we strengthened our ability to identify and respond to emerging threats and opportunities, including those associated with artificial intelligence, cyber security and the pace of energy system transformation.

We also matured our enterprise risk and assurance frameworks through the delivery of Year 2 of our comprehensive risk blueprint, supporting more consistent, proactive and risk-informed decision-making across the organisation.

Advances in AI present opportunities to augment AEMO's specialist capabilities, enabling faster insights, more efficient decision-making and more effective use of technical expertise. At the same time, these technologies introduce new operational, governance and security considerations that must be carefully managed in a critical infrastructure environment. During FY26, AEMO strengthened its governance approach to AI adoption, ensuring experimentation and implementation remained aligned with organisational priorities, risk appetite and security requirements.

A sustained focus on cyber security and resilience continued to strengthen digital oversight and investment. We continued to modernise processes and systems to improve resilience, reduce complexity and support operational efficiency, while enhancing our ability to respond to an increasingly sophisticated threat environment.

AEMO also continued to implement its sustainability program, producing its first Climate Disclosure report in accordance with statutory requirements and supporting our commitment to transparency regarding climate-related risks, opportunities and resilience.

During the year, we refreshed our materiality assessment to reflect evolving market conditions and stakeholder perspectives. We also developed our sustainability assurance framework and completed climate scenario analysis and financial impact assessments for prioritised climate-related risks and opportunities, which continue to be managed through AEMO's enterprise risk framework.

Investing in our people

In FY26, AEMO strengthened leadership capability through targeted training focused on providing the skills our leaders need to lead high performing, collaborative and inclusive teams.

We delivered the first phase of communications and stakeholder engagement training, with around 175 employees completing programs to support more effective engagement with external stakeholders.

AEMO also progressed technical capability initiatives, and delivering mentoring, secondments and cross team development opportunities. The third Operations Academy saw emerging leaders undertake a unique learning journey covering all facets of operations, from markets to real-time operations. Since the program started in 2023, a total of 35 participants have gained targeted skills, engaged deeply with subject matter experts, and explored the complex and exciting world of AEMO Operations.

Protecting the safety and wellbeing of our people
A strong focus on safety significantly reduced identified risks across AEMO's offices in FY26, with targeted initiatives effectively reducing physical hazards. AEMO averaged less than one lost time injury, recording a rate of 0.59 compared with the benchmark of the professional services sector average of 1.4. In addition, 100% of identified near misses and hazards were controlled or mitigated.

New initiatives to strengthen leadership capability, clarify expectations and reinforce a culture of speaking up were reflected in positive outcomes in employee engagement and safety surveys.

AEMO also prioritised psychosocial safety in response to evolving legislative requirements, actively engaging employees, including through focus groups, to better understand their lived experience. This work enabled AEMO to assess its approach to psychosocial risk against the new regulations by identifying employee experiences across the 14 recognised psychosocial hazards and reviewing the effectiveness of controls in place to manage those risks.

As a result, AEMO established a psychosocial risk register aligned to the legislative framework and developed targeted actions through its Psychosocial Risk Roadmap to strengthen risk management and enhance the employee experience. Insights gained through this work have also informed AEMO's FY27 Work Health and Safety Strategy, ensuring a continued focus on both physical and psychological wellbeing.

Growing women's representation and leadership

Through the continued delivery of its Gender Roadmap, AEMO took targeted action to reduce the gendered barriers that can limit women's career progression and participation in the energy sector. In a highly technical and traditionally male-dominated industry, women represented 41% of new hires, while 47% of employees promoted from individual contributor to people leader roles were women, demonstrating continued progress towards a more balanced and inclusive workforce.

To support this progress, AEMO continued to review recruitment and promotion practices, invest in leadership development and mentoring opportunities, and strengthen accountability for gender equity outcomes across the organisation. Investments in programs including The Impact Program, MPower, Rising Leaders, Career Compass and the Australian Power Institute's professional development programs helped build a strong pipeline of current and future female leaders. These efforts contributed to a reduction in AEMO's median total remuneration gender pay gap to 16.3%, improving from 17.3% in the previous year.

AEMO also continued to play an active role in the Champions of Change Coalition Energy Group, supporting industry-wide efforts to advance gender equality across the energy sector and the broader community.

During the year, AEMO marked International Women's Day by hosting a panel discussion featuring CSIRO Senior Research Leader Dr Justine Lacey alongside members of AEMO's Board and Executive Leadership Team. The discussion explored the role of women's perspectives in identifying system risks, strengthening climate resilience and supporting a fair and inclusive energy transition, while highlighting the experiences of women working in STEM and the importance of ensuring women's voices are represented in shaping Australia's energy future.

Advancing reconciliation through action

AEMO strengthened its commitment to reconciliation through the launch of its Innovate Reconciliation Action Plan (RAP), endorsed by Reconciliation Australia. Building on the foundations established through AEMO's inaugural Reflect RAP, the Innovate RAP embeds reconciliation more deeply in the way AEMO plans, operates and collaborates across the energy sector.

It focuses on strengthening relationships, building cultural understanding, and creating meaningful opportunities for Aboriginal and Torres Strait Islander peoples.

During the year, AEMO continued to foster cultural awareness and inclusion across the organisation through the rollout of cultural awareness training for all employees, helping to build understanding of First Nations histories, cultures and perspectives. The Melbourne office meeting rooms were also renamed using Indigenous names, creating a visible and enduring recognition of First Nations culture within AEMO's workplaces.

AEMO also continued to play a leadership role in advancing reconciliation across the energy sector, co-hosting an inter-agency event to mark National Reconciliation Week. Attended by more than 700 people, the event elevated First Nations perspectives and strengthened understanding, relationships and practical action across the sector, supporting a more inclusive and respectful energy transition.

Making accessibility and inclusion part of our everyday

AEMO progressed a range of initiatives under its Disability and Accessibility Action Plan (DAAP), reinforcing its commitment to becoming a disability-confident organisation. Guided by a dedicated steering committee and supported through executive oversight, the DAAP provides a structured framework for embedding accessibility and inclusion across the organisation.

During the year, AEMO engaged the Australian Disability Network to support the design of our new Brisbane office, helping to ensure a safe, inclusive and accessible workplace for people with disability and neurodivergent employees. Practical improvements were also implemented across AEMO's workplaces, including the introduction of Braille on meeting room signage to improve accessibility and wayfinding for employees and visitors.

Accessibility has also been further embedded into AEMO's day-to-day operations and communications. All internal and external communications are now reviewed through an accessibility lens to help ensure information is clear, inclusive and accessible to diverse audiences. Together, these initiatives reflect AEMO's ongoing commitment to removing barriers, creating more inclusive experiences, and fostering an environment where everyone can participate and contribute fully.

Collaborating with industry to build the future energy workforce

Developed in partnership with the Clean Energy Council, the Grid Connection Engineering Graduate Program is an industry-first initiative designed to fast-track talent development and support the transformation of the energy sector.

Launched in February 2025, the program aims to address a shortage of skilled grid connection engineers, roles that require deep technical expertise and cross-sector knowledge.

The program, a finalist in the 2025 Australian Association of Graduate Employers Graduate Recruitment Industry Awards, develops graduate skills through a rotational model across four organisation types: developers, equipment manufacturers, network service providers, and AEMO. Over two years, graduates gain hands-on experience from different perspectives of the grid connection process, compressing years of learning into a high-impact journey.

This structure builds technical capability and fosters cross-industry collaboration, breaking down silos and creating a network of engineers who can work together to solve complex challenges.

Delivered in partnership with human resource and engineering leaders across the energy industry and led by AEMO since June 2025, 10 companies hosted graduates in the inaugural intake, with another five joining in 2026. In total 20 graduates experienced rotations in FY26 across four companies each, with a further intake planned for FY27.

In FY26, graduates engaged with power systems simulation models and compliance standards in the National Electricity Market, benefiting from formal training, on-the-job training, site visits and networking opportunities.

Grid Connection Engineering Graduate Program

Process and system improvements through AI

FY26 marked a significant step forward in AEMO's exploration of AI and its potential to support the operation and planning of increasingly complex energy systems and markets. AEMO is focused on responsibly harnessing AI to improve productivity, streamline processes and strengthen decision-making across its core functions.

This work has been progressed in line with AEMO's strategic priorities, risk appetite and governance frameworks. Robust oversight arrangements have been established, including value and cost tracking, while an internal AI Working Group continues to guide the safe and effective adoption of AI, including consideration of emerging cyber security risks.

More than 90 potential AI use cases have been identified across the organisation, informed by collaboration with global peers and grounded in practical business challenges identified by AEMO employees. Areas of focus include real-time operations, control room support, digital resilience, forecasting, modelling and long-term planning.

Early benefits were realised during FY26, including improvements to recruitment processes through greater automation and efficiency, enhanced long-term forecasting through AI-enabled weather data management, and productivity gains for engineers and analysts through tools that support coding, scripting, testing and analysis. Together, these initiatives are helping position AEMO to make better use of data and expertise in delivering its responsibilities today while preparing for the challenges of the future energy system.

Strengthening confidence through the Financial Consultation Committee

The FCC plays an important role in strengthening transparency, accountability and stakeholder confidence in AEMO's financial planning. Bringing together representatives from industry, consumers and governments, the FCC provides a forum to discuss AEMO's priorities, budget and fees position.

In FY26, through ongoing engagement, the FCC strengthened transparency and shaped how AEMO plans and communicates its financial position, supporting greater confidence in its cost recovery and longer-term financial settings. The FCC met four times, with earlier and more sustained engagement across the corporate planning cycle. AEMO worked with members across a wide-ranging agenda, to test the proposed NEM participant fee structure, review international cost benchmarking, and inform development of the FY27 Corporate Plan and Budget and Fees.

Feedback from the FCC focused on improving transparency and financial discipline, including clearer links between strategy, expenditure and consumer outcome, and a more strategic and influential role for the Committee. AEMO committed to improve cost visibility in the FY27 Budget and Fees, and to enhance disclosure, including capital investment tracking and its accumulated surplus policy. These changes will continue to be implemented through FY27, and the role of the FCC will continue to be strengthened, as part of broader efforts to strengthen transparency, accountability and stakeholder confidence.

Consulting on NEM participant fees

AEMO undertook extensive consultation on the NEM participant fee structure during FY26, engaging participants, industry bodies and consumer representatives through a range of forums and consultation activities. The process provided stakeholders with opportunities to test proposed approaches, understand cost drivers and contribute to the design of a future fee structure.

Stakeholder feedback highlighted the importance of transparency, financial discipline, predictable cost recovery and aligning fees more closely to participant activity. The final determination, effective from 1 July 2026, reflected this feedback through a revised cost allocation approach, retention of a five-year fee structure period and simplification of several fee categories. The consultation formed part of AEMO's broader commitment to strengthening transparency, accountability and stakeholder confidence in its financial management.

Financial performance

Overview of FY26 performance

AEMO's consolidated total expenditure for FY26 remained within the budget target set in the Corporate Plan. However, changes within some segments during the year, together with necessary updates to cost allocations and differences in the timing of depreciation, resulted in expenditure for market fee-funded segments exceeding budget by 4.3%.

All segments finished the year with an operating surplus except for East Coast Gas, where a planned operating deficit returned an accumulated surplus.

Table 1. Summary of AEMO's financial performance

	Actual FY26 $m	Budget FY26 $m	Variance $m	Variance %
NEM Core				
Revenue	231.2	224.1	7.1	3.2%
Expenditure	(208.7)	(207.5)	(1.2)	0.6%
Annual surplus/(deficit)	22.5	16.6	5.9	35.5%
NEM Functions				
Revenue	195.1	191.5	3.6	1.9%
Expenditure	(173.4)	(158.9)	(14.5)	9.1%
Annual surplus/(deficit)	21.7	32.6	(10.9)	(33.4%)
East Coast Gas				
Revenue	61.4	60.4	1.0	1.7%
Expenditure	(74.3)	(69.6)	(4.7)	6.8%
Annual surplus/(deficit)	(12.9)	(9.2)	(3.7)	40.2%
WA Electricity and Gas				
Revenue	110.3	101.6	8.7	8.6%
Expenditure	(108.0)	(105.2)	(2.8)	2.7%
Annual surplus/(deficit)	2.3	(3.6)	5.9	163.9%
NEM Connections				
Revenue	61.9	52.4	9.5	18.1%
Expenditure	(58.5)	(50.1)	(8.4)	16.8%
Annual surplus/(deficit)	3.4	2.3	1.1	47.8%
Govt & Contracted Programs				
Revenue	154.6	154.0	0.6	0.4%
Expenditure	(87.4)	(153.7)	66.3	(43.1%)
Annual surplus/(deficit)	67.2	0.3	66.9	22300.0%
Total*				
Revenue	814.5	784.0	30.5	3.9%
Expenditure	(710.3)	(745.0)	34.7	(4.7%)
Annual surplus/(deficit)**	104.2	39.0	65.2	167.2%

* Total FY26 Budget includes costs relating to core digital system uplift program that were not included in the FY26 Budget & Fees Publication
** Table 1 presents the results of AEMO's continuing operations and excludes the results of the Vic TNSP segment, which is disclosed separately as a discontinued operation following its transfer during the year.

During the year the Victorian TNSP function was transferred to VicGrid. While this was anticipated in the budget, it wasn't until the transfer was finalised that overhead cost allocation models were updated to reflect this segment's removal from the AEMO Group. In addition, as part of the FY26 Budget preparation certain existing AEMO overhead costs were allocated to the core digital system uplift program, with the Grant Agreement finalised and signed in June 2025. These overhead pools (across Digital, NEM and WEM Operations, Finance & Governance, and senior management) are genuinely supporting this program to ensure proper oversight, decision making, and integration into AEMO's core operations and governance processes. However, they do not meet the eligibility criteria for the government grant funding as they are not incremental costs. As such they should not have been allocated to the program. Finally, the earlier delivery of certain projects compared to budget assumptions resulted in an additional $10.0m of depreciation being recognised.

These additional costs allocated to market fee segments have been offset by higher revenues and absorbed within the accumulated surplus position of each segment.

In achieving this financial result, AEMO has carefully balanced the delivery of an important and growing list of strategic priorities, continued reform and industry change, elevated cost and supply chain pressures, and the increasing risks and complexities of operating today's energy systems and markets., All of this while ensuring total expenditure remained within established targets. While navigating these challenges, AEMO also delivered:

- a record 9.1GW of new generation and storage capacity reaching full output in the NEM, more than double FY25, alongside 1.4 GW of installed grid-scale battery capacity in the WEM.
- its largest capital investment program to date, investing $216.6m, $84.4m supported reform initiatives to implement and embed complex rule and policy changes with the balance directed towards modernising critical operational and business systems across the NEM, WEM and gas markets.
- priority reforms and operational enhancements, including the Improving Security Framework, Accelerating Smart Meter Deployment, Enhancing Reserve Information, Flexible Trading Arrangements, WEM reserve capacity and demand-side participation reforms, and East Coast Gas notice-of-closure and supply adequacy changes.
- key publications and planning insights, including the 2026 Integrated System Plan, 2025 Transition Plan for System Security, Quarterly Energy Dynamics, 2025 WA GSOO and 2026 WEM ESOO, supported by new Engineering Roadmap technical reports.
- an uplift in cyber and digital resilience through stronger applications control, 24/7 threat monitoring and response, improved identity and access management, data classification and loss prevention controls, enhanced security standards, and upgrades to critical platforms and infrastructure.
- delivery of the Commonwealth Capacity Investment Scheme through AEMO's subsidiary, AusEnergy Services Limited (ASL), completing seven tender rounds across the NEM and WEM during FY26 - five for renewable generation and two for dispatchable capacity, while implementing a streamlined single-stage tender process to accelerate outcomes and increase delivery cadence.
- delivery of the NSW Roadmap through ASL in its role as NSW Consumer Trustee, completing two tender rounds for long-duration storage and firming capacity, commencing a further two rounds for generation and long-duration storage, and progressing the 2026 Generation Investment Outlook and 2025 Final Infrastructure Investment Outlook.

Compared to FY25, revenue increases reflected planned participant fee uplifts, higher energy consumption and expanded government-funded and contracted services. While in line with budget, operating expenditure increased year-on-year due to continued delivery of market reforms and cyber initiatives, workforce expansion including specialist capability investment and new capability to support growing strategic priorities, increased cloud utilisation and data storage, stronger connection and registration activity, and higher depreciation and amortisation as new technology and operational system enhancements from prior periods entered service. Strong liquidity, diversified funding arrangements and the retention of an Aa2/Stable credit rating further supported AEMO's capacity to deliver its strategic priorities.

AEMO ended FY26 in a healthy financial position with an accumulated surplus of $182.1m of which $46.0m relates to the NEM Core segment and $48.4m relates to the government funded core digital system uplift program.

The accumulated surplus increased by $108.9m during FY26, including $76.0m resulting from government and contracted programs. This includes the core digital system uplift where government grant income has been received, with the related expenditure being recognised in future financial periods as depreciation over the investment life.

FY26 operating performance

Enterprise income

AEMO's revenue increased in FY26 in line with planned fee increases in the core operating segments, fee increases to accommodate the impact of reform delivery in prior periods on operating costs and the delivery of new activities to support the energy transition.

Chart 1. AEMO income FY26, by segment

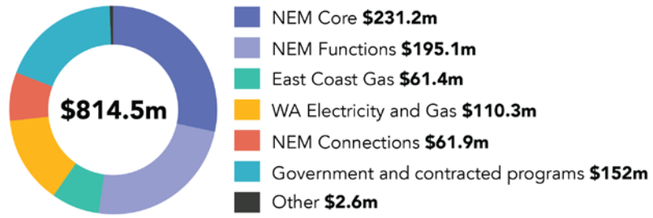
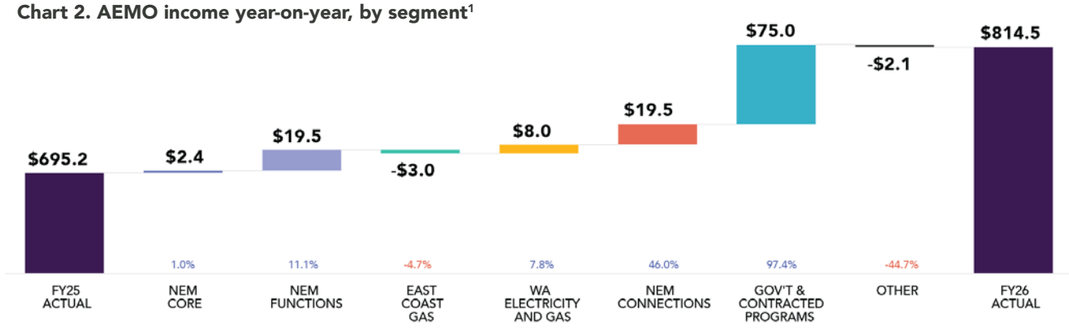


Chart 2. AEMO income year-on-year, by segment[1]



AEMO's net revenue comprises fees and charges paid by participants in the NEM, WA electricity and gas, and East Coast Gas markets; cost recovery for work undertaken on behalf of proponents connecting to the NEM and WEM; and funding from fee-for-service activities and contracts with state and federal governments for specific activities (such as contracted cost recovery for the Commonwealth CIS (through ASL), NSW Roadmap (through ASL) and grant funding from the Commonwealth Government).
Revenue collected from market participants through fees and charges in FY26 reflects budgeted revenue, with some variability arising from changes in energy consumption. The budget and associated fees reflect the revenue required to recover AEMO's operating costs for each segment, adjusted for any surplus or deficit

2. FY25 actual revenue excludes discontinued operations with the transfer of VICTNSP operating segment to VicGrid.

Enterprise operating expenditure

In FY26, AEMO's operating expenditure increased as the organisation continued to invest in the people, systems and capabilities required to operate increasingly complex energy markets, deliver priority reforms and strengthen digital and cyber resilience. The increase also reflects higher connection activity and targeted operational technology investment.

Chart 3. AEMO gross operating expenses FY26, by segment

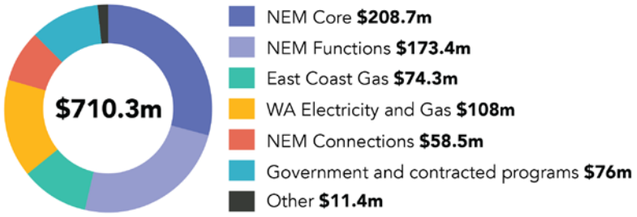
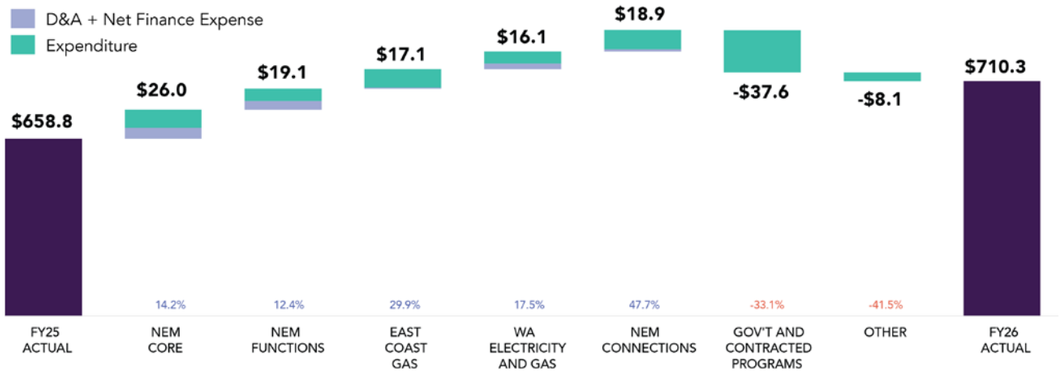


Chart 4. AEMO operating expenses[2] year-on-year, by segment



2. FY25 actual operating expenses excludes discontinued operations with the transfer of VICTNSP operating segment to VicGrid.

AEMO's operating expenditure is recovered through approved funding arrangements, with costs allocated to the business segments that deliver services to market participants and other stakeholders. As a not-for-profit organisation, expenditure generally moves in line with revenue across segments, except where outcomes are affected by market conditions or planned surplus and deficit management.

Market Fees Funded

- **NEM Core:** operating expenditure increased in FY26 as investment was required to maintain delivery continuity in a more complex operating environment, including specialist capability, in addition to higher digital cloud utilisation and storage costs and increased depreciation and amortisation as new technology was delivered across the Real Time Operations Management platform and the Energy Management System Upgrade for the NEM.
- **NEM Functions:** operating expenditure increased in FY26 as AEMO continued to invest in workforce capability, strategic reform programs and initiatives supporting the security, reliability and future development of the NEM. Expenditure growth also reflected ongoing investment in technology platforms and market infrastructure.
- **East Coast Gas:** operating expenditure increased in FY26 reflected continued investment in labour, systems and market reform activities to support gas adequacy, operational resilience and support of the ongoing reform of the East Coast Gas markets.
- **Western Australia Electricity and Gas:** operating expenditure increased in FY26, reflecting continued investment in market reform, operational capability and digital initiatives supporting the evolving WEM.

Direct Fee Funded

- **NEM Connections:** increased expenditure reflects higher connection and registration activity, growth in the renewable generation and storage project pipeline, and delivery of government-funded initiatives supporting faster connection outcomes.
- **Government & Contracted programs:** this includes the cost recovery of activities to support the Commonwealth CIS, New South Wales Roadmap and the Power System Analysis Support Agreement (PSA). In FY26 this also included expenditure relating to a government grant to uplift core digital systems to enhance energy security.

NEM Core

Purpose

To support the reliable and secure operation of the National Electricity Market in the long-term interests of consumers, NEM Core functions are performed with regard to the National Electricity Objective and in compliance with relevant legislative and regulatory requirements.

Operating the NEM requires people, processes and IT systems to support the following:

- NEM control rooms and supporting system operation
- NEM wholesale market operation
- Wholesale and retail metering, settlements, and prudential supervision
- Forecasting, planning and reporting over multiple horizons
- Energy system integration, data modelling and management
- Maintaining, updating, and uplifting processes and IT systems
- Supporting NEM wholesale market policy and reform development.

Value delivered by AEMO

- Ensuring the safe, secure and reliable operation of the NEM at least cost, keeping the lights on for households and businesses 24/7.
- Facilitating wholesale markets (spot and supporting ancillary markets), as well as out-of-market frameworks and reserves. These arrangements support reliable and efficient system operation, and provide clear market signals to drive appropriate market responses.
- Managing wholesale market risk and financial operations including bank guarantees, prudential arrangements and processing settlement transactions for the NEM, valued at over $15b in FY26.
- Processing data and information across multiple time horizons – from real-time operations to 10-year outlooks – providing critical signals for market response and investment. This is supported by independent analysis, investment-grade modelling and whole-of-system coordination to reduce uncertainty and enable efficient capital allocation.
- Supporting market entry through market registration and supporting processes.
- Building operational readiness to ensure reliability and system security through key transition points.
- Evolving core capabilities, including cyber resilience, operational forecasting and system planning, to support consumer outcomes and strengthen investor confidence.

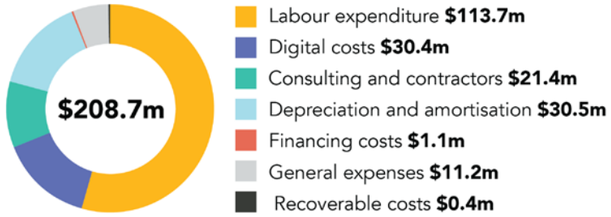
Who pays for these services

Registered participants: market customers, wholesale participants, and (TNSPs).

Table 2. Profit and loss summary – NEM Core

	FY26 actual $m	FY26 budget $m	FY26 variance to budget $m	FY26 variance to budget %	FY25 actual $m	FY26 variance to FY25 %
Revenue	231.2	224.1	7.1	3.2%	228.8	1.0%
Operating Expense (before D&A and net finance expense)	(177.1)	(173.1)	(4.0)	2.3%	(160.8)	10.1%
Depreciation & Amortisation	(30.5)	(32.6)	2.1	(6.4%)	(20.0)	52.5%
Net Finance Expense	(1.1)	(1.8)	0.7	(38.9%)	(1.9)	(42.1%)
Operating Costs	(208.7)	(207.5)	(1.2)	0.6%	(182.7)	14.2%
Annual Surplus / (Deficit)	22.5	16.6	5.9	35.5%	46.1	(51.2%)
Accumulated Surplus / (Deficit)	46.0	29.8	16.2	54.4%	23.5	95.7%

Chart 5. Operating Cost Profile – NEM CORE



Operating through growing complexity and reform

FY26 was a significant year of delivery across the NEM, with AEMO maintaining the secure and reliable operation of the power system and energy markets. This was delivered against a backdrop of significant changes and increasing complexity in the power system, a record level of new generation and storage capacity, and implementing system security enhancements.

Throughout FY26, AEMO also managed an extensive and highly interconnected reform agenda, requiring sustained engagement with governments, market bodies and industry through research, consultation, formal submissions, rule change proposals and detailed technical advice. This included progressing Marginal Loss Factor reform to improve investor certainty, proposals to strengthen the system security framework and NEM compensation arrangements, and the practical implementation of broader reforms with industry. The Improving Security Framework became operational in December, enabling management of system strength services for an increasingly inverter-based power system, supported by new contract processes and control room risk-reduction initiatives.

AEMO continued to provide governments, market bodies and industry with technical and operational advice to inform priority reforms.

Looking ahead, increasing control room complexity, implementation of market reforms, evolving cyber threats and broader operational risks will require AEMO to balance cost discipline with maintaining operational readiness and resilience. Targeted investment in day-to-day capability, training, systems and specialist support will be required to ensure AEMO can continue to operate the system safely and effectively.

Financial Performance

In FY26 the NEM Core segment delivered an above budget surplus of $22.5m largely driven by higher than budget revenue. The higher than budget revenue reflected higher-than-forecast electricity consumption and updates to NEM TNSP fees.

In addition, AEMO received revenue to recover costs relating to several activities that were not included in the original budget but were delivered within the expense budget while broadening the services delivered to support the energy transition. This included the Basslink Regulatory Conversion Project and work commissioned by the Australian Government on demand side opportunities design and other services.

Operating expenditure increases in FY26 reflected continued planned investment in capabilities required to operate an increasingly complex power system and deliver the additional activities not included in the original budget. Key movements included:

- internal labour – below budget due to vacancies in specialised roles, a measured approach to workforce growth and higher-than-planned labour capitalisation;
- external labour and consulting – above budget as AEMO drew on targeted expertise to maintain delivery continuity and support priority operational and strategic initiatives;
- digital capability – reflecting higher cloud utilisation, data storage and investment in technology capability; and
- general expenses, depreciation and amortisation – higher year-on-year as the scale of operations increased and commissioned technology and operational systems entered service.

Overall, NEM Core maintained a sound financial position with an accumulated surplus of $46.0m while continuing to invest in the operational, engineering and digital capabilities required to meet its evolving responsibilities. Looking ahead, AEMO will balance these essential investments with a stable and predictable fee pathway for market participants.

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NEM Functions

Purpose

AEMO performs a range of functions and services to support the operation and ongoing evolution of the NEM, in line with the National Electricity Objective, and relevant legislative requirements. This includes:

- Reform implementation as required by government or AEMC processes including:
  - five-minute settlements and global settlements (5MS/GS)
  - implementation of the NEM Reform Program, including reforms to wholesale, retail and integration of DER
- Supporting markets including:
  - facilitation of retail market competition
  - provision of a consumer data platform
  - trading in Settlements Residue Auction
- Other NEM supporting functions
  - supporting cyber security preparedness and coordination across industry
  - National Transmission Planner.

The budget applies a disciplined approach to cost attribution, ensuring each segment reflects its underlying cost base, avoiding cross subsidisation and supporting fair and transparent outcomes for stakeholders.

Value delivered by AEMO

- Reform implementation – managing the implementation of reforms into live NEM system and market operations to support a future-ready energy systems and markets. This involves collaboration with governments, market bodies and industry to support detailed design, procedure change consultation, changes to IT system and processes, testing and market trials, readiness assessment, change roll out and embedment, and post-implementation support and review.
- Supporting retail markets – facilitating retail processes, and providing data to energy service providers, to enable consumer choice and market offerings.
- Conducting settlements residue auctions – supporting efficient and competitive market outcomes.
- Cyber security coordination – supporting the uplift of cyber security and resilience across the energy sector and coordinating industry-wide activities to strengthen protection of critical infrastructure.
- National Transmission Planner:
  - Providing system planning, scenario modelling, joint planning support, and identifying system security needs and engineering challenges to enable better policy and investment.
  - Preparing reliable, transparent and accessible reports and datasets to support timely and informed investment decisions by participants and government.
  - Providing system-wide insights risk visibility and coordinated investment signals that support an efficient and orderly energy system transition.
  - Delivering transparent modelling, robust scenarios and clear information on system needs to support decision-making that minimises long term system costs and delivers reliable, affordable energy outcomes for consumers.

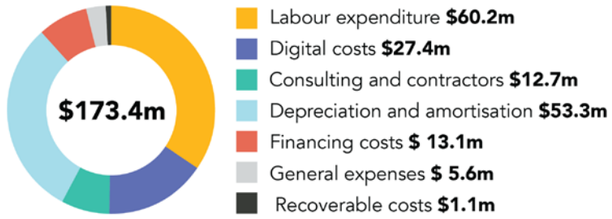
Who pays for these services

Registered participants: market customers, wholesale participants, TNSPs and CNSPs. The allocation to each of these groups is determined by each relevant NEM Participant Fee Structure.

Table 3. Profit and loss summary – NEM Functions

	FY26 actual $m	FY26 budget $m	FY26 variance to budget $m	FY26 variance to budget %	FY25 actual $m	FY26 variance to FY25 %
Revenue	195.1	191.5	3.6	1.9%	175.6	11.1%
Operating Expense (before D&A and net finance expense)	(107.0)	(103.4)	(3.6)	3.5%	(95.9)	11.6%
Depreciation & Amortisation	(53.3)	(43.3)	(10.0)	23.1%	(48.0)	11.0%
Net Finance Expense	(13.1)	(12.2)	(0.9)	7.4%	(10.4)	26.0%
Operating Costs	(173.4)	(158.9)	(14.5)	9.1%	(154.3)	12.4%
Annual Surplus / (Deficit)	21.7	32.6	(10.9)	(33.4%)	21.3	1.9%
Accumulated Surplus / (Deficit)	**22.6**	**24.7**	**(2.1)**	**(8.5%)**	**0.9**	**2411.1%**

Chart 6. Operating Cost Profile – NEM Functions



In FY26 key activities within the NEM Functions segment advanced priority wholesale and retail market reforms. This included actively engaging and supporting the NEM Wholesale Market Settings Review (NEM Review), providing technical and operational advice on ESEM design and the Market Visibility Framework, and contributing to retail market reforms covering metering, actor-asset data, customer-facing roles and cyber security.

NEM Functions activities were also directed towards strengthening network planning and operational frameworks. This included constructively engaging and contributing to reform initiatives and framework enhancements related to the ISP, connections, REZ frameworks and access standards, to promote more efficient investment, connection and operational arrangements.

System Security and Transition Planning

AEMO delivered the 2025 Transition Plan for System Security, providing an evidence-based pathway for managing emerging risks and greater clarity to support informed, efficient investment decisions.

AEMO also completed 25 of 29 Engineering Roadmap Priority Actions, with the remainder on track for the first half of FY27. Supporting technical reports strengthened the evidence base for system security, shaped FY27 priorities and improved the sequencing of studies, capability development and delivery, supporting more secure, resilient and efficient power system operation.

Transitional Services and Market Signalling

AEMO progressed the Type 2 Transitional Services program to an active market-facing pipeline, publishing five Statements of Need to signal emerging system security capability gaps. The program clarified service needs, tested market capability, identified potential providers and established governance and value-for-money assessment processes. These foundations support disciplined FY27 procurement and implementation where services demonstrate system need, technical feasibility and value for money.
AEMO procured Type 1 transitional services to manage minimum system load conditions in Victoria and a grid-formation security gap in South Australia. Although the Victorian contracts were activated only once, they reduced the risk of operational intervention, while the South Australian services provide critical support until Project EnergyConnect is fully operational.

Consumer Energy Resources (CER) reform

FY26 established key foundations for DER/CER integration through national reform, system security planning, standards, forecasting and data. AEMO progressed National CER Roadmap workstreams, including distribution system operator policy development, transmission–distribution coordination and data sharing and conformance and compliance frameworks, with a focus on strengthening operational readiness and supporting efficient integration while reducing future implementation costs.

AEMO also improved visibility of minimum system load risks, emergency backstop requirements and DER forecasting, while progressing CER connection, interoperability and cybersecurity standards. These outcomes supported earlier, market-based responses, reduced the likelihood of costly intervention and strengthened the foundations for a secure and cost-effective energy transition.

Financial Performance

NEM Functions segment delivered a $21.7m surplus in FY26, while continuing to invest in the operation, security and future development of the NEM. Revenue increased through planned cost recovery for NEM reform, distributed energy resources, expanded national transmission planning and new cyber security coordination responsibilities, partly offset by lower five-minute settlement requirements.

Operating expenditure increased compared with FY25, reflecting higher workforce, digital and consulting costs and continued investment in the expanded 2026 ISP, reform delivery, cyber capability, technology platforms and market infrastructure. Depreciation and financing costs also increased because of continued investment in technology platforms and market infrastructure and came in higher than budget due to earlier than planned go live of projects being delivered.

The NEM Functions segment has an accumulated surplus of $22.6m and remains well positioned to support AEMO's ongoing focus on delivering critical market functions while investing in the systems, planning frameworks and capabilities required to support a secure, reliable and lower-emissions energy future.

East Coast Gas

Purpose

AEMO performs functions relating to the East Coast Gas System (ECGS) and wholesale and retail gas markets, including:

- monitoring and managing ECGS supply adequacy,
- operating the Victorian DWGM and Declared Transmission System (DTS),
- operating the Short-Term Trading Markets (STTM),
- operating the Gas Supply Hub (GSH), and Day Ahead Auctions (DAA), and Capacity Trading Platform (CTP), as well as administering change proposals for the Operational Transportation Service (OTS) Code,
- facilitating retail market competition,
- maintaining the Gas Bulletin Board, and
- developing the GSOO and the Victorian Gas Planning Report (VGPR).

Value delivered by AEMO

- Increased information, monitoring, and the management of supply to keep gas flowing to homes and businesses, industrial facilities and gas-powered electricity generation.
- The operation of wholesale markets that support the trading and movement of gas, and retail markets that enable retailers to sell gas to residential and business customers.
- Safe, reliable, secure operation of the Victorian DTS to supply gas to households, businesses, and power generation.
- Providing technical insights in gas forecasting and planning reports to support investors and governments in making informed policy and investment decisions that benefit consumers.

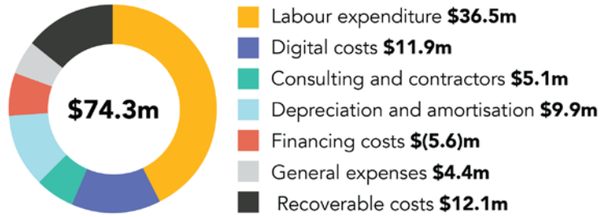
Who pays for these services

Participants in this segment include wholesale market participants in the DWGM and STTM, trading participants and auction participants, retail market participants, and gas production facility operators.

Table 4. Profit and loss summary – East Coast Gas

	FY26 actual $m	FY26 budget $m	FY26 variance to budget $m	FY26 variance to budget %	FY25 actual $m	FY26 variance to FY25 %
Revenue	61.4	60.4	1.0	1.7%	64.4	(4.7%)
Operating Expense (before D&A and net finance expense)	(70.0)	(65.8)	(4.2)	6.4%	(53.6)	30.6%
Depreciation & Amortisation	(9.9)	(10.0)	0.1	(1.0%)	(9.4)	5.3%
Net Finance Expense	5.6	6.2	(0.6)	(9.7%)	5.8	(3.4%)
Operating Costs	(74.3)	(69.6)	(4.7)	6.8%	(57.2)	29.9%
Annual Surplus / (Deficit)	(12.9)	(9.2)	(3.7)	40.2%	7.2	(279.2%)
Accumulated Surplus / (Deficit)	**49.6**	**46.6**	**3.0**	**6.4%**	**62.5**	**(20.7%)**

Chart 7. Operating Cost Profile – East Coast Gas



Gas continues to play an important role in the energy markets, for residential heating (particularly in the southern states), and for commercial and industrial purposes, and, as coal-fired generators are retired, for gas-fired generation as a backup for renewable energy. Like the electricity market, the gas markets are becoming increasingly complex to operate as gas supply tightens. The first stage of gas reforms, implemented in 2023, improved AEMO's ability to manage gas supply adequacy and reliability risks.

Gas market reform

During the year, AEMO implemented the ECGS notice of closure and extension of the DWGM Dandenong LNG interim arrangements rule changes. AEMO also provided significant input to the AEMC's rule change processes for the ECGS Projected Assessment of System Adequacy, Enhancing Reliability and Supply Adequacy Arrangements, Supplier of Last Resort Mechanism, and Cyber Security Roles and Responsibilities reforms.

- Consulted on Wholesale Market Gas Quality Monitoring Procedure changes for hydrogen and renewable gases, effective 10 March 2026.
- Supported Stage 2 east coast gas system reform rule changes, building on Stage 1 reforms to the reliability and supply adequacy framework.
- Consulted on Gas Statement of Opportunities Procedure changes implementing the notice of gas infrastructure closure rule, effective 13 February 2026.

Financial Performance

The East Coast Gas segment delivered a deficit of $12.9m in FY26 with a planned gradual return of the accumulated surplus to market participants. The year was characterised by continued investment in the people, systems and market reforms required to maintain secure and reliable gas market operations and support an increasingly complex energy transition. Revenue remained broadly in line with budget expectations.

Operating expenditure increased compared with FY25 and was also higher than budget, reflecting investment in the capabilities and reform delivery needed to strengthen market frameworks, regulatory readiness and operational resilience. Overall the East Coast Gas segment remains in a healthy position with an accumulated surplus of $49.6m.

Western Australia Electricity and Gas

Purpose

AEMO performs a range of functions in Western Australia under the Electricity System and Market Rules (ESM Rules):

- Market operations: operating the WEM Real-Time Market and Short Term Energy Market (STEM) to enable the trade of electricity and essential system services (ESS) within the state's main power grid, the SWIS.
- Power system operations: ensuring the SWIS operates in a secure and reliable manner, working alongside the state government- owned network operator and generation facility owners
- Administering functions within Western Australia's Reserve Capacity Mechanism (RCM), which is designed to ensure sufficient capacity to meet forecast peak demand in the SWIS.
- Connections and registration: processing applications for participation, and for the registration, de-registration, transfer, and ESS accreditation of Facilities.
- System outlooks: preparing the annual WEM ESOO to provide 10-year reliability outlooks on supply demand, and capacity adequacy in the SWIS to support investment decisions and guide policy.
- Procurement: where required, procuring supplementary capacity and sufficient essential system services under the state's ESM Rules.
- Reform delivery: managing the WA Reform Program and integration of DER to market mechanisms through the ongoing work on the DER Roadmap.

AEMO also carries out functions under the Gas Services Information Rules (GSI Rules) relevant to Western Australia, which include operating and maintaining the GBB and publishing the annual WA Gas Statement of Opportunities (GSOO).

Additionally, AEMO operates the state's domestic retail market scheme for gas, providing retail market services to industry participants.

Value delivered by AEMO

- Secure and reliable operation of the WEM, while continuing to navigate the challenges of a transitioning power system.
- Facilitating the rate and efficiency of connections processes for new projects.
- Enabling the integration of DER, by collaborating closely with the Western Australian Government, Synergy and Western Power to help consumers realise the full value of their investments.
- Supporting system planning in collaboration with the Western Australian Government and Western Power to identify system security needs.
- Progressing transition planning to enable further renewable energy adoption.

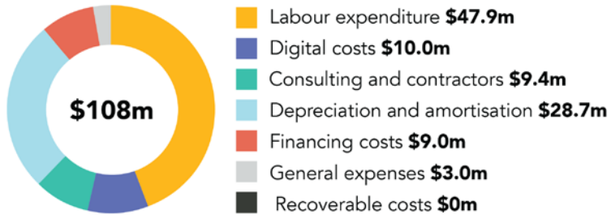
Who pays for these services

Participants in this segment include WEM market participants, shippers, production facility operators and distributors in Western Australia.

Table 5. Profit and loss summary – WA

	FY26 actual $m	FY26 budget $m	FY26 variance to budget $m	FY26 variance to budget %	FY25 actual $m	FY26 variance to FY25 %
Revenue	110.3	101.6	8.7	8.6%	102.3	7.8%
Operating Expense (before D&A and net finance expense)	(70.3)	(69.3)	(1.0)	1.4%	(59.3)	18.5%
Depreciation & Amortisation	(28.7)	(28.4)	(0.3)	1.1%	(26.2)	9.5%
Net Finance Expense	(9.0)	(7.5)	(1.5)	20.0%	(6.4)	40.6%
Operating Costs	(108.0)	(105.2)	(2.8)	2.7%	(91.9)	17.5%
Annual Surplus / (Deficit)	2.3	(3.6)	5.9	(163.9%)	10.4	(77.9%)
Accumulated Surplus / (Deficit)	**4.8**	**2.1**	**2.7**	**128.6%**	**2.4**	**100.0%**

Chart 8. Operating Cost Profile – WA



FY26 marked the first year under the transitional fee-setting mechanism introduced in late FY25. Under this mechanism, revenue is no longer directly linked to annual expenditure but is calculated as prescribed by the rules. AEMO successfully delivered its operational and reform commitments within the approved market fee-driven revenue.

FY26 also represented the second full year of operating under the reformed WEM, which commenced on 1 October 2023. The year also saw record installed grid-scale battery capacity, reaching 1.4 GW.

Key FY26 Achievements

- Secure and reliable operation over the summer period, with high temperatures and the second-highest load on record in February successfully managed. BESS facilities responded effectively to price signals, with no interventions required.
- New WEM renewable contribution records achieved, with the top 10 records set during FY26 and a peak of 91.13%.
- Significant improvement in the Supplementary Capacity procurement process, with 172 MW contracted from the 199 MW tendered.
- The 2025 WA GSOO and 2026 WEM ESOO were delivered with enhanced forecasting, extended outlooks, greater transparency and in-house reliability modelling.
- Multiple engineering initiatives progressed to delivery and consultation stages, including synthetic inertia, phasor monitoring capability, wide-area monitoring, dynamic security assessment and the transition planning framework.
- Project Jupiter delivered data in Q4, providing early insights into VPP behaviour to help shape the project.
- The WA Reform Program delivered an increase in the RoCoF safe limit from 0.5 Hz/s to 0.75 Hz/s, DSP implementation and contingency lower reforms.

Financial Performance

The WA segment delivered a surplus of $2.3m in FY26, ahead of budget. Revenue in FY26 was $8.7m or 8.6%, higher than budget, driven by greater energy consumption, which was 1,580 GWh, above the ESOO forecast of 17,144 GWh. This was primarily due to the impact of 1.4 GW of installed grid-scale battery capacity and associated charging activity (withdrawal and injection). Underlying demand also increased, driven by record-breaking winter rainfall and low temperatures during winter and spring.

Expenditure was $2.8m unfavourable against the full-year budget primarily due to higher operating expenditure for Project Jupiter. A greater proportion of project activities had been planned as capital expenditure in the FY26 budget. However, the program's feasibility and early planning phases were extended in coordination with program partners, reflecting shifts in government policy.

NEM Connections

Purpose

This segment covers AEMO's connections, registrations and onboarding activities in the NEM, which include:

- 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, including generating systems, integrated resource systems, and customer facilities,
- Assessing original equipment manufacturer (OEM) simulation models of power system plant and associated control systems under the Early Assessment Framework (EAF),
- Commissioning and post-commissioning activities,
- Registering and onboarding new connecting parties, and
- Registering NEM participants.

Value delivered by AEMO

- Accelerating the rate and efficiency of connections processes for projects to facilitate the energy transition.
- Upskilling, mentoring, and building alignment of stakeholders including network service providers (NSPs) and OEMs in connections processes.
- Accelerating reform of the rules, processes, and practices through the Connections Reform Initiative, to help meet future energy demands and drive the country's transition to renewables.

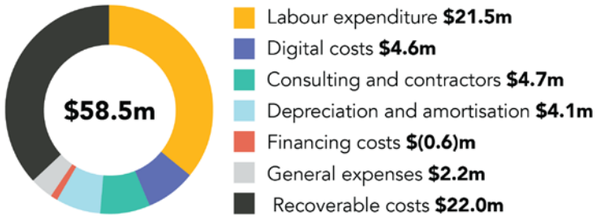
Who pays for these services

Connection and registration fees are paid by the connection/registration applicant or intending participants. EAF fees are paid for by the OEM to AEMO under contractual arrangements.

Table 6. Profit and loss summary – NEM Connections

	FY26 actual $m	FY26 budget $m	FY26 variance to budget $m	FY26 variance to budget %	FY25 actual $m	FY26 variance to FY25 %
Revenue	61.9	52.4	9.5	18.1%	42.4	46.0%
Operating Expense (before D&A and net finance expense)	(55.0)	(44.4)	(10.6)	23.9%	(37.7)	45.9%
Depreciation & Amortisation	(4.1)	(6.0)	1.9	(31.7%)	(2.1)	95.2%
Net Finance Expense	0.6	0.3	0.3	100.0%	0.2	200.0%
Operating Costs	(58.5)	(50.1)	(8.4)	16.8%	(39.6)	47.7%
Annual Surplus / (Deficit)	3.4	2.3	1.1	47.8%	2.8	21.4%
Accumulated Surplus / (Deficit)	**6.7**	**3.6**	**3.1**	**86.1%**	**3.2**	**109.4%**

Chart 9. Operating Cost Profile – NEM Connections



Record Capacity Progressed Through the Connections Lifecycle

NEM Connections role is to help convert investment intent into operating assets. FY26 saw record levels of capacity progress through the connections lifecycle. Thirty-four projects reached full output and contributed 9.1 GW of new capacity to the NEM- more than double the capacity delivered in FY25. Application and registration activity remained robust, with 67 connection applications approved (14.2 GW) and 37 new plants registered (7.4 GW).

Growing Pipeline and Record Development Activity

A growing pipeline and record levels of development activity indicate continued confidence that proponents can engage with the connections process and progress projects into the market. The pipeline of connection projects from application stage through to full output grew by 42 per cent, from 53 GW of generation and storage projects in FY25 to a record 75.4 GW in FY26. This continued growth highlights the strength of investment in the energy transition. The volume of data centre connections is also growing, with 17 new transmission data centre connection projects (9.0 GW) currently progressing through the connections process.

Reduced Connection Timelines

Connection timelines reduced, providing developers with greater schedule certainty and enabling projects to progress more efficiently through the connections process. Targeted reforms, stronger collaboration and streamlined assessment activities reduced review times across the application, registration and commissioning phases by 7–10 per cent compared with FY25. Commissioning reforms reduced average commissioning timeframes by 10 per cent to 4.5 months, while doubling throughput. These improvements increased the predictability and timeliness of connection outcomes while maintaining rigorous technical and power system security assessments.

Industry and Government Partnerships

- AEMO is partnering with industry and government to streamline connections and deliver benefits across the broader energy sector. The Streamlined Connections Pilot Program, initiated in partnership with the Commonwealth Department of Climate Change, Energy, the Environment and Water (DCCEEW), supported 6.2 GW of capacity across 21 projects to achieve efficiency gains. Application and registration timeframes were reduced by an average of four to eight weeks through enhanced collaboration and scope splitting across AEMO and NSPs, by one to two months through pre-application engagement with developers, and by two months through risk-managed registration approvals.
- The NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW) Battery Acceleration Program supported 2.2 GW of capacity across four projects, reducing application timeframes by an average of five months, registration timeframes by two months and commissioning timeframes by a further month.
- Beyond accelerating delivery, these programs strengthened industry capability, improved coordination and enabled AEMO to embed new approaches to connection assessment. By leveraging the industry-led Connections Reform Initiative, government funding helped build the scale and momentum needed to connect the renewable generation and storage required for Australia's energy transition.
- AEMO will work with developers and industry to embed these learnings across the NEM connections process. Based on the current connection pipeline, the uplift in capability among developers and OEMs involved in these programs could potentially benefit up to 250 projects.

Financial Performance

Revenue in FY26 was $9.5m or 18.1% higher than budget reflecting increased connection and registration activity, together with fee-for-service income from government-funded programs, including the Accelerated Connections Fund (ACF), Streamlined Connections Pilot Program and NSW Battery Acceleration Program. FY26 revenue was also higher due to the timing of recognition of ACF grant income in FY26 with the associated expenditure to be incurred in FY27.

To note: The FY25 Annual Report incorrectly reported some Connections results. The FY26 year-on-year comparison is based on the corrected FY25 data points as follows: 60 project applications (15.7 GW) were approved in FY25, and 37 projects were approved for registration (9.0 GW). On average, application assessment time was 9.4 months, approved registrations 5.8 mths, and commissioning to full output 5.0 months.

Government & Contracted programs

The Government & Contracted programs segment includes a range of government-funded, contracted and fee-for-service activities. The discussion below provides an update on selected core operating programs that can be disclosed externally, including the Commonwealth CIS and NSW Roadmap.

Capacity Investment Scheme

In 2023 the Federal Government engaged AEMO to support the roll-out of the CIS as an advisor and tender delivery partner, leveraging the capabilities across AEMO Group in energy market design, financial risk management and tender governance and probity. The CIS is designed to attract and accelerate investment in renewable energy infrastructure across Australia to deliver the energy transition. AEMO recovers the costs of this activity from the Australian Government.

In FY26, the CIS program achieved successful outcomes across both the National Electricity Market (NEM) and the Wholesale Energy Market (WEM), completing NEM Tender Rounds 3, 8 for dispatchable capacity and Rounds 4, 7 and 9 for generation, alongside WEM Tender Rounds 5 (generation) and 6 (dispatchable). ASL also commenced work on NEM Tender Rounds 9 (generation) and 10 (dispatchable capacity), with outcomes expected to be announced in the second quarter of FY27.

During the year, ASL, in close collaboration with the Commonwealth, completed the design and implementation of a single stage tendering process, replacing the original three stage approach for all upcoming tenders. First applied to CIS Tenders 5 and 6 and NSW Tender Round 7, this reform has driven faster outcomes, reduced tender overlap, and increased delivery cadence.

NSW Roadmap

NSW Roadmap activities include 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 Renewable Energy Zone transmission infrastructure. These services are carried out in accordance with the obligations of the NSW Consumer Trustee role conferred on ASL by the NSW Government. This includes a duty to protect the long-term financial interests of NSW electricity consumers. NSW Roadmap activities are recovered via the funding mechanism in the NSW Electricity Infrastructure Fund.

In FY26, under the NSW Roadmap, ASL completed NSW Tender Round 6 (Long Duration Storage, LDS) and Tender Round 7 (Firming Capacity) and commenced Tender Rounds 8 (Generation) and 9 (LDS), both scheduled to conclude in the second quarter of FY27. In August 2025, ASL launched the 2026 NSW Generation Investment Outlook

(GIO) alongside the 2025 Final Infrastructure Investment Outlook (IIO), ensuring development pathways and tender sequencing reflected real world delivery considerations. During the year, ASL undertook significant enhancements to its optimisation approach in preparation for the 2027 IIO modelling, alongside completion of a study on Existing Network Upgrade opportunities in January 2026 to support EnergyCo in identifying projects for early authorisation or inclusion in the 2027 IIO. Drafting and review of the 2026 GIO were completed during FY26, with publication expected in the first quarter of FY27.

Core Digital Systems Investment

In FY26 AEMO received grant funding from the Australian Government for a core digital systems upgrade program of work which is reflected in the increase in grant funding received throughout the year. In total this is a $716.3m program that is scheduled to be completed in FY28. Total grant-eligible expenditure that has been incurred on the program up to 30 June 2026 is $67.1m

Investment Program Delivery

AEMO invests each year in implementing reform to support the energy transition in four key segments of Western Australia, the National Electricity Market, East Coast Gas and AEMO's internal capabilities, and the associated investment budget is published annually in the budget and fees document.

This investment is managed by the Enterprise Portfolio Office via an Integrated Investment Plan (IIP) with work prioritised, sequenced and optimised by the Portfolio Performance Management Committee that consists of key executives from each of the four Portfolio Steering Committees, whilst a separate Investment Committee meets monthly to assess and approve investment at each project's key stage gate.

AEMO's spend on reform was $84.4m, supporting the implementation and embedment of complex rule and policy changes across the NEM, WEM and gas markets. This included reforms to system security, smart metering, reserve information, flexible trading, DER integration, reserve capacity and demand-side participation, and gas supply adequacy. Delivery required coordinated changes to market procedures, operational processes, technology platforms, data, settlements and participant interfaces, together with extensive industry consultation, testing and readiness activities, while maintaining secure and reliable market operations.

Table 7: Investments

	FY26 actual $m	FY26 budget $m	FY25 actual $m	FY26 variance to budget $m	FY26 variance to FY25 $m
Reform delivery (NEM and East Coast Gas)	84.4	73.8	43.5	10.6	40.9
Western Australia Program	29.8	31.6	23.4	(1.8)	6.4
Designing and modernising market operations system	41.0	50.2	29.7	(9.2)	11.3
Modernising business systems	25.9	24.4	30.6	1.5	(4.7)
Capital Expenditure	181.1	180.0	127.2	1.1	53.9
Project-related operating costs*	35.5	37.0	38.8	(1.5)	(3.3)
Total investment expenditure	**216.6**	**217.0**	**166.0**	**(0.4)**	**50.6**
Government funded core digital system uplift program **	**67.1**	**N/A**	**34.6**		

* Project related operating costs includes items that are Software as a Service, feasibility studies cost that are attributed to be operating in nature during the delivery of the investment program. These costs are captured as operating expenditure in the FY26 Profit and loss summary but are shown in this table to provide a more complete picture of project costs.

** Government funded core digital system uplift program includes capex and project related operating costs.

Portfolio	Scope	Delivered in FY26
Reform Delivery (NEM and East Coast Gas) and Design and modernising market operating system	• Implementation and embedment of NEM and east coast gas reforms in collaboration with industry to proactively drive • cost effective development, delivery, and transition of reform initiatives. • Modernisation of AEMO's operational systems to ensure continuity of reliable and secure, efficient energy supply in alignment with the evolving needs of Australia's energy markets and systems. • OTR initiatives are organised into 9 distinct streams, each representing project delivery areas with aligned objectives, systems, and capabilities. These include Forecasting, Scheduling & Dispatch, Foundational & Strategic, Wholesale Market Operations, Control Room / RTO, Modelling, DER, Gas and Retail Market Operations.	In FY26, the NEM and East Coast Gas portfolio delivered a broad range of market reforms and operational technology initiatives that support AEMO's strategic priorities and Australia's energy transition. Through these initiatives, OTR strengthened AEMO's ability to support reliable and secure energy markets today while preparing for the evolving needs of the future energy system. **Market reforms & operational enhancements successfully delivered in FY26:** • **Energy Management System (EMS) upgrade for WEM and NEM:** The EMS upgrade enabled new capabilities for batteries and Distributed Energy Resources (DER), providing a modern, resilient platform for future enhancements that strengthens cyber security and supports retirement of legacy customisations. • **Metering Services Review (MSR) Release 1:** Delivered as part of the Accelerating Smart Meter Deployment reform, MSR release 1 introduced changes to B2B and B2M systems, procedures and processes, along with upgrades to Market Settlement and Transfer Solution (MSATS) to support Legacy Meter Replacement Plans (LMRP) and accelerate the roll out of smart meters across NSW, ACT, Queensland and South Australia. • **Enhancing Reserve Information (ERI):** Implemented updates to various NEO and NEM reports, improving transparency of energy availability across the NEM and helping market participants make more informed decisions. • **ST PASA Recall Period:** A new ST PASA procedure was delivered along with updates to existing Bidding and PASA NEM reports to reflect new recall period information, meeting AEMC obligations and supporting the broader ST PASA Replacement initiative that is underway. • **Business Continuity Systems:** Introduced a new Business Continuity and Crisis Management tool (Noggin) to centralise information, automate processes, and improve incident response times. This new tool helped AEMO minimise organisational and operational risks by enabling teams to continue managing key business processes during disruptive events. • **Improving Security Frameworks (ISF):** Delivered a proactive framework for managing and procuring system security services - system strength and inertia - across the NEM supported by a new System Security Management (SSM) tool, meeting the AEMC's Improved Security Framework reform requirements. These new tools and processes strengthened AEMO's ability to maintain power system security, reducing reliance on directions and supporting integration of renewable generation. • **East Coast Gas Forecasting:** Strengthened AEMO's gas operations by introducing a new AI-driven forecasting solution to improve gas demand forecasting accuracy across the East Coast Gas (ECG) region. This solution increases automation and leverages a broader range of data sources, helping to resolve many of the data quality challenges faced by our ECG operational teams.

Portfolio	Scope	Delivered in FY26
Reform Delivery (NEM and East Coast Gas) and Design and modernising market operating system	• Implementation and embedment of NEM and east coast gas reforms in collaboration with industry to proactively drive • cost effective development, delivery, and transition of reform initiatives. • Modernisation of AEMO's operational systems to ensure continuity of reliable and secure, efficient energy supply in alignment with the evolving needs of Australia's energy markets and systems. • OTR initiatives are organised into 9 distinct streams, each representing project delivery areas with aligned objectives, systems, and capabilities. These include Forecasting, Scheduling & Dispatch, Foundational & Strategic, Wholesale Market Operations, Control Room / RTO, Modelling, DER, Gas and Retail Market Operations.	• **Operational Forecasting (Fusion):** Continued to uplift AEMO's Operations forecasting capability through Fusion platform enhancements, including the Metrix upgrade, Reference Data Management and Australian Solar Energy Forecasting Service 3 (ASEFS3), helping maintain IT support, expand forecasting horizon views and improve renewable forecasting capability. • **Real-Time Operations Management Platform (RTOMP) enhancements:** Delivered multiple releases to modernise control room applications and enhance Real Time Operations. This included implementation of Grafana analytics and monitoring capabilities, automation of constraints management processes and improvements to Market Notices, increasing operational efficiency, reducing manual intervention and strengthening operational decision-making capabilities. • **Gas Retail Initiatives (GRI):** Incremental B2B and market procedure changes to improve customer transfers, data quality and retail operations. • **DER Integration into Operations Systems:** Priority uplifts to integrate DER into AEMO's underpinning systems and interfaces to effectively manage evolving DER volumes. • **Operations Data Management Platform (ODMP) Release:** Delivered a foundational data management platform to support improved access to operational data and provide a stronger data foundation for real-time operations and future operational capability uplifts. • **Inverter Dispatch (ID) Interim Solution:** An interim solution was delivered to give participants visibility of inverter limits through existing data feeds, providing early awareness and supporting operational readiness ahead of future enhancements. The final solution will build on this by integrating with EMS and supporting future compliance and monitoring requirements as rule changes progress. • **Integrating Price Responsive Resource (IPRR):** Delivered a new online dashboard for monitoring unscheduled price responsive resources (UPRR), which provides a large portion of the data AEMO needs to meet its quarterly and annual reporting obligations as part of the Integrating Price Responsive Resources into the NEM (IPRR) reform. • **Flexible Trading Arrangements (FTA) Release 1:** Delivered as part of the Unlocking CER Benefits Through Flexible Trading reform, FTA release 1 introduced Type 9 metering arrangements to support the measurement and settlement of minor energy flows from previously unmetered loads, including streetlights, public EV chargers and other street furniture. **Other noteworthy achievements:** • FY26 marked the first full year of OTR operating as an integrated portfolio, strengthening prioritisation and delivery across operational technology and market reform initiatives while unlocking efficiencies of a unified governance structure. • Strong stakeholder engagement and industry enablement throughout FY26 through a range of governance, consultation and information-sharing forums, supporting transparency and collaboration on major market and operational change initiatives. More than 290 NEM Reform stakeholder sessions were held, with more than 2,300 participant attendees across sessions. • Expanded the reach of reform communications, with external NEM Reform Newsletter subscribers growing to more than 2,330.

Portfolio	Scope	Delivered in FY26
Western Australia Program	• Delivering the WA State Government's reform agenda to ensure alignment with policy objectives and market evolution. • Developing capabilities to manage an increasingly complex power system and mitigate escalating operational and security risk. • Strengthening system planning and analytical capabilities to improve forecasting and understanding of emerging challenges impacting the SWIS. • Enabling aggregated DER integration and participation through industry and government partnerships.	In FY26, the Western Australia Program successfully delivered its commitments within budget, advancing a significant program of market reform, digital modernisation and operational capability uplift that strengthened the security, reliability, transparency and efficiency of Western Australia's Wholesale Electricity Market (WEM). Key achievements included: • Progressing Distributed Energy Resource (DER) integration and future market participation capabilities through **Project Jupiter** (corporate KPI), enhancing visibility, forecasting and market design foundations to support a more flexible and responsive energy system. • **WEM and SWIS Modelling Capability** – The portfolio also established AEMO's first internally developed WEM and SWIS techno-economic modelling capability, strengthening forecasting, planning and investment analysis to support informed decision-making and Western Australia's energy transition. • **Digital modernisation** initiatives improved the security, resilience and sustainability of critical market systems through platform upgrades, infrastructure improvements and enhanced operational capabilities. These investments reduced operational risk and strengthened the technology foundations that underpin market operations. • **Operational Tools Improvements** - Market and operational enhancements improved transparency, data accessibility and operational efficiency, including reforms to cost recovery arrangements, enhanced market information services, expanded public access to market data and improvements to operational tools and participant services. • The portfolio also delivered important **capacity market reforms** that strengthened reserve capacity arrangements, improved participation pathways for demand-side resources and laid the foundations for future investment in flexible capacity. • Collectively, these initiatives have strengthened the foundations of a more resilient, efficient and sustainable energy market, while enhancing AEMO's ability to support reliable power system operation and informed investment decisions. • Looking ahead to FY27, the Western Australia Program will continue delivering market reform, operational capability, digital modernisation and future system planning initiatives to support Western Australia's energy transition, system reliability and long-term market development.

Portfolio	Scope	Delivered in FY26
Modernising business system	• Modernisation of AEMO's business systems to ensure they are contemporary and support business efficiency, management and transparency • Cyber security uplifts to address cyber risks and issues. • Digital lifecycle upgrades to ensure AEMO's business systems remain fit-for-purpose. • tEnsure AEMO provides office spaces that provide well-designed, modern, inclusive and collaborative workspace for our employees.	AEMO has delivered targeted modernisation of business systems, uplifted cyber security controls, and executed critical digital lifecycle upgrades. These initiatives have strengthened operational efficiency, risk management, and system resilience ensuring our platforms remain contemporary, secure, and fit-for-purpose. **Key achievements include:** **Enterprise Systems Modernisation** • Successfully delivered 2 releases of a new Portfolio and Program Management (PPM) system supporting improved delivery of the Integrated Investment Plan (IIP): – Release 1 delivered the Strategic Prioritisation Module (SPM) which enables transparent, consistent prioritisation of initiatives aligned to strategic goals. This leads to improved decision-making through integrated evaluation, scheduling, and financial insights, driving efficiency and better business outcomes. – Release 2 delivered the end-to-end Portfolio and Project Management tool 'Altus'. This enables the replacement of prior tooling for Capital investment and Digital BAU projects and provides core PPM capability for Market Connections projects by centralising project data, improving transparency, and enabling better decision-making • Refreshed corporate laptops and rolled out Windows 11 across all corporate and control room workstations. • Upgraded core business applications (e.g., dispatch apps to .NET, NEM Dashboard migration to cloud, new on-premises identity service) improving supportability and minimising risk to market operations. • Uplifted internal audit capability by centralising all audit activities within an enterprise GRC system, strengthening governance by enabling real-time tracking of audit actions, linking findings to risks and obligations in a single source of truth supporting consistent reporting across the organisation. • Deployed enhancements to D365 Finance system with improved usability especially in areas of time sheeting, expense management and PO approvals • Delivered an uplifted **Legal Matters Management** system that delivers a secure, scalable, and transparent solution to reduce manual effort, strengthens governance, improves service efficiency, and enables high quality legal support through a single, structured, and data driven operating model for AEMO's Legal teams.

Portfolio	Scope	Delivered in FY26
Modernising business system	• Modernisation of AEMO's business systems to ensure they are contemporary and support business efficiency, management and transparency • Cyber security uplifts to address cyber risks and issues. • Digital lifecycle upgrades to ensure AEMO's business systems remain fit-for-purpose. • tEnsure AEMO provides office spaces that provide well-designed, modern, inclusive and collaborative workspace for our employees.	**Business Technology Resilience** • Significantly enhanced network capacity and resilience, reducing outage risk and supporting future. • Upgraded core infrastructure to address performance bottlenecks and support growing business demand. • Modernised AEMO's dispatch application suite with a re-write of Dispatch applications • Addressed vulnerabilities and improved stability and performance for public-facing web platforms by eliminating unsupported software risk, ensuring continued vendor support and operational reliability • Improved security and supportability for authentication services by retiring unsupported Operating System versions. • Capacity uplifts to sustain AEMO growth across digital systems **Cyber Security uplift** • Implemented Airlock Digital application controls to block untrusted code and prevent unknown applications, malware and ransomware from running. • Introduced advanced endpoint security, threat intelligence and cyberattack response services, supported by a 24/7 Security Operations Centre, to detect and stop threats before they affect operations. • Simplified Active Directory structures, removed thousands of unused accounts and restricted access to critical folders, reducing the attack surface and risk of privilege misuse. • Introduced organisation-wide security standards to clarify how systems, information and technology are managed, strengthening consistency and governance while reducing security gaps. • Rolled out data classification and data loss prevention controls to improve how sensitive information is identified, handled and protected, reducing accidental exposure and supporting compliance. • Upgraded a critical access management platform to improve support, reliability and security, reduce operational risk and provide a stable foundation for future enhancements. **Modern and Inclusive office spaces** • Prepared and successfully moved Brisbane office to new location to meet enhanced requirements • Established a modern Hobart office that improves employee experience, supports workforce growth and provides a professional environment for collaboration and stakeholder engagement.
Modernising Business System	• The System Design Program is focused on improving the systems, tools and data necessary for producing technical publications and engineering assessments that support forecasting, strategic planning, future energy system design and onboarding and connections for the national energy system, to support the design and delivery of a coordinated energy system that is operable and resilient, meeting consumers' needs through the transition to net zero.	• Replaced the Generator Survey Application which gives the flexibility to update survey forms, manage contacts, and streamline participant access. This modern design simplifies the submission process for participants and supports timely, accurate generator survey data, ultimately improving the quality of the Generation Information Page and other AEMO publications. • Delivered a new Commissioning Calendar integrated with the O&C CRM removing duplicate data entry and providing reliable, real-time data flow, enabling a more streamlined and efficient connection process. • Delivered a new Transmission Company Victoria website with new features to manage campaigns, social map to display Environment Effects Statement studies, surveys, interactive imaging, and event management. • Completed the MVP and subsequent uplifts of the System Strength and Inertia Tools, integrating them with the AEMO Modelling Platform and PLEXOS to automate complex power system analysis, streamline the transfer and processing of large modelling datasets, and reduce manual post-processing effort. These enhancements improved the speed, consistency and reliability of system strength and inertia assessments, enabling more efficient delivery of critical planning insights and reporting. • Delivered improvements to the Portfolio Management System (PMS) performance and ability to manage larger volumes of National Metering Identifiers to support Frequency Control Ancillary Services (FCAS) and Wholesale Demand Response (WDR) applications.

Financial position

Cash balances increased in FY26, primarily driven by the receipt of government funding for strategic initiatives. However, this increase was offset by reductions in other current assets, including assets previously classified as held for sale following the transfer of Victorian TNSP operations to VicGrid on 1 November 2025, lower receivables following receipt of grant funding during the year, and the sale of AEMO's LNG inventory.

Non-current assets increased as AEMO continued to invest in strategic and operational projects to support the energy transition and enhance its digital infrastructure. Capital expenditure during FY26 was principally associated with reform delivery initiatives, government-funded programs and the operations portfolio.

Total liabilities decreased during FY26. The reduction was primarily driven by lower participant security deposits and settlement prepayments resulting from reduced electricity spot prices, together with the transfer of liabilities associated with Victorian TNSP functions and operations to VicGrid. These decreases were partially offset by grant funding received in advance and higher trade and employee-related liabilities.

Borrowings decreased following the full repayment of the CEFC loan during FY26 after the transfer of the Victorian TNSP functions to VicGrid.

Table 9. AEMO consolidated balance sheet summary

	FY26 actual $m	FY25 actual $m	FY26 actual variance to FY25 $m	FY26 actual variance to FY25 %
Assets				
Cash and cash equivalents	463.8	369.7	94.1	25.5%
Other current assets	99.1	330.6	(231.5)	(70.0%)
Non-current assets	724.4	583.6	140.8	24.1%
Total assets	**1,287.3**	**1,283.9**	**3.4**	**0.3%**
Liabilities				
Current liabilities	499.1	577.6	(78.5)	(13.6%)
Borrowings	534.7	573.6	(38.9)	(6.8%)
Other non-current liabilities	34.6	27.0	7.6	28.1%
Total liabilities	**1,068.4**	**1,178.2**	**(109.8)**	**(9.3%)**
Net assets	**218.9**	**105.7**	**113.2**	**107.1%**
Contributed capital	7.1	7.1	-	-
Participant Compensation Fund reserve	12.2	11.8	0.4	3.4%
Other reserves	16.1	12.6	3.5	27.8%
Accumulated surplus / (deficit)	182.1	73.2	108.9	148.8%
Non-controlling interest	1.4	1.0	0.4	40.0%
Total equity	**218.9**	**105.7**	**113.2**	**107.1%**

Cash and cash equivalents include restricted cash balances of $372.7m at 30 June 2026 (2025: $334.2m). Restricted cash comprises government grant funding held in advance of expenditure ($259.5m; 2025: nil), security deposits and early settlement proceeds held as part of AEMO's market settlement function ($92.3m; 2025: $314.5m), Participant Compensation Fund balances ($12.3m; 2025: $11.9m) and other restricted cash balances ($8.6m; 2025: $7.8m). Unrestricted cash balances were $91.1m at 30 June 2026 (2025: $35.5m).

Financing

AEMO has a capital investment program and working capital requirements which support AEMO performing its roles and responsibilities across operating and investing activities.

AEMO's capital investments and short-term working capital requirements are facilitated through debt financing. Financing large capital projects with debt enables AEMO to recover capital costs from market participants through operating expenditure over a period of years once the asset provides benefits to AEMO operations and market participants.

AEMO optimises the risk and cost of its capital structure by:

- ensuring adequate working capital and standby liquidity,
- undertaking debt refinancing well in advance of maturity to provide optionality,
- seeking to diversify tenor and funding sources, and
- where possible, seeking concessional debt facilities for specific initiatives.

Recognising the investment requirements to support AEMO's evolving roles and strategic objectives, last year AEMO progressed plans to mature and diversify its debt portfolio.

AEMO rebalanced its borrowings to support a mix of fixed and floating interest rates, and a diverse and cost-effective capital structure.

At 30 June 2026, AEMO has a syndicated bank debt facility (SFA) of $545m with National Australia Bank (NAB), Australia and New Zealand Banking Group (ANZ), Commonwealth Bank of Australia (CBA), and Westpac Banking Corporation (WBC). The facility has a floating interest rate. During FY26, AEMO refinanced its syndicated bank debt facilities in accordance with its capital management plan to extend maturities and increase Facility A1 for the Gas Trading Fund (Note 3).

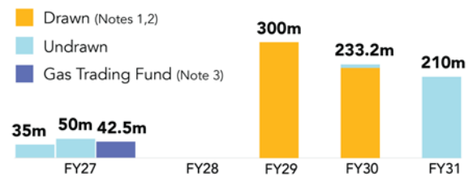
During the year, AEMO also executed a $35m bilateral cash call facility with ANZ to support active cash management.

AEMO has a five-year, fixed rate, $300m Australian Dollar Medium Term Note (A$MTN/Bond) to support capital diversification. In FY26 Moody's confirmed AEMO's Aa2/Stable credit rating.

AEMO manages its interest rate risk under a hedging program designed to match AEMO's debt profile.

Volumes and tenors of AEMO's debt facilities as at 30 June 2026 are set out below. The maturity profile of the total available debt of $880m at 30 June 2026 is as follows.

Chart 12: Debt maturities as at 30 June 2026



Notes:

1. Excludes a loan agreement with Federal Treasury to fund the amended scope of the Consumer Data Right (CDR) program. The loan balance at 30 June 2026 was $3m, fully drawn.
2. Excludes a loan from the Clean Energy Finance Corporation to finance AEMO's early works on the VNI West project, which was repaid and closed in H1 FY26.
3. AEMO is required by the National Gas Law to have funds available to trade in natural gas to maintain or improve the reliability or adequacy of gas supply in the East Coast Gas system. These funds are ringfenced.

Accumulated Surplus

Table 8. Accumulated surplus

	FY26 actual $m	FY25 actual $m
NEM CORE	46.0	23.5
NEM FUNCTIONS	22.6	0.9
EAST COAST GAS	49.6	62.5
WA ELECTRICITY AND GAS	4.8	2.4
NEM CONNECTIONS	6.7	3.2
GOV'T & OTHER	52.4	(19.3)
Accumulated Surplus / (Deficit)	**182.1**	**73.2**

AEMO has a healthy accumulated surplus position across each of its segments that will support future fee pathways and ongoing risks to its cost base

Cash flow

Net cash inflows from operating activities increased driven by government funding received during the year to support strategic initiatives, together with lower payments to suppliers and employees following the transfer of Victorian TNSP operations to VicGrid on 1 November 2025. These increases were partially offset by lower net receipts of participant security deposits resulting from reduced electricity spot prices compared with FY25.

Net cash outflows from investing activities increased during FY26 due to higher capital expenditure across AEMO's project portfolios, including reform, operations and broader technology programs.

Net cash outflows from financing activities increased during FY26, reflecting the full repayment of the CEFC loan following the transfer of the VicTNSP segment to VicGrid.

Table 10: AEMO consolidated cash flow summary

	FY26 actual $m	FY25 actual $m	FY26 variance to FY25 $m	FY26 variance to FY25 %
Receipts from customers and government grants	1,626.2	1,651.0	(24.8)	(1.5%)
Payments to suppliers and employees	(1,073.4)	(1,506.2)	432.8	(28.7%)
Net receipt of participant security deposits	(175.1)	80.3	(255.4)	(318.1%)
Interest received	8.3	11.9	(3.6)	(30.3%)
Net cash inflows from operating activities	**386.0**	**237.0**	**149.0**	**62.9%**
Net payments for intangible assets and property, plant and equipment	(236.6)	(153.9)	(82.7)	53.7%
Net cash outflows from investing activities	**(236.6)**	**(153.9)**	**(82.7)**	**53.7%**
Interest paid	(30.7)	(30.4)	(0.3)	1.0%
Net borrowings (repaid) / drawn down	(39.0)	(2.8)	(36.2)	1292.9%
Repayments of lease liabilities	(10.3)	(8.3)	(2.0)	24.1%
Net cash (outflows) / inflows from financing activities	**(80.0)**	**(41.5)**	**(38.5)**	**92.8%**
Net increase in cash held	**69.4**	**41.6**	**27.8**	**66.8%**

Governance and risk

Corporate 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 in Western Australia.

AEMO is accountable to the Energy and Climate Change Ministerial Council (ECMC) and provides reports to the ECMC on performance against the priorities set out in the Strategic Corporate Plan.

AEMO maintains a robust and effective governance framework, which is essential to enabling the Board and its committees to balance oversight of AEMO's long-term strategy, budget, fee structures and policies. Assurance is also critical to oversee management's delivery of AEMO's key organisational objectives and responsibilities, including business performance, risk management, stakeholder engagement and compliance. In a complex and evolving external environment, the Board has an important role ensuring that governance settings are both fit-for-purpose and aligned with stakeholder expectations.

As the role and responsibilities for AEMO and its subsidiary have expanded, the group-wide governance framework has also evolved to support a robust, effective and consistent system of corporate governance. Initiatives undertaken across the financial year to enhance governance standards include the treatment of conflicts of interest, data sensitivity labelling, cyber-security resilience, governance policy and risk reporting. The continual refinement of AEMO's approach to corporate governance has been informed by the ASX Corporate Governance Principles and Recommendations, Australian Institute of Company Directors' Not-for-Profit Good Governance Principles and overseas trends, adapting as required to AEMO's corporate structure and constitution.

In FY26, the ECMC announced a review of AEMO's governance arrangements, to ensure they are fit-for-purpose, particularly as its role and responsibilities have continued to evolve during a historic energy transition. Mr Nigel Ray PSM led the ECMC Governance review on behalf of the ECMC, which included a call for public submissions and substantial engagement with AEMO's key external stakeholders.

Feedback received from stakeholders through the ECMC Governance Review consistently recognised AEMO's highly regarded work as the systems and markets operator and the critical role the organisation plays to support the energy transition along with an expanding range of reform and future-focused activities. There was also recognition of the scale and complexity of AEMO's expanding role and its increased and improved engagement effort, however, feedback also clearly identified the need for enhanced governance and reporting frameworks as well as an uplift in demonstrated financial discipline and transparency. A program of work to respond to this feedback was developed and implementation commenced in FY26 with a dedicated focus on an organisational-wide change program set for FY27. Key actions already underway include improvements in how AEMO explains how costs arise, how they are allocated, and why they might change over time, mapping strategic priorities to cost categories, development of a multi-year fee forecast, adapting the FCC and the adoption of AI and digital tools to support greater efficiency and decision making across the organisation.

ECMC Governance Review recommendations

The final report from the ECMC Governance Review was released on 7 August 2026, noting that AEMO plays a critical role in operating Australia's electricity and gas markets, and is widely recognised as a world-class institution.

The Governance Review made 14 recommendations to update and strengthen the current governance arrangements of AEMO and ASL to improve AEMO's accountability, transparency and responsiveness to governments; and to suit AEMO's expanded and increasingly complex role. The recommendations include that AEMO, in consultation with governments, divest itself of ASL, that AEMO's current structure as a *Corporations Act* entity be retained, but with a change to membership to clearly define AEMO as a multi-jurisdictional corporation, accountable to governments on behalf of consumers. This would be supported by reforms to Board composition and appointments, independent oversight of expenditure by the Australian Energy Regulator, new obligations on AEMO to proactively report to governments, and greater clarity around AEMO's role in supporting national security. A copy of the final report and the ECMC's response to the recommendations are available at energy.gov.au

AEMO's corporate governance framework and key governance documents, including charters and policies, are available at aemo.com.au

Role of the Board

AEMO is governed by a Board of Directors responsible for the performance of AEMO's statutory functions, having regard to the applicable market objectives, and within a detailed framework of energy laws and rules. AEMO's Members have no power under the Constitution to influence the performance of AEMO's statutory functions and powers, which is the responsibility of the Board. The *Corporations Act* and AEMO's Constitution apply to AEMO, inclusive of rules relating to Director duties, management of Director conflicts and corporate reporting requirements.

The Board regularly reviews the charters and policies that underpin AEMO's corporate governance practices to ensure they remain appropriate, reflect high standards of corporate governance and meet regulatory requirements. All AEMO Board and Committee Charters were refreshed during FY26.

Composition of the Board

Skills and experience

AEMO seeks to maintain a Board with a broad and relevant range of skills, knowledge and experience to deliver effective corporate governance for the organisation. In the context of the energy transition and AEMO's role in it, the Board uses a skills matrix to inform both its understanding of current Board composition and the Board's future needs.

The skills matrix is substantially informed by the core skills and experience defined in AEMO's Constitution, Schedule 2, together with a range of more current skills and experience requirements necessary to ensure that the overall composition of the Board is appropriate to provide oversight of emergent issues including demand side energy, AI, cyber security, ESG and climate risk/ reporting. The skills matrix is updated regularly with each Director rating their expertise and experience across a set of three ratings. The self-assessment ratings are subsequently considered by the Board.

In conducting the assessment, Board members were assessed using the following rating levels:

Significant	regarded to have high competency, knowledge and experience in the subject matter or domain and has been seen to contribute these skills in Board and Committee conversations and critical thinking.
Developed	having a sound working knowledge of the subject matter through direct, practiced experience, extensive application of such skills in Board and Committee activities and/or through training and professional activities.
General	possesses awareness and/or foundational knowledge around the subject/topic and its relevance to the organisation and Board.

Individual Board member assessments were aggregated to inform an assessment of the overall level of capability represented across the Board in each of the identified competency areas.

The AEMO Constitution, in addition to specifying Core Skills and Experience requirements of the Board, also requires that the Board as a whole has significant Industry Experience that includes operation of energy markets and reforms, energy system planning and system security, prudential management, forecasting and demand/supply reliability, relevant regulatory regimes, consumer usage and issues. Consideration of these specific attributes has informed the ratings in Figure 2. At least three Directors and not more than six must have Industry Experience. The deepest Industry Experience is held by four Directors.

A summary of the skills matrix at May 2026 is set out in Figures 1 to 3.

Figure 1: Board Qualifications

The proportion of qualifications held by AEMO Directors in key disciplines.

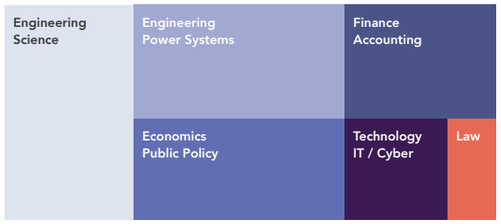


Figure 2: Depth of AEMO Board Skills and Experience

The depth of the AEMO Board's skills and experience.

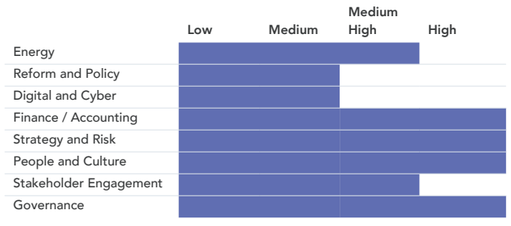
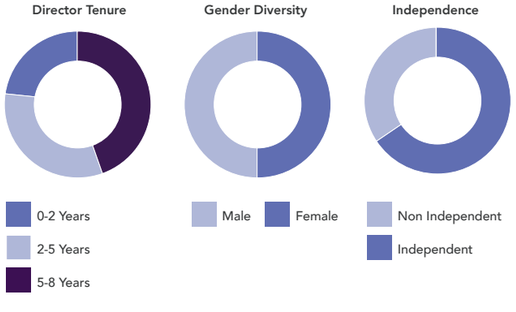


Figure 3: AEMO Board Tenure, Gender diversity and Independence

AEMO's Directors have a maximum eight-year tenure, gender diversity target of 50/50 and requirement that majority of Directors (including the Chair) must be Independent as defined in the AEMO Constitution.



Independence

In accordance with AEMO's Constitution, the Chair of the Board and the majority of directors must be independent. The FY26 Board of Directors is set out in the Directors' Report, including those directors who served for part of the year. As at 30 June 2026, AEMO had 10 Board directors, comprising an independent Chair, the Managing Director and Chief Executive Officer and eight non-executive directors. Based on a review of director interests, positions and relationships, six non-executive directors (including the Chair) are classified as independent.

Board succession

The selection process for a new chair or non-executive directors is overseen by the Board Nominations Committee with the interview short list, interview process and recommendations for appointment made by the Australian Government's Energy Appointments Selection Panel. In addition to the core skills and experience required by AEMO's Constitution, other factors such as independence, diversity elements and succession planning are considered as part of the selection process.

AEMO Members (comprising industry and government) must endorse the Energy Appointments Selection Panel's appointment recommendations before the recommendation is submitted to the ECMC for approval. The ECMC appoints AEMO Directors (other than the Managing Director) following a recommendation by the Energy Appointments Selection Panel.

Directors are eligible for reappointment for a term of up to four years. Director reappointments are recommended by the Chair to AEMO Members at the annual general meeting. Following Member approval at the meeting, a formal request is submitted to federal and state energy ministers for decision.

Prior to starting in their position, Directors undergo a structured induction program. The tailored induction program features briefing sessions with executives and senior managers on key aspects of AEMO's governance and operations, including site visits. Directors are provided with a letter of appointment and a Deed of Access, Indemnity and Insurance, AEMO's Constitution, Board Charter, Board Committee Charters, key corporate policies, and an overview of AEMO's strategic objectives and operations.

Board responsibilities

AEMO's Constitution and Board Charter set out the role and responsibilities of the Board. The key responsibilities of the Board include:

- approving corporate strategies including the Strategic Corporate Plan, the annual budget, major capital expenditure and financial plans, and monitoring of compliance with AEMO's reporting obligations (including climate-related disclosures),
- overseeing and monitoring organisational performance and the implementation of AEMO's strategic goals and objectives,
- overseeing the integrity of AEMO's accounting and corporate reporting systems, including the external financial audit,
- appointing and assessing the performance of the CEO and overseeing executive leadership succession plans,
- instilling AEMO values and monitoring AEMO organisational culture, including approval of AEMO's Code of Conduct,
- ensuring alignment of remuneration and people management policies with AEMO's purpose, values, strategic objectives and risk appetite,
- approving AEMO's risk appetite and overseeing processes to identify significant risks facing AEMO, and ensuring that appropriate and adequate control, monitoring and reporting mechanisms are in place,
- ensuring the effectiveness of AEMO's governance systems and practices,
- monitoring compliance with ethical, legislative and regulatory requirements, including energy laws and rules, workplace health and safety, diversity and inclusion, environmental, climate, sustainability, corporate governance and reporting obligations,
- approving the statutory appointment and replacement of the Company Secretary, and
- ensuring an appropriate framework is in place for Management to report adequate and relevant information to the Board.

In performing their role, Directors may access:

- any information they consider necessary to fulfill their responsibilities and to exercise independent judgment when making decisions, (except where conflicts exist),
- management personnel, to seek further information,
- auditors, both internal and external, to seek explanations and information from them without management present,
- organisational records in accordance with their Deed of Access, Indemnity and Insurance,
- the Group Company Secretary about any matter related to their role as Director, and
- independent professional advice, at AEMO's expense, to help them carry out their duties, provided they have the prior approval of the Chair, which will not be unreasonably withheld.

Board development

Directors are encouraged to continue their development by attending training and education relevant to their role. Briefings and workshops are also regularly held in conjunction with Board meetings.

FY26 Board performance assessment

In FY26, the Chair led an internal Board Effectiveness Review to confirm aspects of Board, Director and governance processes that are working well, while allowing for the capture and consolidation of feedback to inform insights for discussion and reflection. Key insights included: a professional and constructive Board culture with strong alignment on the effectiveness of Board governance and an increased FY26 focus on both oversight of major program delivery and strategic longer-term business planning, taking account of the wider context in which AEMO operates.

In alternate years an independent external party is engaged to conduct a Board effectiveness review that considers the performance of the Board as a whole, individual Directors and the governance processes which support the Board and Board Committees. The next external review will be held late in 2026.

FY26 Board focus areas

During FY26, in addition to core Board governance responsibilities, the Board considered a number of matters in accordance with its roles and responsibilities, including:

- enabling AEMO's participation in the NEM wholesale market settings review (the Nelson Review) and AEMO Governance Review and Western Australia Governance Review processes,
- early in 2026 the Board established a Governance Review Working Group of which all Directors were members, to actively engage with management to inform pre-submission and submission responses,
- progressing the FY26-27 strategic planning and budgeting cycle,
- oversight of key reform and operational priorities, in particular, East Coast Gas System reforms and Essential System Services reforms,
- a continued focus on operational readiness and digital systems, including AI, cyber-security and governance, and
- oversight of the transfer of AEMO's Victorian declared shared network functions (and all associated declared network functions) to VicGrid, which concluded on 1 November 2025.

Risk management

Robust risk governance is critical to AEMO's resilience and ability to deliver its strategic priorities. AEMO operates in a rapidly evolving context, shaped by the increasing complexity and pace of Australia's energy transition, changing market conditions, heightened security considerations and evolving stakeholder expectations. AEMO's top risks reflect this changing context and represent the most significant strategic and operational challenges to delivering the organisation's purpose: to ensure safe, reliable and affordable energy and enable the energy transition for the benefit of all Australians.

Through FY26, AEMO's risk landscape continued to evolve, characterised by ongoing complexity in the energy landscape, increasing threats to Australia's critical infrastructure, accelerating technology adoption, and geopolitical, economic and societal uncertainty. AEMO continued to actively manage these risks, while strengthening our ability to identify and respond to emerging threats and opportunities. Key actions taken to address these risks, aligned with the FY26 Corporate Plan initiatives, are outlined in the table below.

Prioritising top risks

Top risks	Key actions taken in FY26 to address risk
System security and reliability AEMO's ability to maintain secure and reliable operation of Australia's energy systems and markets.	Modernising operational technology and tools, managing both emergent power system risks and key transition points, and advancing system security planning, including with the release of the second TPSS.
Protective security Protective security risks to Australia's energy system and markets, including cyber, physical, supply chain and personnel related threats.	Strengthening security and cyber resilience through targeted cyber defence uplift along with continued investment to upgrade core digital systems.
System readiness Operational readiness to support the energy transition and future energy system.	Strengthening readiness for key transition points, supported by transition planning, delivery of priority TPSS actions, uplift of future power system modelling and ongoing advice on future reliability outlooks.
Influence and trust AEMO's ability to effectively influence the outcomes of the energy transition in the interests of consumers	A focus on strengthening stakeholder understanding and building confidence through genuine engagement, upifting communications including to share data and insights, and collaboration with consumers, industry and government on key reforms and other initiatives. Consideration of feedback received through ongoing stakeholder engagement, independent research and governance reviews, to better reflect stakeholder perspectives, inform AEMO's thinking and decision-making, and identify opportunities to strengthen engagement, governance and transparency.
Energy affordability Australia's energy transition becomes less affordable to consumers over the long term	Continuing to support an energy system which is secure and affordable for consumers. Advanced least-cost system planning through publication of the 2026 ISP, which identifies the least-cost roadmap for the NEM's development; providing long-term investment signals through analysis and reports including the ISP, and electricity and gas statements of opportunity; and supporting more efficient, flexible demand through efficient connections processes.
Workforce and operating model Changes to AEMO's future workforce and operating model.	Progressing the implementation of the Strategic Workforce Plan, ensuring AEMO has the right capabilities, capacity and skills to deliver on our core roles and strategic priorities now and into the future.
Legacy technology Legacy technology's impact on AEMO's ability to maintain system operations and fulfil core roles.	Continuing to invest in and enhance core digital systems to support efficient and reliable energy systems and markets.

Enhancing AEMO's risk capability

In FY26, AEMO continued to evolve risk maturity, with a focus on strengthening risk management foundations, embedding risk intelligence across the operating model and supporting more consistent, risk-informed decision-making. Key achievements for FY26 included:

- a formalised Executive Risk and Audit Committee (ERAC) which provides direction and oversight on risk culture and risk frameworks and structures across the organsiation,
- embedding risk into strategic decision-making, by strengthening the linkages across risk, strategy and business planning. This included aligning Strategic Corporate Plan initiatives with AEMO's top risks to ensure that appropriate actions are in place to manage risk and support strategic delivery,
- evolving AEMO's risk culture to strengthen consistent, proactive risk-informed behaviours across the organisation and support effective decision-making in an increasingly complex operating environment. This is supported by an annual risk culture measurement, providing insights into current risk behaviours, and implementation of a comprehensive risk culture uplift plan to embed clearer accountabilities, enhance capability and drive sustained behavioural change at all level,
- reviewing AEMO's risk appetite settings, to ensure these remain realistic and fit-for-purpose in the context of changing energy systems and markets, evolving stakeholder expectations and increasing operational complexity,
- Refreshing AEMO's top risks, in consultation with the Board and Management, to ensure continued focus on the risks that matter most and alignment with AEMO's Strategic Corporate Plan, operating environment and evolving roles,
- Stress testing AEMO's broader risk and resilience settings through scenario analysis in the context of escalating geopolitical and cyber security tensions, to better understand potential enterprise-wide impacts and strengthen organisational preparedness,
- Collaborating with global peer independent system operators on strategy and risk management, including aligning on priorities and approaches and identifying opportunities for future collaboration,
- Establishing an enterprise governance capability, to strengthen consistency, oversight and coordination across AEMO's governance forums, decision-making processes and activities, and
- Initiating and embedding an annual climate-related risks and opportunities assessment within AEMO's sustainability program of work to support compliance with the climate-related disclosure requirements under the *Corporations Act* 2001 (Cth) and AASB S2 Climate-related Disclosures. Through this process, climate-related risks are identified, analysed, evaluated, and monitored as part of AEMO's broader approach to risk management. Further information regarding this process is set out in the 'Risk Management' section of AEMO's FY26 Sustainability Report.

Managing the opportunities and risks of AI

AI presents both opportunities and risks to AEMO. When used responsibly and securely, AI has the potential to transform how AEMO operates and plans for an increasingly complex energy system and market, improving efficiency and decision support while remaining aligned with AEMO's risk appetite, legal and regulatory obligations, and strategic objectives.

As the adoption of AI expands, AEMO is proactively managing AI-related risks and opportunities through established governance settings, including our AI Governance Policy, Framework and supporting governance structures. These settings are designed to enable ethical, transparent and accountable AI adoption across the organisation. In FY26, AEMO continued to mature these settings through implementation of an AI Governance Roadmap, focused on strengthening governance capability and embedding consistent practices across the AI lifecycle.

Governance practices and frameworks will be adapted and scaled to ensure they remain fit-for -purpose to manage emerging risk as AI is adopted across the business.

Sustainability

Our approach to ESG

In FY26 AEMO's environmental, social and governance (ESG) strategy and program of work focused on meeting the requirements of the Australian Sustainability Reporting Standards for the first time, while continuing to evolve to support changes in stakeholder expectations and within the energy industry more broadly. .

We have a small but dedicated Sustainability function that leads the organisation's sustainability strategy and reporting obligations. The function applies program management methodologies to coordinate sustainability initiatives across the enterprise, underpinned by a materiality assessment first undertaken in 2024 and refreshed in 2026 to identify the sustainability topics most significant to AEMO and our stakeholders. The outcomes of this assessment inform our approach to reporting on sustainability impacts, risks and opportunities. Key objectives for our FY26 program included:

- uplifting our internal understanding of the Australian Sustainability Reporting Standards (ASRS), and addressing reporting gaps,
- developing our ASRS-aligned climate disclosures, including completion of the necessary underlying workstreams,
- refreshing our materiality assessment, and
- developing our sustainability assurance framework.

AEMO is also committed to identifying and addressing modern slavery risks across our operations and supply chain. We publish an annual modern slavery statement, in accordance with the *Modern Slavery Act 2018* (Cth) (the Act), outlining the actions we take to assess and respond to those risks. We have also published a modern slavery policy that sets out how we give effect to our obligations under the Act and affirms our commitment to contributing to ending all forms of modern slavery in support of the intent of international conventions, treaties and protocols, aligned with our corporate values.

Enabling the energy transition

Australia's energy landscape is undergoing rapid and unprecedented levels of change, as coal-fired generation retires and is replaced by renewable energy, firmed by storage, backed by gas, and connected through upgraded networks.

AEMO is enabling the energy transition and planning for Australia's energy future, to ensure that Australians continue to have access to secure and reliable energy. We are guided by the national energy objectives in national energy laws, which include furthering the achievement of jurisdictions' policies to reduce Australia's greenhouse gas emissions. AEMO supports Australian governments' efforts to tackle climate change and is committed to contributing to achieving net zero by 2050, by enabling the transition to renewable energy. We understand significant action is required to limit global temperature rises to 1.5 degrees or less. Addressing climate change is complex and requires a collaborative response by government, industry and the community.

In addition to taking steps towards minimising the environmental footprint of our operations and meeting the requirements of the ASRS, throughout FY26 AEMO continued to play a broader role in supporting the energy transition. As stated in our Strategic Corporate Plan, 'Navigating the energy future' continues to be one of AEMO's strategic priorities, underpinned by initiatives including:

- Publication of AEMO's 2026 ISP, which outlines an optimal path for generation, storage and network investments in the NEM power system through to 2050. It identifies the lowest-cost pathway to deliver reliable and secure electricity for homes and businesses, while supporting government policy and emissions reduction objectives.
- Providing independent technical insights to investment requirements and opportunities, through reports such as the GSOO, the Victorian Gas Planning Report (VGPR) Update and the NEM and ESOOs. These are important planning and forecasting reports that support investors and governments to make informed decisions on both the east coast and west coast.
- Continuing to support the Western Australian Government's Energy Transformation Strategy by building on the work of the DER Roadmap, through collaboration with industry on Project Jupiter, a multi-year project to support the accelerated integration of rooftop solar, home and community batteries into WA's main energy system through VPPs.
- AEMO's subsidiary ASL supports government energy transition and reliability initiatives across multiple jurisdictions. ASL acts as adviser to and tender delivery partner for the Australian Government's Capacity Investment Scheme (CIS), serves as the New South Wales Consumer Trustee under the NSW Electricity Infrastructure Roadmap, and administers the South Australia Firm Energy Reliability Mechanism (SA FERM). Through these roles, ASL supports long-term investment planning, competitive tender delivery, financial risk management, and the procurement of generation, storage and firming capacity to support reliable, secure and affordable energy outcomes.
- Progressing future system readiness through delivery of the NEM Engineering Roadmap and implementation of priority initiatives under AEMO's TPSS. In FY26, AEMO published a significant uplift to the TPSS, providing enhanced analysis, clearer transition pathways and strengthened operational planning to support system transformation. AEMO also advanced the Type 2 Transitional Services framework, including publication of Statements of Need to support the efficient procurement and trialling of services required to address emerging system security needs.

Responding to the AASB S2 reporting regulations

In FY26, AEMO made significant progress in preparing for Australia's mandatory climate-related disclosure requirements. Our preparatory activities were informed by a gap assessment that compared existing climate-related practices and policies against the requirements of the ASRS, including AASB S2 Climate-related Disclosures.

Ahead of our first year of mandatory reporting, AEMO undertook several key activities to strengthen climate-related governance, risk management and reporting. These included reviewing and reprioritising our climate-related risks and opportunities to assess the impact of changes in AEMO's operating environment, strategy, business structure and value chain. This review helped to ensure our climate risks and related disclosures remain current, accurate and aligned with evolving business circumstances and reporting requirements. We also finalised our climate scenario analysis and financial impact assessment for our prioritised climate-related risks and opportunities. For the results and further informationon these activities, please refer to our FY26 Sustainability Report.

ESG materiality assessment

In 2026, AEMO re-visited the results of the materiality assessment first conducted in 2024 to ensure that changes in market conditions and stakeholder perspectives were considered in the list of the organisation's most significant ESG topics.

The outputs of the materiality process guide our sustainability strategy, inform reporting, ensure that we address the sustainability-related issues that matter most to stakeholders, and provide meaningful insights, enhance transparency and improve decision-making.

In line with best practice, we undertook a double materiality assessment. Double materiality captures two dimensions:

- **Impact materiality**: identifies material topics from the perspective of actual and potential impacts generated by AEMO on the economy, environment, and people.
- **Financial materiality**: identifies material topics from the perspective of risks and opportunities that affect or could affect AEMO's financial position, financial performance and cash flows, access to finance or cost of capital.

The impact materiality approach was informed by the Global Reporting Initiative (GRI) standards while the financial materiality approach was informed by the International Sustainability Standards Board (ISSB).

The following topics, which are aligned to the United Nations Sustainable Development Goals (SDGs), were identified and validated through the materiality process and are key focus areas for AEMO's future strategic direction and sustainability reporting:

	Material topic	Application of material topic	Relevant SDGs
ENVIRONMENTAL	Energy transition	The Australian Government has set 2050 as the target for a net zero economy, with each jurisdiction having interim emissions and renewable energy targets to meet that deadline. As Australia's independent system and market operator and system planner, AEMO's influence on achieving this by working closely with stakeholders is paramount. This includes collaborating with stakeholders to engineer future power systems based on renewable energy, connected by enhanced transmission and distribution, firmed by storage, and backed up by gas. Access to funding and future financing will be key for AEMO to support the energy transition.	
	Climate resilience and adaptation	Climate resilience and adaptation refers to how AEMO adjusts to current and future climate change-related physical and transition risks and incorporates climate change within our business strategy, risk framework and other internal processes and activities. This includes AEMO's operational emissions footprint and energy usage, strategies in place to decarbonise our operations and resilience of the markets AEMO manages.	
SOCIAL	Community and stakeholder engagement	The change that Australians will experience through the energy transition is significant, and requires open and active collaboration between governments, industry and consumers. AEMO must engage closely and transparently with our stakeholders to address the challenges and take advantage of the opportunities the transition offers, and to consider their perspectives in our planning and ways of working.	
	Health, safety, wellbeing and training	AEMO has a responsibility to ensure healthy and safe work conditions for its employees, contractors, and members of the public. Safe work conditions include both prevention of physical and mental harm, and the promotion of health and wellbeing. AEMO is dependent on the specialist technical capability of its employees to deliver its mandate in a rapidly growing workforce. Employee engagement, retention, and attraction is important to AEMO and it is therefore critical that AEMO ensures opportunities are offered to employees to uplift internal capability and provide opportunity for professional and personal development. This includes setting up the organisation, and its workforce, to be equipped for future changes and requirements.	
	Energy access and affordability	In line with its purpose, AEMO embeds a consumer-focused mindset regarding decision-making and ways of working, driving consumer-centric thinking and outcomes to support electricity affordability, accessibility and provide overall confidence in the energy system.	

	Material topic	Application of material topic	Relevant SDGs
GOVERNANCE	Corporate governance, compliance, ethics and integrity	A robust corporate governance structure, including policies, frameworks and committees, ensures compliance and conformance with relevant local and international laws, regulations and reporting frameworks, as well as anticipating and understanding shifts that emerge within the global and local regulatory and policy environment. Promoting trust and transparency with our stakeholders is paramount.	
	Power system reliability	As the system and market operator, AEMO is responsible for maintaining system security and reliability. This includes investing in people, processes, governance and operational technologies to respond to the operational and reliability challenges resulting from an increasingly complex and dynamic energy environment.	
	Cyber security and data protection	Part of AEMO's responsibility to operate the energy systems is to ensure a robust cyber security strategy, protections and response plans are in place across the industry to ensure energy security and reliability. This explicitly includes managing cyber risks and dependencies across AEMO's procurement and broader supply chain, recognising that third-party products, services and data flows are critical to system security. AEMO is also responsible for collaborating with government and industry partners to support market participants in understanding and improving their security maturity and resilience. Cyber security and data protection also includes the management and protection of internal data, systems and information from malicious or unauthorised cyber threats.	
	Digitalisation and innovative technology	As Australia's energy system changes, it is essential that AEMO has the processes, data, technology, and digital infrastructure to enable the transition and maintain reliable energy supply, and that it has the cyber security capabilities to address ongoing and escalating threats, noting these areas are critical to delivering the transition and achieving net zero objectives.	
	Financial governance and cost efficiency	Funded by market participants to support the delivery of the national electricity and gas objectives, it is essential that stakeholders have confidence in AEMO's financial governance, financial management and cost efficiency and that they feel AEMO is sufficiently transparent and accountable about our financial position and management. This is particularly important as we lead a wave of investment to support the industry's transition.	

Directors' report

The directors present their report on the consolidated entity consisting of the Australian Energy Market Operator Limited (AEMO or the Company) and the entities it controlled at the end of, or during, the financial year ended 30 June 2026. Throughout the report, the consolidated entity is referred to as the Group.

AEMO is a not-for-profit public company limited by guarantee, incorporated under the *Corporations Act* 2001 (Cth). AEMO's membership structure comprises state and federal government members (60%) and industry members (40%). All registered energy market participants are eligible to apply to become industry members of AEMO.

Energy laws allow AEMO to fully recover its costs for the performance of its statutory functions on a not-for-profit but full cost recovery basis.

AEMO's Constitution states that each member must contribute to the Company's property if the Company is wound up during, or within one year after the cessation of, the member's membership on account of:

- payment of AEMO's debts and liabilities contracted before they ceased to be a member
- the costs of winding up
- adjustment of the rights of the contributories among themselves, an amount not to exceed $1.00.

At 30 June 2026, the total maximum amount that members of the Company are liable to contribute under the Constitution if AEMO is wound up is $103.

The year in review

A review of AEMO's objectives, strategy, principal activities and performance measures for the year is on pages 12 and 13 of this report. Further details of AEMO's operations are provided in the Financial Statements on pages 40 to 73 of this report.

Directors

The following directors formed AEMO's Board during FY26 and up to the date of this report, unless otherwise stated.

Professor Mary O'Kane AC

BSc (Qld), PhD (ANU)

Roles:
Non-executive Independent Chair
Chair, Nominations Committee
Member, People Committee
Member, Technical, Markets and Systems Committee
Participant, Other Board Committees ex officio
Member, Capacity Investment Scheme Investment Committee
Director, AusEnergy Services Ltd

Date of appointment:
2 April 2024

Chair, Sydney Health Partners Board; Chair, Mary O'Kane & Associates Pty Ltd; Chair, Australian Centre for Excellence in Antarctic Science Advisory Board; Chair, University of Tasmania Institute of Marine & Antarctic Studies Advisory Board; Chair, Australian Antarctic Science Council; Member, FFG - Austrian Research Promotion Agency COMET Panel; Member of Advisory Board, New South Wales Reconstruction Authority; Chair, Business Events Sydney, Chair (Research and Development Advisory Board), New South Wales Department of Primary Industry & Regional Development; Chancellor, University of Queensland.

Mary is a company director. She was Interim Chief Commissioner of the Interim Australian Tertiary Education Commission in 2025. Mary was the Chair of the New South Wales Independent Planning Commission from 2018-2024, New South Wales Chief Scientist and Engineer from 2008-2018; and Vice-Chancellor of the University of Adelaide from 1996-2001. For the past 25 years, Mary has served on many Australian and overseas boards and committees in the public and private sectors, especially related to research, engineering, ICT, energy and international development.

Daniel Westerman

BEng (Hons), BSc, MBA, CPEng, FTSE, FIEAust, FIoD

Roles:
Managing Director and CEO
Director, Transmission Company Victoria Pty Ltd (until 1 November 2025)
Participant, Other Board Committees ex officio
Chair, Capacity Investment Scheme Investment Committee
Director, AusEnergy Services Ltd

Date of appointment:
17 May 2021

Daniel Westerman commenced as CEO and Managing Director of AEMO in 2021. He oversees AEMO's strategy and operations, including collaboration with market participants and policymakers.

Under Daniel's leadership, AEMO has ensured a secure and reliable supply of electricity and gas for consumers through increasingly complex operations across Australia's energy grids and markets, and has developed a trusted set of roadmaps to transition Australia's energy system.

Internally, AEMO has built a purpose-led and values-based culture, with strong uplifts in employee engagement, diversity and inclusion, and financial performance as its roles and responsibilities have evolved.

Prior to joining AEMO, Daniel held a variety of senior executive roles with London-listed electricity and gas utility, National Grid plc, after an earlier career with McKinsey & Company and Ford Motor Company.

Daniel holds degrees in Engineering and Mathematics from the University of Melbourne, and an MBA from Melbourne Business School. He is a Fellow of the Academy of Technological Sciences and Engineering, a Chartered Engineer and a Fellow of the Institute of Directors.

Julieanne Alroe

BEcon, MAICD

Roles:
Non-executive Independent Director
Chair, People Committee
Member, Technical, Markets and Systems Committee

Date of appointment:
1 June 2021

Member, University of Queensland Senate; Director, Gardior Pty Ltd; Member, Committee for Brisbane Advisory Board; Member, Queensland Business Hall of Fame Advisory Committee.

Julieanne Alroe is a professional director, chair and senior executive and an Australian aviation industry leader of over 40 years' experience. Julieanne was CEO of Brisbane Airport Corporation from 2009 to 2018 where she planned the $1.3 billion development of Brisbane's parallel runway.

Ms Alroe is a member of the University of Queensland Senate, a Board member of Gardior Pty Ltd, a Member of the Committee for Brisbane Advisory Board and Chair of the Queensland Business Hall of Fame Induction Committee. Previous directorships include Chair of Infrastructure Australia, Chair of ERM Power Ltd (acquired by Shell Energy Australia Pty Ltd), Airports Coordination Australia and Australia Trade Coast, and Deputy Chair of Tourism and Events Queensland.

An economics graduate from the University of Queensland, Ms Alroe received an honorary doctorate from Griffith University in 2016 for her outstanding contribution to the aviation industry. She is a Member of the Australian Institute of Company Directors, a Fellow of the Queensland Academy of Arts and Sciences, and a member of Chief Executive Women.

Nino Ficca

BEn(Hons), Advanced Management Program Harvard USA, GradDip Mgt, MAICD, FIEAust

Roles:
Non-executive Non-Independent Director
Chair, Technical Markets and Systems Committee
Member, People Committee

Date of appointment:
1 February 2019

Director, APA Group Limited; Director, APA Infrastructure Limited; Member, Deakin University Council; Co-Founder and Director, TasRex; Chair, EastLink / Horizon Roads; Director, Law Squared Advisory Board.

Nino Ficca has extensive senior executive experience in strategic and operational roles within the energy sector, including in the National Electricity Market and gas markets. He served as Managing Director of AusNet Services Limited and its predecessors, SP AusNet and SPI Powernet from 2001 to 2019.

An electrical engineer by training, Nino has a deep understanding of energy transmission and distribution grids, and their importance in underpinning effective markets and maintaining secure, reliable and high-performing systems. Nino is also the past Chairman of the Energy Networks Association, and a past Chair of CIGRE Australia. He is also a member of the Zema Scholarship Fund Committee.

Luke Menzel

BA, ME

Roles:
Non-executive Independent Director
Member, Finance, Risk and Audit Committee
Member, Technical, Markets and Systems Committee

Date of appointment:
24 February 2026

CEO, Energy Efficiency Council (EEC); Director, Australian Sustainable Built Environment Council; Head of Delegation, Energy Efficiency Council Observer role at the UNFCCC Conference of Parties; Co-Chair, Australia Germany Energy and Climate Partnership; Member, Standards Australia's EN001 Energy Standard Committee; EEC Representative, Commonwealth Energy Performance Advisory Group; EEC Representative, Maximum Ambition Coalition; EEC Representative, Department of Climate Change, Energy, the Environment and Water (DCCEEW) Energy Industry Roundtable; EEC Representative, Electrify Now Steering Group.

Luke Menzel is CEO of the Energy Efficiency Council, the peak body for energy efficiency, electrification and energy flexibility. The EEC's mission to harness the power of the demand side of Australia's energy system to deliver a prosperous, net zero Australia.

Luke is Vice-President of the Australian Sustainable Built Environment Council, Co-chair of the Australia-Germany Energy Efficiency and Decarbonisation Working Group, and a member of a variety of state and federal ministerial councils and advisory bodies. He also leads the EEC's engagement with the annual Conference of Parties under the United Nations Framework Convention on Climate Change (UNFCCC).

Anne Nolan

B. Econ(Hons), M. Econ

Roles:
Non-executive Independent Director
Chair, Finance, Risk and Audit Committee
Member, Technical, Markets and Systems Committee

Date of appointment:
1 February 2019

Director, Western Australia Symphony Orchestra; Director, Western Australia Venues & Events.

Anne Nolan has had a distinguished career with the Western Australian public service sector, leading the Department of Finance and the Department of State Development and serving as the Deputy Director-General, Cabinet and Policy Division, in the Department of Premier and Cabinet. She was the inaugural Chief Executive of the Independent Market Operator for the WEM.

She is an economist with broad public policy experience in microeconomic reform, energy, infrastructure, tax and Commonwealth-State relations. As Chief Executive of the Office of Energy from 2002 to 2006, Anne was responsible for driving the reform agenda that saw the introduction of a competitive electricity market in the WEM, an independent third-party network access regime and the disaggregation of Western Power.

Kathryn Presser AM

BA (Acc), Grad Dis CSP, MBA, FAICD, FCPA, FCIS, FGIA

Roles:
Non-executive Independent Director
Member, Technical, Markets and Systems Committee
Member, Finance, Risk and Audit Committee

Date of appointment:
9 January 2023

Non-Executive Director and Chair of Audit Committee, Police Credit Union; Chair Committee, Walford Anglican School for Girls Foundation; Chair of Risk and Performance Committee, Department for Energy and Mining, South Australia; Non-Executive Director, National Reconstruction Fund Corporation (NRFC); Non-Executive Director, Renascor Resources Limited.

Kathryn Presser has more than 30 years' experience in executive roles, having worked in industries including resources, aviation, hospitality, banking and finance, and in accounting advisory and audit firms where she has had extensive experience in the management of financial transactions, governance, risk management and strategic planning.

Notably, she had over 20 years' experience in ASX Top 200 listed oil and gas company Beach Energy as the CFO / Company Secretary where she directed large financing transactions, major capital raising and a number of mergers and acquisitions. Kathryn has built on her extensive education and executive experience to move into a number of Director roles including the National Reconstruction Fund Corporation (NRFC), Renascor Resources Limited, and is the Chair of the Risk and Performance Committee for the South Australian Department of Energy and Mining.

Josef Tadich

Master of Energy Systems, Master of Engineering Management, Bachelor of Engineering

Roles:
Non-executive Non-Independent Director
Member, People Committee
Member, Technical, Markets and Systems Committee

Date of appointment:
24 February 2026

Executive Director, Telsa Energy Ventures Australia; Executive Director, Tesla Motors Australia.

As Regional Director of Tesla Energy APAC (Australia, New Zealand, China, Japan, and Taiwan), Josef is an experienced leader in utility-scale renewable energy and storage, with deep expertise in wind, solar, battery systems, grid integration and wholesale/retail markets. As an engineer with an expert understanding of the power system and markets, Josef brings strong technical and commercial acumen. He is also a member of the Zema Scholarship Fund Committee.

Christine (Chris) Williams

MA LLB, GAICD

Roles:
Non-executive Independent Director
Member, Finance, Risk and Audit Committee
Member, Capacity Investment Scheme Investment Committee
Member, Technical, Markets and Systems Committee

Date of appointment:
9 January 2023

Chair, Port of Newcastle Property Trust Group; Director, St Andrews Cathedral School Foundation Limited; Chair, Sydney Chamber Opera Inc; Director, AusEnergy Services Ltd.

Christine Williams is a professional lawyer and business executive with over 30 years international and domestic experience as a mergers and acquisitions and funds management lawyer and senior business executive in the infrastructure, property, and financial services industries. She has worked in private practice and for complex real asset funds management businesses, advising listed and unlisted boards and participating in deal teams across a broad spectrum of infrastructure and real estate assets.

Christine was General Counsel for BT Asset Management Property Group for several years and subsequently Executive Director and Global General Counsel for the Macquarie Group infrastructure and real asset funds management division for 21 years. Her responsibilities at Macquarie included transactional, investment and risk management activities in electricity generation and electricity and gas transmission and distribution in Australia. Christine is currently a non-executive director of AusEnergy Services Limited, Port of Newcastle Property Trust Group and of not-for-profit organisations supporting indigenous education, and the performing arts. Previous directorships included Queensland Airports Group and Housing All Australians Limited.

Kee Wong

BE (Hons), MBA, GradD Computing (D)

Roles:
Non-executive Independent Director
Member, People Committee
Member, Technical, Markets and Systems Committee
Chair, Information Exchange Committee

Date of appointment:
1 June 2021

Managing Director, E-Centric Innovations Pty Ltd; Director, Carsales.Com (ASX: CAR); Director, Plan It; Director, Australian Business Growth Fund; Board Member, Deloitte Australia.

Kee Wong is an experienced entrepreneur, investor, advisor and experienced non-executive Director with qualifications in engineering, information technology and business.

He joined IBM in 1994 as a senior executive running part of its e-business group in the Asia Pacific region, including Australia and New Zealand. In 1999, he founded E-Centric Innovations, an IT/Management consulting firm, and went on to establish several businesses. As an adviser to the Victorian Government, Kee helped develop an R&D venture which resulted in a new global joint venture between Xerox and VicTrack to commercialise new technology that will remotely monitor the structural health of bridges. Amongst previous Board positions, he was also Chairman of the Australian Information Industry Association (AIIA), a Deputy Chairman of Asialink and a Director of LaunchVic. He is also a member of the Zema Scholarship Fund Committee.

Former directors

Anthony (Tony) Concannon

BSc (Hons), FAICD, FIMechE, AMIET

Roles:
Non-executive Non-independent Director
Member, Finance, Risk and Audit Committee
Member, Technical, Markets and Systems Committee

Date of appointment:
1 May 2017

Term ended:
27 November 2025

Tony Concannon has more than 40 years' experience in the power sector and is a chartered power engineer with international experience in governance, investor relations, operations management, finance, and risk management. He was an Executive Director of International Power plc (2004-11), CEO for IPR Australia and CEO Asia Pacific region for GDF SUEZ Energy until Q1 2014 and is a previous Chairman of the Electricity Supply Association of Australia (now known as the Energy Council of Australia).

He is the Chair of the Zema Scholarship Fund Committee and has held this position since 1 December 2021.

Elizabeth (Betsy) Donaghey

BSc, Msor

Roles:
Non-executive Non-independent Director
Chair, People Committee
Member, Technical, Markets and Systems Committee

Date of appointment:
1 May 2017

Term ended:
27 November 2025

Betsy Donaghey is a professional director and former executive whose career has focused on the energy and resource sectors. An engineer by training, Betsy held senior executive positions in strategy, marketing, and business development at BHP Petroleum, Woodside Petroleum, and EnergyAustralia.

She is a past director of Imdex Ltd and St Barbara Limited. She also served on the Solar Flagship Council and the Board of the Australian Renewable Energy Agency.

The Constitution requires that a majority of Directors, including the Chair, must be independent. Schedule 2 of the Constitution defines the independence requirements for Directors. Information pertaining to Directors' benefits is detailed later in this report.

Company Secretaries

Janice Bale was appointed Company Secretary of AEMO on 5 November 2021. Qualifications: B.Bus (Monash), CPA, FGIA, GAICD, GradDip ACG, Chartered Secretary.

Joseph Restifo was also appointed Company Secretary of AEMO on 2 November 2023. Qualifications: LLB (Hons), BA(UWA), GradDip ACG, Chartered Secretary.

Meetings of directors

The number of meetings of the Company's Board of Directors and of each Board committee held during FY26, and the number of meetings attended by each director, are noted in the following table.

Table 1. Number of meetings and Director attendance in FY26

	Board		People Committee		Finance, Risk & Audit Committee		Technical, Markets & Systems Committee		Special Board	
	A	B	A	B	A	B	A	B	A	B
Mary O'Kane	8	8	4	4	4*	4*	4	4	5	5
Julieanne Alroe	8	8	3	3	2	2	3	4	3	5
Tony Concannon	3	3	-	-	1	1	2	2	1	2
Betsy Donaghey	3	3	2	2	-	-	2	2	2	2
Nino Ficca	8	8	4	4	-	-	4	4	4	5
Luke Menzel	3	3	-	-	2	2	1	1	2	2
Anne Nolan	8	6	-	-	2	4	4	4	4	5
Kathryn Presser	8	8	-	-	4	4	4	4	4	5
Josef Tadich	3	3	1	1	-	-	1	1	2	2
Daniel Westerman	8	8	4*	4*	4*	4*	4*	4*	5	5
Chris Williams	8	8	-	-	4	4	4	4	5	5
Kee Wong	8	8	3	4	-	-	3	4	3	5

A: Number of meetings attended.
B: Number of meetings held during the time the director held office or was a member of the committee during the year which they were eligible to attend.

The Board held eight scheduled meetings during the financial year.

All directors are members of the Technical, Markets and Systems Committee. The Chair and the Managing Director and CEO attend all committee meetings ex-officio (denoted with a *), unless specified otherwise. Where a director is not a committee member, their attendance at meetings is not reflected in the table above. When a director is unable to attend a meeting, they endeavour to provide written comments prior to the meeting. The Nominations Committee meets on an as-needed basis and Nominations Committee Members are not remunerated for their attendance at that Committee.

Remuneration

Non-executive director remuneration

In FY24 the Board engaged an external remuneration advisor to independently benchmark non-executive director remuneration. Based on this independent advice, AEMO recommended to members at the Annual General Meeting (AGM) a revised director remuneration amount to apply for a period of three years until the 2026 AGM. The recommendation was approved by AEMO's members at the AGM in November 2023 and remained in place for FY26. The amount includes fees paid to the director chairing the Information Exchange Committee, and projected increases over a three-year period.

The current remuneration pool is $1.6 million a year. With external advice, the Board annually determines the portion of remuneration to be applied to non-executive directors. Non-executive director remuneration is designed to ensure that the Board attracts directors with the necessary skills, expertise and capability and that directors maintain objectivity and independence. Non-executive directors are not eligible for performance-based or 'at risk' remuneration.

Table 2. Non-executive director and committee member remuneration in FY26 by role

Role	Number of roles	FY26 $'000	FY25 $'000
Board Chair	1	257	250
Board Member	8	112	109
Finance, Risk & Audit Committee Chair	1	27	26
Finance, Risk & Audit Committee Member	4	13	13
People Committee Chair	1	22	21
People Committee Member	3	11	11
Technical, Markets & Systems Committee Chair	1	22	21
Technical, Markets & Systems Committee Member	8	11	11
Information Exchange Committee Chair	1	22	60

Table 3. Non-executive director remuneration in FY26

Expense	FY26 $'000	FY25 $'000
Short-term benefits	1,440	1,423
Post tenure benefits	173	122
Total	**1,613**	**1,545**

Executive key management personnel

Executive key management personnel are those, whether on an interim basis or for the full financial year, who serve as Chief Executive Officer or in other Board-designated key management roles as listed below.

Table 4. FY26 executive key management personnel

Name	Title	
Daniel Westerman	Managing Director and Chief Executive Officer	17 May 2021– present
Michael Gatt	EGM – Operations	17 Aug 2020 – present
Kirsten Rose	EGM – WA	25 Aug 2025 – present
Nicola Falcon	EGM – WA & Strategy (Acting) EGM – System Design	23 Sep 2024 – 21 Aug 2025 22 Aug 2025 – present
Vanessa Hannan	EGM – Finance & Governance	25 Feb 2022 – 2 Mar 2026
Mark Ellul	EGM – Finance (Interim) EGM Finance & Governance	2 Mar 2026 – 30 Aug 2026 1 Sep 2026 – present
Merryn York	EGM – System Design EGM – Victoria Transition	14 Mar 2022 – 21 Aug 2025 22 Aug 2025 – 14 Nov 2025
Gordon Dunsford	EGM – Digital	31 January 2022 – present

Remuneration of executive key management personnel

Remuneration for executive key management personnel is made up of:

- a fixed annual reward (base salary plus superannuation, and
- a variable short-term incentive of the fixed annual reward.

The fixed annual reward for executive key management personnel is informed by an external evaluation of role accountabilities and complexity, advice from remuneration and benefits specialists, and other information including comparisons to similar roles and contemporary recruitment market norms. Other factors considered include an executive's skills and experience and internal relativities.

The Board approves the fixed annual reward for executive key management personnel and any increase to the fixed annual reward during the incumbent's tenure, taking into consideration market movement and individual performance.

The fixed annual reward for key management roles and personnel is reviewed annually by the Board, although AEMO has no contractual obligation to provide an annual increase.

AEMO's short-term incentive framework is designed to incentivise AEMO's executive personnel to deliver outcomes aligned to the delivery of AEMO's Strategic Corporate Plan. Short-term incentives are subject to meeting annual performance targets, as agreed between the executive personnel and Managing Director and Chief Executive Officer, or between the Managing Director and Chief Executive Officer and the Board. The short-term incentive is set between 40% and 60% of the executive key management personnel fixed annual reward, and is based on annual targets across two areas, which are equally weighted:

- delivery against AEMO's corporate scorecard, which includes key performance indicators related to AEMO's overall performance, and which is approved annually by the Board, and
- an individual scorecard, which includes key performance indicators related to the achievement of Strategic Corporate Plan priorities.

Short-term incentive outcomes are reviewed and approved by the Board's People Committee at the conclusion of the financial year. Short-term incentives are paid in cash.

FY26 executive key management personnel remuneration

Based on performance against annual targets in FY26, AEMO key management personnel received short-term incentive payments of an average 59.1% against the maximum opportunity of 60% of their fixed pay.

Remuneration of Executive Key Management Personnel for FY26 performance is set out below.
For privacy, individual remuneration is aggregated.

Table 5. FY26 executive key management personnel remuneration by pay band

Remuneration range $'000	Executive key management personnel Number	Short-term employee benefits $'000	Post employment benefits $'000	Long-term benefits $'000	Total $'000
$500 - $1,000	4	2,697	106	65	2,868
> $1,000	4	4,527	87	98	4,712
Total	8	7,224	193	163	7,580

Table 6. FY25 executive key management personnel remuneration by pay band

Remuneration range $'000	Executive key management personnel Number	Short-term employee benefits $'000	Post employment benefits $'000	Long-term benefits $'000	Total $'000
$500 - $1,000	5	3,721	135	205	4,061
> $1,000	2	3,203	57	139	3,399
Total	7	6,924	192	344	7,460

Significant changes in the state of affairs

Aside from those matters discussed in the year in review section of this report, there were no significant changes in the state of affairs of the Group during the financial year.

Events since the end of the financial year

In August 2026, the final report from the ECMC commissioned review of AEMO's governance was released. The report included recommendations relating to AEMO's governance arrangements and structure, including a recommendation that AEMO, in consultation with governments, divest its interest in the AusEnergy Services Limited and that it amend its membership structure to remove Industry Membership.

The release of the report and related recommendation is a non-adjusting event after the reporting period. As no implementation decisions, binding arrangements or changes to the Company's ownership or governance structure had been made at 30 June 2026, management has determined that the matter does not impact the recognition or measurement of amounts in the financial statements. The financial effect of any future divestment cannot be estimated at the date of this report.

No other matter or circumstance has arisen between the end of the financial year and the date of this report that has significantly affected, or may significantly affect, the Company's operations, results of operations or state of affairs in future financial years.

Auditor independence

PricewaterhouseCoopers Australia is the group's external auditor and continues in office in accordance with Section 327 of the *Corporations Act* 2001.

The Board of Directors is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act* 2001.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act* 2001 is set out on page 2 of the FY26 Consolidated Financial Statements. Details of the amounts paid or payable to the external auditor for audit and non-audit services during the year are disclosed in Note 26.

Rounding of amounts

The Group is of a kind referred to in the Australian Securities & Investment Commission Legislative Instrument 2026/183, relating to the 'rounding off' of amounts. As a result, amounts have been rounded to the nearest one hundred thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

Mary O'Kane
Chair
17 September 2026

Australian Energy Market Operator Limited

ABN 94 072 010 327

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