

# Budget and Fees FY26

AEMO acknowledges the Traditional Owners of country throughout Australia and recognises their continuing connection to land, waters and culture. We pay respect to Elders past and present.



This document sets out AEMO's budgeted revenue requirements and fees for the financial year ending 30 June 2026 (FY26), in accordance with clauses 2.11.3 and S6A.4.2 of the National Electricity Rules, clause 135CF of the National Gas Rules, clauses 1.65 and 2.24 of the Electricity System and Market Rules (formerly the Wholesale Electricity Market Rules) and clauses 107A and 114 of the Gas Services Information Rules.

Included in this document are additional segments which are not funded by market participants via fees. These are included for information, and do not form part of AEMO's public consultation.

The FY26 Budget and Fees is presented in nominal Australian dollars, net of goods and services tax and amounts have been rounded to the nearest hundred thousand dollars, unless otherwise stated. Financials are presented consistent with management segments and have been prepared consistent with generally accepted budgeting principles.

# Foreword

AEMO, the Australian Energy Market Operator, independently manages the day-to-day operation of Australia's electricity and gas networks and markets.

AEMO works in the long-term interests of consumers by planning and operating energy systems to ensure that Australians have safe, reliable and affordable energy.

As a not-for-profit company with membership comprising state and territory governments, the Australian Government and energy industry participants, AEMO's work is primarily funded by consumers, via fees paid by market participants.

Today, with Australia's energy systems going through the most fundamental change since the NEM was established, AEMO is being asked to do more. For example, in recent years AEMO has been asked by governments to play a stronger role in ensuring reliability on the East Coast gas network, expanding the scope of the Integrated System Plan and to coordinate with industry to prepare for and respond to cyber security incidents.

While some of this work has placed a strain on resources, AEMO's core operating costs have remained stable, reflecting labour and indexing increases but demonstrating our strong focus on prudence and cost management.

Other work the company has been asked to undertake has been provided on a fee for service basis. Our work facilitating investment on behalf of state and federal governments is funded directly through arrangements put in place with the relevant jurisdiction. Similarly, the substantial work AEMO does with proponents and transmission network service providers to enable new energy generation and storage assets to connect to electricity grids, is funded directly by the participant connecting the asset.

AEMO will always prioritise our core operational and planning responsibilities. However, where work is better conducted by government or industry, AEMO has sought to transfer those roles to the most appropriate organisation. An example of this is the upcoming transfer of Victorian transmission network services to the Victorian Government's VicGrid agency.

AEMO's board and management are committed to further improving trust and transparency with industry. We understand that to achieve this we must continue to exercise financial discipline through prudence and efficiency.

Improved transparency will be built through a continued focus on engagement. We do this through regular engagement with the Financial Consultation Committee and broad consultation on our annual budgets and fees.

We are grateful for the feedback provided by stakeholders during the consultation process. In response, we have updated our Budget and Fees in a number of areas. This feedback has played an important role in shaping our approach, and we remain committed to ongoing collaboration and continuous improvement.

In FY26 we will commence an upgrade to our core digital systems. This program of work is funded by the Australian Government and will enhance energy security and reliability.

AEMO has matured its financial management in recent years, and by the end of FY25 will return to a balanced financial position in our NEM Core financial segment, consistent with our commitments to market participants in 2022.



Thank you for your interest in AEMO's Budget and Fees. Your input will help AEMO's work in enabling the energy transition for the benefit of all Australians.

A stylized, handwritten signature in dark ink, appearing to read 'Daniel Westerman'.

**Daniel Westerman**  
AEMO Chief Executive Officer

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# 1. Consultation outcomes

AEMO's Budget and Fees is published annually following stakeholder engagement. It sets out the financial year revenue requirements to meet AEMO's Strategic Corporate Plan, which sets out AEMO's vision, strategic priorities, key initiatives and performance measures.

At AEMO, we prioritise strong financial and program governance to ensure financial stability, stakeholder trust and a maintain a strong licence to operate. Our annual budget is one of the ways we provide transparency over our costs.

## Stakeholder consultation

AEMO remains committed to transparent, timely and meaningful engagement with our stakeholders as outlined in our Stakeholder Engagement Framework. We are focused on continuous improvement to ensure our engagement processes meet stakeholder needs and expectations.

As part of the Budget and Fees development process, AEMO undertook:

- Engagement through the Financial Consultation Committee (FCC) –several meetings held in FY25 with focus on providing detailed breakdown of year-on-year budget movements, and underlying drivers.
- Publishing the Draft Budget and Fees document for public consultation and conducting public webinar. AEMO received two formal submissions.
- Presenting at the Consumer Forum.
- Engagement with senior stakeholders, including with the bodies responsible for setting regulatory market determinations and standing offers e.g., Victoria Default Offer (VDO) and Default Market Offer (DMO). AEMO costs have been included in the draft VDO and DMO.

Through the above processes, stakeholders positively reflected on improvement to transparency, provide certainty of costs and emerging impact and recovery of

deficit. Stakeholders also sought further clarity on scope of budget and fees, feedback on desire for more peer comparisons, forecast trajectory over multiple years and continued work on demonstrating prudence and efficiency.

AEMO has incorporated feedback received through this document, together with providing AEMO's response to questions raised within Appendix B.

## Updates to the Draft Budget and Fees

Following consultation on the Draft FY26 Budget and Fees, AEMO has made several changes in the Final FY26 Budget and Fees to reflect stakeholder and AEMO Board feedback. Material changes made to our budget between draft and final include:

- An operating expenditure reduction in the Market Fee funded segments by \$15.9m to \$528.5m within NEM Core and NEM functions segments. A reduction in revenue requirement of \$32.9m (6%), primarily in NEM Functions, where the revenue has reduced by \$28.9m (13%). The higher revenue reduction is due to a higher opening surplus position.
- An increase in direct funded segments operating expenditure by \$34.1m and an associated \$47.1m increase in budgeted revenue primarily aligned to inclusion of VicTNSP for a period of four months to 1 November 2025. The Vic TNSP segment has been re-included, noting that the transfer of AEMO's transmission planning and associated declared network functions in Victoria to Vic Grid is now anticipated to occur 1 November 2025.
- Segment revenues were also updated to reflect latest volume forecasts in NEM, WEM and Gas functions aligned to external publications such as Gas Statement of Opportunities (GSOO), operating expenditure adjustments as noted above and adjusted projections of opening accumulated surplus / deficit positions due to expenditure variances to revised FY25 forecast.
- Updates to Balance Sheet and Cashflow statement to reflect the above changes.

## 2. Operating context and priorities

As Australia's coal fleet retires, and the country moves toward a net zero economy, the future energy system will be increasingly underpinned by renewable generation, supported by transmission networks, backed up by gas, hydro and batteries. While well underway, the energy transition is not linear. As the energy market and system operator, AEMO is carrying out our core functions in a fast-changing and increasingly complex external environment.

Like many other countries, energy system and market operators have been established to effectively operate complex grids supported by energy markets to manage reliability and security within the rules, in the interest of consumers, industry and the economy. In a global context, AEMO is observing similar challenges and opportunities as its peers, including increasing complexity in delivering existing functions, adapting system, market and planner functions to meet the needs of an evolving environment, and undertaking new functions – all driven by the external landscape and progress of the energy transition.

On many fronts, there are distinctive challenges and opportunities for Australia: the geographical distribution of our electricity and gas markets, with the NEM operating on one of the world's longest interconnected power systems; world-leading uptake of rooftop solar, now more common across suburbs than backyard swimming pools; and the take-up rate and scale of distributed energy resources. In addition to operating two distinct electricity systems (the WEM and the NEM), AEMO has other functions and roles, such as delivery partner for the Capacity Investment Scheme and NSW Electricity Infrastructure Roadmap, operating the East Coast Gas System, forecasting functions and significant cyber security responsibilities. We act independently, coordinating and facilitating engagement between government and industry, to achieve national energy objectives.

Our Strategic Corporate Plan and Budget and Fees reflect the breadth of AEMO's responsibilities, while maintaining operational readiness and ensuring energy markets and systems are ready and responsive to the energy transition. Day-to-day, AEMO's operation teams work to maintain energy reliability and security across the NEM and East Coast Gas Systems. Record renewable contributions, record minimum demands, and other new challenges are posing higher operational risks that require more and deeper data analysis and modelling, ongoing risk analysis and planning, procedural revisions and increased resourcing to ensure we are prepared and can respond.

At the same time, greater digitalisation, decentralisation and interconnection of energy systems and markets is increasing the industry's exposure to cyber security risks. AEMO's cyber security requires continued investment in people, processes and technology. All this involves working with industry and government to ensure Australia's electricity grids remain secure and reliable, and gas grids continue to firm demand, which will require resourcing and effort over and above existing activities.

This effort coincides with a time where the energy industry must compete with growth and transition in other sectors, as well as other countries. We face a significant challenge in securing a skilled workforce for the transition, so that this impactful work can be done in a timely manner. To keep the lights on and gas flowing, AEMO's FY26 budget focuses on modernising our operational capabilities, technologies, and processes, while continuing to implement key initiatives that will deliver our core obligations and prepare for the transition.

Delivering long-term value for Australia's consumers and energy industry remains a key part of our work. AEMO will continue to drive this focus through the efficient operation of wholesale and settlement markets, proactive identification and progression of key reform, policy and system security needs, acceleration of processes to connect new, critical energy resources and projects, and by supporting investors, industry and governments to identify and release investment opportunities that deliver safe, reliable and affordable energy into the future.

AEMO is delivering value today ...

... and through ongoing initiatives

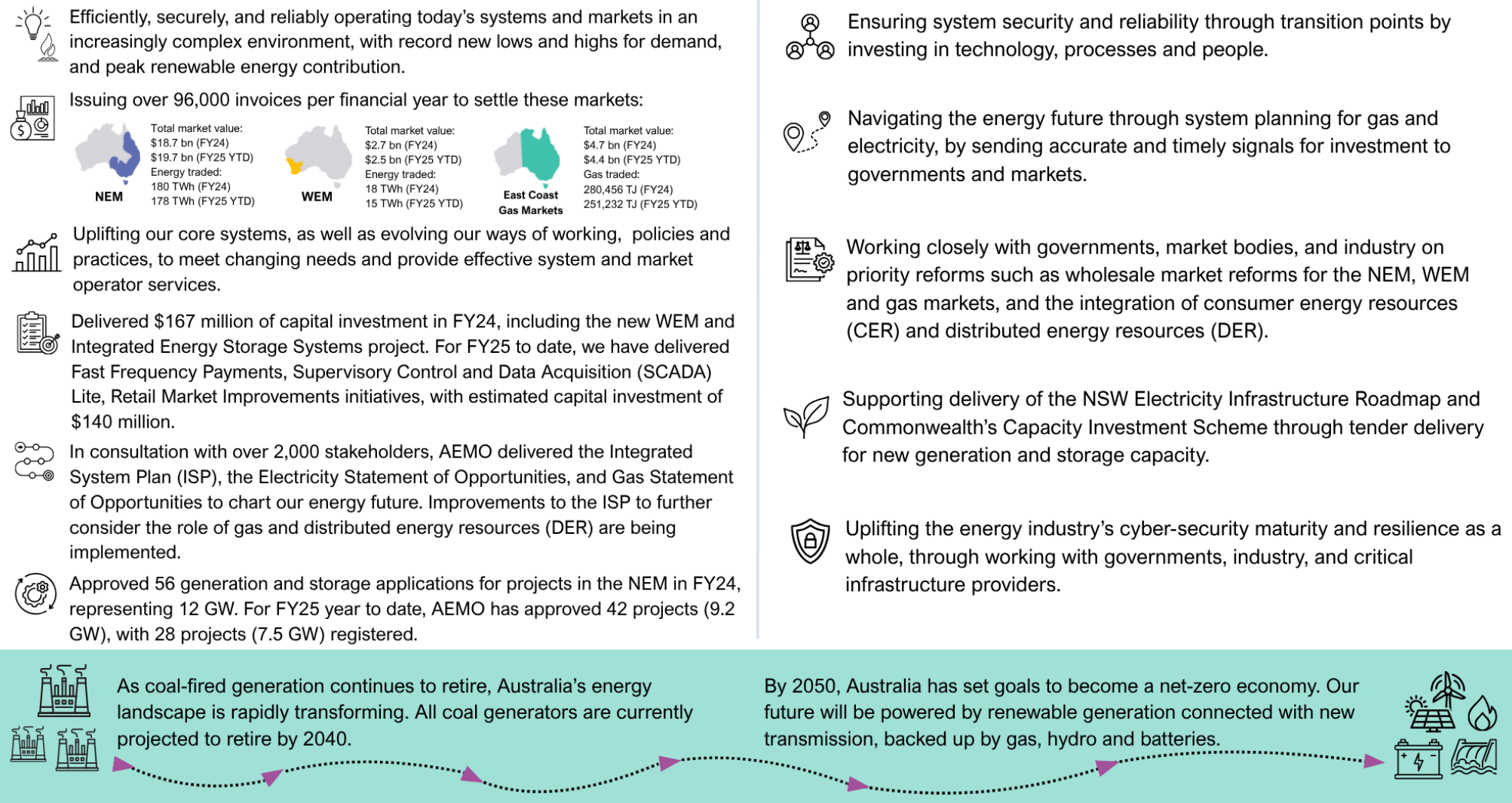


Figure 1. How AEMO delivers value

### 3. Our strategic priorities

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

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

AEMO’s FY26 budget reflects our committed program to deliver on our core functions and responsibilities and our strategic priorities, outlined in the [Strategic Corporate Plan](#). It also reflects the growing complexity of our work and new regulatory responsibilities AEMO has been asked to perform.



Figure 2. Our strategic priorities at a glance



## 4. FY26 budget overview

AEMO's Final FY26 Budget and Fees is reflective of our operating environment: the need to keep the lights on and gas flowing, deliver long-term value for Australia's consumers and drive efficient operation of our business during this historic transformation of the energy sector.

Our budgeted operating expenditure is \$755m (\$528.5m in market fee funded segments and \$226.5m in direct funded segments) and FY26 revenue of \$810.3m (\$565m in market fee funded segments and \$245.3m in direct funded segments). We have retained a Net Investment Budget cap of \$180m in capital expenditure.

The highlights of our FY26 budget include:

- As committed, AEMO has cleared its NEM Core deficit in FY25.
- Consistent with previous years a 4.5% increase in the NEM Core fee in FY26 will enable investments to strengthen operational readiness and address key risks identified in the Engineering Roadmap. This is below the 6% - 8% long-term fee pathway. Stakeholders inform us they value a predictable fee trajectory.
- Increased operational complexity is driving increases in the NEM Core budget in FY26, primarily through labour, digital costs and depreciation and indexation.
- A new rule has formalised AEMO's cyber response coordination, industry preparedness and uplift, risk mitigation and sharing cyber alerts. \$10m has been allocated to this work.

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

- There is a \$7.5m (15%) increase in our East Coast Gas function costs to meet specific strategic initiatives such as supporting reforms that are now operational, uplifting tools including East Coast Demand forecasting, Vic Gas market dispatch systems and growing complexity in gas forecasting and commencing support for upcoming gas reforms being considered by the AEMC and energy ministers.
- The WA Allowable Revenue Framework review is underway and for FY26 the Wholesale Electricity Market (WEM) and Gas Services Information (GSI) fees are based on the previous Financial Year's WEM Market and Application Fee rate/GSI revenue requirement with adjustments based on Wage Price Index (50%) and Consumer Price Index (50%).
- The Vic TNSP segment, which includes AEMO's transmission planning and associated declared network functions in Victoria, is now anticipated to be transferred to Vic Grid on 1 November 2025.

### Budget impact to consumers

AEMO's activities account for a small but essential component of consumer energy bills. As the independent market and system operator, AEMO recovers many of its costs through fees charged to market participants such as generators, retailers and network operators – the two primary segments recovered in this way are NEM Core and NEM Functions. These costs are then indirectly passed on to end-use consumers through retail electricity prices.

While AEMO's share of the total bill is modest, our work is critical to ensuring a secure reliable and efficient energy system, and we do recognise the broader impacts of any costs to consumer bills. By carefully managing our costs and engaging in transparent budget processes, AEMO helps minimise its financial impact on consumers while enabling the transition to a more modern and resilient energy system.

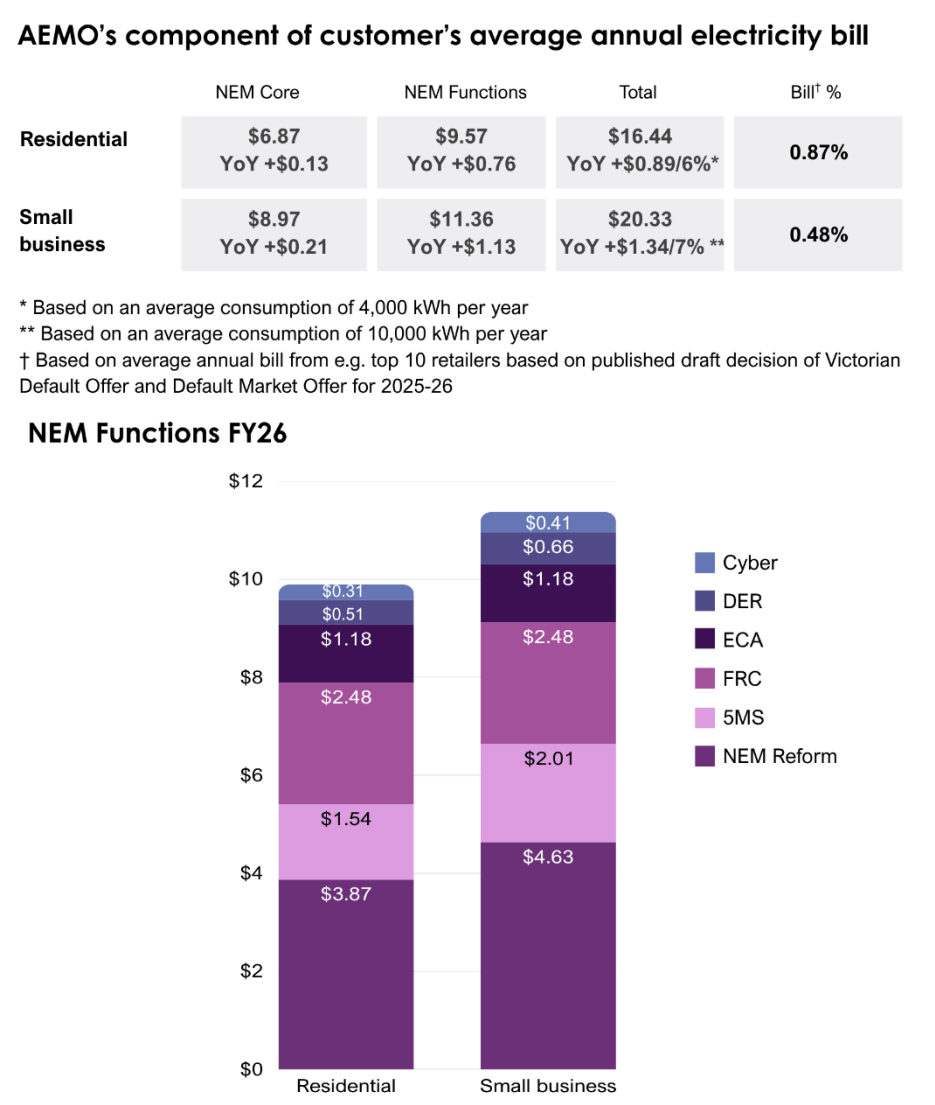


Figure 3. Budget impact to consumers

## Peer comparisons

AEMO acknowledges feedback received from stakeholders about understanding how AEMO performs relative to its global peers.

AEMO collaborates extensively with its global peers, and consistently looks for opportunities to learn and improve our own ways of working, and to share insights that may help other system and market operators.

AEMO has undertaken high level desktop analysis to compare costs. This work has found that costs are broadly comparable to our peers, with our peers also noting increases in costs associated with delivering services in an increasingly complex energy environment. It is also important to note that there are often material differences in terms of physical network characteristics, roles and responsibilities.

In the spirit of our continued focus on driving efficiency and prudence, AEMO will engage constructively with the FCC to share peer comparison work which we will make available through our budget and fees work going forward. AEMO will also aim to include more detail on peer comparison as part of our FY26 annual report.

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## Forward budget outlook

AEMO estimates its forward budget envelope for the NEM Core segment will be increases of approximately 6-8% annually. This forward estimate largely assumes extrapolation of existing expenditure patterns, unless there are known step changes.

AEMO anticipates that within NEM Core, NEM Functions and WA there will be a continued upward trend in the modelled D&A and Financing costs through to FY28, reflecting the capitalisation of the ongoing investment program.

This projection is indicative only and subject to change based on evolving market conditions, regulatory requirements and operational priorities.

AEMO will aim to provide further information on its forward budget projections including other segments through the FY27 Budget and Fees process, noting stakeholder interest in receiving a longer-term budget view.

## 5. Budget development

AEMO is a not-for-profit organisation, operating on a full cost-recovery basis. We carry out functions that have been conferred on us under energy laws and rules and have a statutory right to recover our costs for doing so, which are allocated to the market participants or stakeholders who benefit from those services.

AEMO's budget reflects the costs associated with the functions and services it provides for each of the segments in which it operates, and the revenue requirements (realised through fees and charges) to fund this work and deliver AEMO's corporate priorities and initiatives.

### How the budget is developed

At AEMO, we prioritise strong financial and program governance to ensure financial stability, stakeholder trust and a maintain a strong licence to operate. Our annual budget is one of the ways we provide transparency over our costs.

AEMO prepares an integrated annual operating and investment budget to outline the work we will deliver in the upcoming year. This is based on the work we will deliver in the year ahead.

The budget is developed by AEMO's Strategic Finance team, working closely with business leaders throughout the organisation. Our goal is to forecast costs as accurately as possible to inform the required fee and revenue requirements for the year ahead. AEMO's Strategy team, Strategic Finance team and Enterprise Program Office collaborate to ensure activities and investments are cost-effective and balanced against broader enterprise priorities. AEMO's executive leadership team and the Board review the draft budget, ensuring alignment to AEMO's priorities, and challenging costs and efficiency.

The draft budget is shared with AEMO's [Financial Consultation Committee \(FCC\)](#), which considers and provides feedback as AEMO refines its budget, fees and corporate plan priorities.

Stakeholders are also invited to consider the draft budget as part of a broader consultation exercise prior to its finalisation.

### Financial transactions settled through market processes

For the majority of functions AEMO develops a revenue requirement which we consult on and translate to participant fees. However, there are also a range of financial transactions handled through market settlements that are not a component of the budget and fees process.

In response to feedback received during consultation requesting clarity on what items are handled through market settlements, AEMO has included Figure 4, which provides insight on those items.



## Financial transactions settled through market processes

### NEM

Settlement of energy, non-energy and other related financial transactions between market participants.



#### Energy

- Spot market
- Wholesale demand response
- Reliability and Emergency Reserve Trader (RERT, recovered retailers / customers)
- Inter-regional settlements residue auction

#### Non-energy

- Market ancillary service costs
  - Contingency Frequency Control Ancillary Services (FCAS)
  - Regulation FCAS
- Non-market ancillary service costs
  - System Restart
  - Network Support & Control
  - Transitional services

#### Other

- Reallocations

### East Coast Gas

Settlement of gas related financial transactions between market participants.



- Daily trades – Short Term Trading Market (STTM), Declared Wholesale Gas Market (DWGM)
- Wholesale gas trades – Gas Supply Hub (GSH)
- Pipeline Capacity Trading
- Day-Ahead Auctions
- Balancing Mechanisms

### WA

Settlement of electricity related financial transactions between market participants.



#### Electricity

- Energy - Trading (spot market and bilateral contracts)
- Capacity - Reserve Capacity Mechanism
- Non-Energy -
  - Market (Frequency Control Essential System Services)
  - Non-Market (System Restart, Non-Co-optimised Essential System Services (NCESS))

## Separate budget and fee process

While AEMO's overall budget is developed annually there are certain functions and services for which revenue requirements and fees are set at an earlier date or through other processes. These processes are consistent with relevant regulations and the rules governing electricity and gas markets.

The following functions are subject to separate budget and fee setting processes:

- **NEM Core fees for Transmission Network Service Providers**, which AEMO is required to provide by 15 February each year.
- **National Transmission Planning fees for Coordinating Network Service Providers**, which AEMO is required to provide by 15 February each year.
- **Budget and fees for Western Australia's (WA) WEM and GSI functions, and VicTNSP**, which are regulated and, or, subject to their own fee setting processes.
- **Cost recovery activities** associated with services AEMO has been contracted to provide. E.g. Capacity Investment Scheme, NSW Roadmap activities

## Open fee structure consultations

AEMO is currently conducting consultations on the fee structures for *NEM* fee structure which is set to take effect on **1 July 2026**. Participants are invited to contribute to the consultations. For more information on the consultations and the processes, please email [reformdevelopmentandinsights@aemo.com.au](mailto:reformdevelopmentandinsights@aemo.com.au)

Figure 4. Financial transactions settled through market process

## Financial principles

Developed in consultation with the FCC, AEMO adheres to eight financial principles to ensure transparency, efficiency and fairness in the recovery of costs associated with operating Australia’s energy market and systems.

AEMO has governance mechanisms in place (see Section 6) to ensure adherence to these principles.

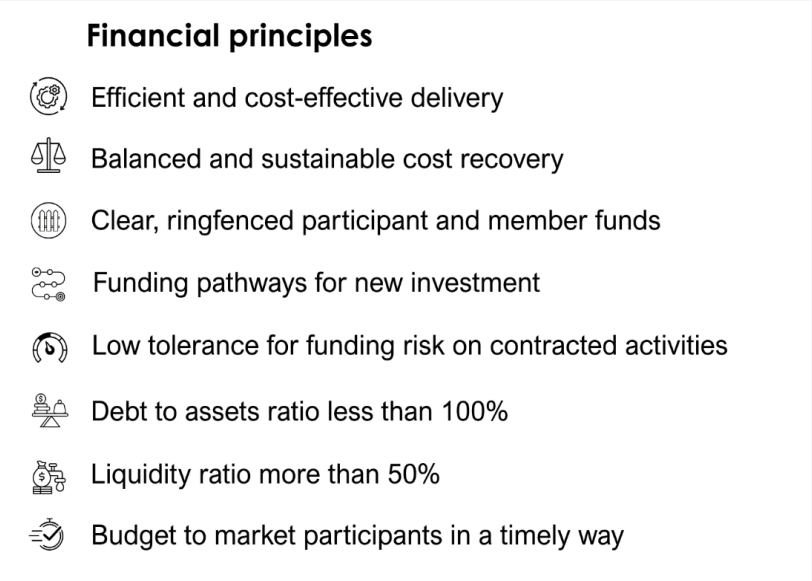


Figure 5. AEMO Financial principles

## 6. Financial governance and risk management

AEMO's Board is responsible for the overall governance and performance of the company. As an independent, not-for-profit company we are committed to transparent and accountable financial and risk management.

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

In carrying out our statutory functions, AEMO operates within a detailed framework of laws and rules also has regard to the applicable market objective, such as the National Electricity Objective in the case of the NEM and the National Gas Objective in the case of east coast gas markets.

AEMO has a range of governance mechanisms in place. The roles of each are outlined below.

### Energy and Climate Change Ministerial Council

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

### The Board

AEMO's Board is responsible for the performance of AEMO, including of its statutory functions. The Board oversees AEMO's activities to ensure it meets its responsibilities under relevant laws and rules.

The Board has oversight of AEMO's policies, budget, fee structures and long-term strategy, and monitors the performance and cost-effectiveness of, and risks associated with, AEMO's operations and systems. It is also responsible for approving corporate strategy, annual budgets, major capital expenditures and risk management frameworks.

[AEMO's Constitution and Board charter](#) sets out the full role and responsibilities of the Board. AEMO members have no power under its Constitution to influence the performance of AEMO's statutory functions and powers.

AEMO has a number of Board subcommittees to support focused oversight and informed decision-making across key areas of the organisation. These include, but are not limited to, the Finance, Risk and Audit Committee, the People and Remuneration Committee, and the Technical, Markets and Systems Committee. Each subcommittee operates under a defined charter and is comprised of Board members with relevant expertise. The subcommittees meet regularly to scrutinise specific aspects of AEMO's operations—such as financial performance, internal controls, regulatory compliance, workforce planning, executive remuneration, and technical developments—and provide recommendations to the full Board to support effective governance.

In addition, the Board has established a Capacity Investment Scheme (CIS) Investment Committee under its own Charter to make recommendations to the Commonwealth in relation to CIS tender outcomes.

### Executive management team

AEMO's executive management team comprising the CEO and executive general managers for each division is responsible for operational delivery and performance. Executive committees are established around key programs of work and corporate functions to ensure the implementation of strategic initiatives is aligned with our values and obligations, and delivered in a collaborative, efficient and accountable manner.

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### **Finance and Governance team**

Led by the Executive General Manager, the Finance and Governance team is responsible for establishing and maintaining, and improving AEMO's financial, risk and governance policies, procedures and systems, including financial planning and performance, legal and regulatory obligations, corporate governance standards, and an effective risk and compliance culture. The finance team manages AEMO's finances in line with AEMO's financial principles and budget and AEMO publishes a statutory financial report each year.

The Enterprise Program Office also supports financial governance by overseeing investment decision processes and monitoring performance of in-flight programs and capital delivery.

### **Financial Consultation Committee**

The Financial Consultation Committee (FCC), established in 2021, plays a key role in AEMO's financial governance. Comprising representatives from across industry, government, and consumer groups, the FCC enhances transparency and stakeholder understanding of AEMO's financial strategy. The committee provides feedback on our corporate plan, budget assumptions, expenditure forecasts, and financial risks. While the FCC is an advisory body and does not make decisions, its insights are an important part of our financial governance process and help ensure confidence in our cost management and fee structures.

### **Stakeholders**

Stakeholder engagement is an integral part of AEMO's governance framework, and ensuring the delivery of shared value and better energy outcomes. We engage with stakeholders through a range of working groups and forums, which provide input at all stages of strategic, operational, and financial planning. This includes budget development, sequencing of reforms, and implementation of system changes.



## 7. AEMO's market segments







AEMO's annual budget is comprised of distinct financial segments, which are aligned with our sources of funding. The majority of AEMO's financial segments are funded through fees paid by registered market participants, however, an increasing portion of AEMO's activities are directly funded by state and federal governments and via fee-for-service arrangements.

### **AEMO's market segments and fee structures**

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

Fee structures typically apply for a period of three to five years, set through a public consultation process. This ensures that our approach is transparent, fair, and takes stakeholder input into account.

AEMO has prepared the budget on the basis that the Vic TNSP transmission planning and associated declared network functions will be transitioned to Vic Grid from 1 November 2025.

Market fees-funded segments	Segment <sup>1</sup>	Incorporates	Funding source/s	Consultation
	<b>NEM Core</b>	Safely, reliably, and securely operating the NEM.	NEM participants via fees.	Budget and fees
	<b>NEM Functions</b>	The operation and evolution of the NEM, including National Transmission Planning (NTP), implementing reforms, facilitating retail market competition, consumer/distribution energy resources integration, cyber security coordination and other functions.	NEM participants via fees.	Budget and Fees
	<b>East Coast Gas</b>	The operation and evolution of the East Coast Gas Markets.	East Coast Gas participants via fees.	Budget and fees
	<b>WA Electricity and Gas</b>	Safely, reliably, and securely operating the Wholesale Electricity Market (WEM) and perform some functions under the Gas Services Information (GSI) Rules in WA.	WEM participants via fees.	In accordance with WA jurisdictional requirement, set through separate process with Energy Policy WA and Economic Regulation Authority.
Direct funded segments	Segment	Incorporates	Funding source/s	Consultation
	<b>NEM Connections</b>	Connections, registrations and onboarding activities in the NEM.	Connecting participants via charges.	Budget and fees. Rates for fee-for-service activities.
	<b>Other</b>	Capacity Investment Scheme (CIS), NSW Roadmap, Vic TNSP support and funded upgrade to core systems.	Via contractual or other arrangement with various jurisdictions.	In accordance with jurisdictional requirements.
Transmission	Segment	Incorporates	Funding source/s	Consultation
	<b>Vic TNSP</b>	Pre-planning, early works and tendering for construction to deliver the Victoria-New South Wales Interconnector West (VNI-West).	Victorian transmission charges.	Victoria's Transmission Use of System (TUoS) fees, in accordance with Chapter 6A of the National Electricity Rules and AEMO's Pricing Methodology for Prescribed Shared Transmission Services – Published on 15 March

<sup>1</sup> Refer to Appendix A for a full list of functions included within each segment

# Segment budget summaries

## 8. NEM Core

### Purpose

Keeping the NEM operating safely, reliably, and securely is AEMO's core work.

### Value delivered by AEMO

- Efficient operation of the NEM to keep costs low for market participants.
- Safe, reliable, secure operation of the NEM and to keep the lights on and gas flowing for households, businesses, and consumers.
- Building operational readiness to ensure system security through key transition points.
- Processing of an average of \$50 Billion in market settlements per year.

### Ensuring power system security and reliability.

- Markets operation and systems.
- Wholesale metering, settlements, and prudential supervision.
- Near-term energy forecasting and planning.

Read more about what AEMO does in this segment by referring to Appendix A: Functions within market segments.

### Who pays for these services

Registered market participants: market customers, wholesale participants, and Transmission Network Service Providers (TNSPs).

### Fee structures that apply

- [Electricity Fee Structures: March 2021](#)

### Segment health

AEMO has steadily matured its financial management and governance over the past three years, and we are pleased we will achieve full recovery of the NEM core accumulated deficit in FY25 and return to a balanced financial position from FY26, as committed to stakeholders.

Over the last three years we have carefully managed costs. The annual revenue requirement must accurately recover AEMO's costs to safely, reliably, and securely operate the NEM. Essential investments in our operations, operating technology and *Engineering Roadmap* are required to ensure that we can continue to maintain reliable energy supply, while managing the growing complexity and dynamics of the NEM.

**Table 1. NEM Core profit and loss summary FY26**

	Budget FY25 \$m	Budget FY26 \$m	Variance \$m	Variance %
Gross revenue	231.5	224.1	(7.4)	(3.2%)
less: Recoverable costs	(15.8)	(0.5)	15.3	(96.8%)
Net revenue requirement	215.7	223.5	7.8	3.6%
Operating costs	210.0	207.5	(2.5)	(1.2%)
less: Recoverable costs	(15.8)	(0.5)	15.3	(96.8%)
Net operating costs	194.2	206.9	12.7	6.5%
Annual surplus/(deficit)	<b>21.5</b>	<b>16.6</b>	<b>(4.9)</b>	<b>N/A</b>
Accumulated surplus/(deficit)	-	29.8	29.8	N/A

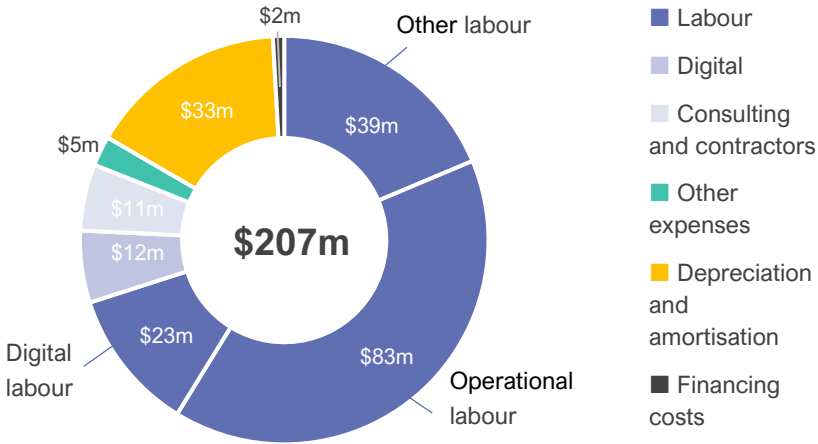
# Consists of NEM Core revenue requirement and other revenue

^ Recoverable costs in FY25 included ARENA funding associated with engineering roadmap. Other recoverable costs relate to provision of services for which costs are directly recovered from participants.



NEM Core operating expenditure

Chart 1. Budgeted net operating cost profile for NEM Core FY26 (\$m)



systems that can respond to our evolving and growing role, changing market conditions and the system and market changes occurring as a result of the transition.

This work is cross-functional and requires the support of our digital, project, program management, governance and corporate teams.

Engineering future energy systems

In FY25 the Australian Renewable Energy Agency (ARENA) continued its 18-month funding to accelerate the activities recommended in AEMO’s NEM [\*Engineering Roadmap to 100% Renewables\*](#). From FY26, the responsibility for funding *Engineering Roadmap* activities transfers fully to AEMO and will be recovered through NEM Core fees. AEMO is committed to a minimum investment of \$20m in implementing *Engineering Roadmap* activities in FY26. This reflects our ongoing commitment to identify and remove the obstacles to the power system being able to operate at times of 100% renewable generation.

Modernising business systems

AEMO continues to evolve its corporate system architecture to ensure we can operate efficiently and be flexible and agile to manage the complex system of the future. For example, during FY25 AEMO developed a new enterprise resource planning (ERP) system to streamline procurement, reporting, time sheeting, project and expense management. Costs for this program and others like it will be dispersed to operating costs proportionally to each segment as the systems go into use and will attract software-as-a-service costs for system licenses.

Depreciation, amortisation and financing cost increases reflect delivery of the operational and corporate projects (primarily digital lifecycle projects), which are financed by AEMO in the first instance and are repaid over a period of time through collection of revenue from market participants.

Increasing operational complexity

Increasing operational complexity is driving increases in the NEM Core budget in FY26, primarily through labour, digital costs and depreciation and amortisation.

The transformation of the NEM is materially impacting the complexity and volume of work operating it. Day-to-day, AEMO’s operations team is maintaining energy reliability and security in the most challenging conditions. Record renewable contributions, record minimum demands, and other new challenges are posing higher operational risks that require more and deeper data analysis and modelling, ongoing risk analysis and planning, procedural revisions and increased resourcing to ensure we are prepared and can respond.

In addition to system changes, the integration of market reforms also drives changes to operating processes and procedures on an ongoing basis.

These changes mean that AEMO needs to invest in appropriate people resources to ensure we can prepare and respond to the changing system and market. We must also fulfil our responsibility to maintain contemporary, reliable, secure digital

### Labour and consulting

Our investment in labour and consulting reflects the need to manage the complexity mentioned above. AEMO uses consultants to provide independent expert advice on best practice.

Our labour inflation is aligned to AEMOs enterprise agreements.

### Other expenses

Other expenses in NEM Core primarily reflect costs associated with insurance costs, subscriptions and research data, office accommodation, employee travel, recruitment and training.

### Revenue requirement and fees

AEMO will clear the accumulated deficit in NEM Core by the end of FY25, as committed to stakeholders. The revenue requirement for NEM Core for FY26 is \$223.5 million, reflecting a continuation of the 4.5% annual increase in the NEM Core benchmark fee (which is lower than the expected 6-8% longer term fee trajectory) and small increase in anticipated forecast energy volumes. In the year ahead AEMO will continue to accelerate our operations and engineering activities to ensure we continue to provide secure and reliable energy to Australians.

Refer to 24 National Electricity Market (NEM) Core fees for the revenue requirement and associated fees for this segment.

## Operating technology program

The transition towards renewable energy, decentralised grids and increasingly complex real-time market dynamics has placed greater demands on AEMO's operational teams and system capabilities.

Managing power system security, responding to critical incidents, and ensuring market stability require more agility, advanced analytics and seamless coordination than ever before. In the past 12 months AEMO's control room operators have experienced an increased number of outages and alarms, and phone calls with transmission network service providers and market participants have risen more than 40 per cent.

At the same time, legacy systems and complex processes are making it harder for AEMO's operations teams to operate efficiently, adding to the strain.

To address these pressures, AEMO is investing in operational technology to enhance efficiency and automation, and ensure critical risks are mitigated. The Operations Technology Program (OTP), launched in 2022, is an ongoing piece of work to address power system risks, the *Engineering Roadmap*, integration of market reforms, and emerging challenges in system operations.

### Expected benefits

- Our Real Time Operations (RTO) operators in AEMO's control rooms will see a step change in support, tooling, user interfaces, and system usability and adaptability.
- Modelling and scheduling engineers will be supported by new technology that improves system monitoring and simulation capability, increasing visibility of real-time and forecasted system positions, resulting in better decisions and market outcomes.
- OTP will integrate consumer energy resources (CER) into AEMO's core systems and processes and will create new tools specifically for CER management. This will be a fundamental uplift for incident analysis, problem identification and rectification, and compliance monitoring.
- OTP will also deliver a range of improvements to data management, forecasting, and gas operations while executing our significant foundational projects like the NEM and WEM Energy Management System Upgrade and Short-Term Projected Assessment of System Adequacy (ST PASA) replacement projects.
- Enhancements to the OTP program will introduce structured tracking mechanisms that enable each project to be evaluated on its impact in reducing the likelihood or consequences of potential risk incidents. This approach ensures that every initiative under the OTP contributes to decreasing overall risk ratings by directly addressing key operational challenges and enhancing system resilience.

## 9. NEM Functions

### Purpose

AEMO performs several functions and services to support the operation and evolution of the NEM, including:

- National Transmission Planner (NTP)
- 5 Minute Settlements and Global Settlements (5MS/GS)
- Trading in Settlements Residue Auction (SRA)
- Management of the NEM Reform Program
- Facilitation of retail market competition
- Provision of a consumer data platform
- Planning the integration of Consumer/Distributed Energy Resources into the NEM
- Cyber security roles and responsibilities.

Read more about what AEMO does in this segment by referring to Appendix A: Segment, function, and function purpose.

### Value delivered by AEMO

- Providing system planning, scenario modelling, joint planning support, and identifying system security needs and engineering challenges to enable better policy and investment
- Uplifting cyber resilience across the energy sector and coordinating industry-wide upskilling to protect critical assets and infrastructure.
- Collaborating on change and reforms to the NEM to future-proof our energy systems and markets.
- Preparing and publishing a range of valuable supporting reports and datasets that are reliable, transparent, and accessible, that send accurate and timely signals for investment by governments and markets.

### Who pays for these services

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

### Fee structures that apply

- [Electricity Fee Structures](#): March 2021
- [Structure of Participant Fees for AEMO's NEM2025 Reform](#): October 2023
- [Structure of Participant Fees for the Consumer Data Right Declared NEM Project](#): June 2023

### Segment health

**Table 2. NEM Functions profit and loss summary FY26**

	Budget FY25 \$m	Budget FY26 \$m	Variance \$m	Variance %
Gross revenue	166.8	191.5	24.7	14.8%
less: Recoverable costs	(1.0)	(1.0)	-	-
Net revenue requirement	165.8	190.4	24.6	14.8%
Operating costs	168.0	158.8	(9.2)	(5.5%)
less: Recoverable costs	(1.0)	(1.0)	-	-
Net operating costs	167.0	157.8	(9.2)	(5.5%)
Annual surplus/(deficit)	(1.2)	32.6	33.8	N/A
Accumulated surplus/(deficit)	(15.8)	24.7	40.5	N/A

\*FY25 budget operating costs increased by \$4.7m, to incorporate cyber security response market coordination activities into NEM Functions segment.



NEM Functions operating expenditure

Chart 2. Budgeted operating cost profile for NEM Functions FY26 (\$m)

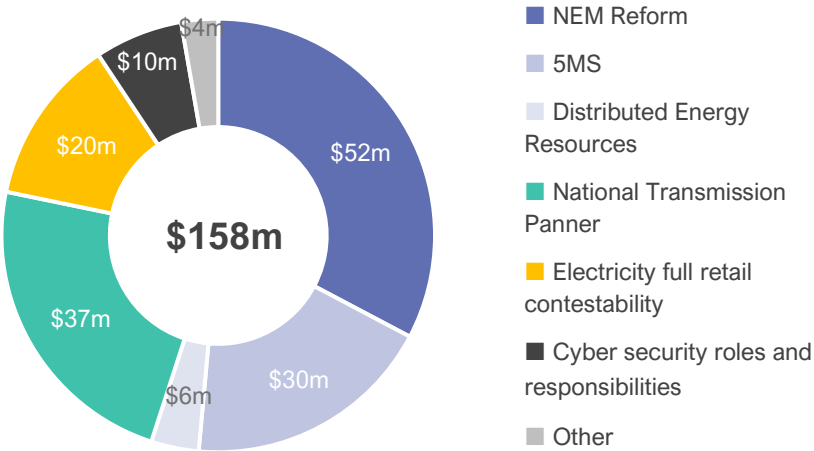
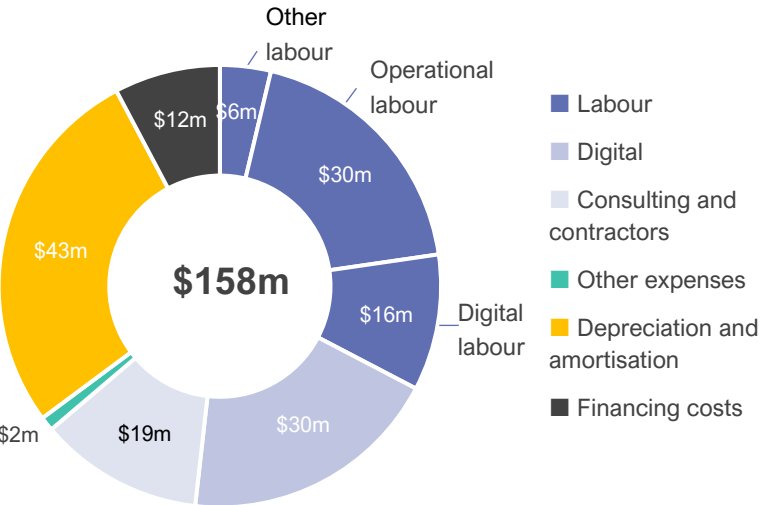


Chart 3. Budgeted operating cost profile by function



NEM market reforms

In line with the [NEM Reform Implementation Roadmap](#), in FY25 AEMO’s Reform Program delivered several key projects, including the commencement of non-financial operations of Frequency Performance Payments (FPP) and Retail Market Improvements (Net System Load Profile and Metering Substitutions). The final release for FPP rule commencement and SCADA Lite service operation will be delivered in Q4 FY25.

A [number of projects](#) are in flight during FY25, including the [ST PASA Procedure and Recall Period Project](#), [Enhancing Reserve Information Project](#), which are due to be completed in FY26.

National Transmission Planning

In its role as the national transmission planner, AEMO undertakes the forecasting, modelling and planning required to support the energy industry and government to make cost-effective and coordinated energy investment that delivers energy to consumers at least cost.

This work culminates in a suite of plans and reports that AEMO produces for use by industry, government, and consumers. Chief of these is AEMO’s biennial *Integrated System Plan* (ISP), which provides a whole-of-system blueprint for developing future energy infrastructure, identifying the most cost-effective approach to meet system needs over time, and triggering investment in strategic transmission infrastructure that is robust, justified, and coordinated.

AEMO’s revenue requirement for performing its NTP role in FY26 is \$35.2m, which is an increase from \$30.4m in FY25. This increase reflects:

- the estimated costs of the work required to develop the 2026 ISP, which has an expanded scope, as [endorsed by the Energy and Climate Change Ministerial Council \(ECMC\)](#) in March 2024.
- recovery of some costs incurred by AEMO in FY25 for preparing the 2026 ISP, which were not fully recovered in FY25.

- the estimated costs of meeting new Australian Energy Market Commission rules ([rule ERC0395](#) and [rule ERC0396](#)) in the development of the ISP, including integration of the impact of gas supply on electricity requirements and improving consideration of demand-side factors that can influence the identification of the optimal development pathway.
- additional costs for preparing the new annual Enhanced Locational Information report, a deliverable of an ECMC requirement to provide participants in the NEM with better information on the optimal location for new investments to inform decisions about where to locate projects in the NEM.

Digital costs, labour costs (including a proportion of central support function roles) and consulting costs are also included. Wage and consumer price index increases have been applied to these costs.

### Cyber security roles and responsibilities

On 12 December 2024, the AEMC published a final determination and final rule to formalise and clarify AEMO's cyber security coordination responsibilities in the National Electricity Rules (NER) to enable AEMO and the energy industry to prepare for and respond to cyber security incidents<sup>2</sup>

These responsibilities include:

- planning and coordinating the NEM-wide response to cyber incidents.
- supporting industry preparedness and uplift.
- examining risks and providing advice to government and industry.
- distributing critical cyber security information to industry participants.

For FY26, AEMO proposed a \$14.7m revenue requirement, accounting for costs to perform the function in the budget year as well as addressing the cost incurred in FY25 but not recovered.

### Revenue requirement and fees

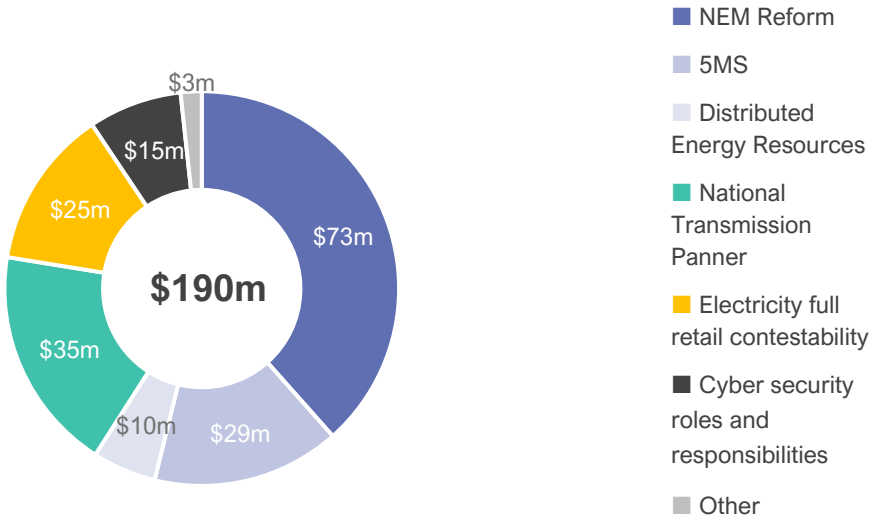
The segment net revenue requirement is to increase by \$24.6m in FY26, to account for the following:

- year one cost recovery from the security roles and responsibilities function (\$14.7m)
- Distributed Energy Resource (\$4.0m) and NEM2025 (\$9.4m) revenue requirements to reflect full operational cost and recover prior period deficits. As planned and previously communicated to market participants, NEM2025 recovery of accumulated deficit commenced in FY25 over a two-year period
- 5MS revenue requirement reduction (~\$13m) following return of accumulated surplus in FY25 and a reflection of operational costs, and
- increase in NTP revenue requirement (\$4.8m) as FY25 fees included only a portion of the anticipated costs for the potential increased scope of the ISP.

Refer to 25 NEM Functions fees for the revenue requirement and associated fees for this segment.

<sup>2</sup> AEMO is engaging with the Commonwealth and state and territory jurisdictions on establishing equivalent cyber related roles and responsibilities across the gas and WA wholesale electricity markets and these would be subject to separate and distinct consultations.

Chart 4. Budgeted revenue profile by function



## MITE(Y) helpful changes at AEMO

In 2022, AEMO identified a subset of critical initiatives as prerequisites to support the effective implementation of many upcoming reforms.

These initiatives, known as the Market Interface Technology Enhancements (MITE) aim to uplift core market interfacing technologies to create a more secure, efficient and streamlined digital interface between AEMO and market participants.

Given the complex and inter-dependant nature of these platforms in underpinning reforms, a collaborative approach is fundamental. AEMO and industry agreed that a foundational uplift – rather than piecemeal, incremental changes would be the most effective and efficient way to implement these essential platform upgrades.

These foundational capabilities can then be leveraged across all markets and fuels, which results in more cost-effective operations for AEMO and industry. MITE consists of three core initiatives:



Industry Data Exchange (IDX), a unified mechanism to authenticate and authorise external identity and entitlements when accessing AEMO services, consolidating and improving overall cyber security controls.



Identity and Access Management (IDAM), a unified data exchange mechanism to support the secure and efficient exchange of data between AEMO and participants that supports existing services, new services required by NEM Reforms and can extend to other energy markets.



Portal Consolidation (PC), an entry point to AEMO's externally facing web presence, with consistent identity, UI standards, help access and menu navigation. Initially this will support the new web pages being developed for IDAM and IDX, and 6 (out of 16) of AEMO's legacy web hosted services will be migrated to it.

By modernising these systems, AEMO can ensure a stronger digital foundation for the NEM and WEM, whilst supporting current market needs and preparing for future reforms.

### Industry collaboration at its core

AEMO has worked closely with stakeholders to assess the costs, benefits and design options associated with these projects, ensuring the solutions address industry needs and are appropriately scoped for delivery.

Since 2023, collaboration has involved:

- 1,000+ hours of workshops and technical discussions to shape the program
- continuous engagement with market participants to provide for deliverability and benefits to industry and end consumers.
- industry endorsement of the MITE business case at the NEM Reform Executive Forum in March 2024.

Through this approach, we have developed the foundational capabilities in IDAM, IDX and PC now, while enabling further industry engagement on the transition of legacy business services to IDX.

AEMO recognises and thanks all stakeholders for their invaluable contributions. Continued collaboration will be key as we refine plans and move toward implementation.

# 10. East Coast Gas

## Purpose

AEMO performs several functions relating to the East Coast Gas markets, including:

- Operating the Victorian Declared Wholesale Gas Market (DWGM) and Declared Transmission System
- Operating the Short-Term Trading Market (STTM)
- Operating the Gas Supply Hub (GSH), and day ahead auctions (DAA), and Capacity Trading Platform (CTP)
- Facilitating retail market competition
- Developing the Gas Statement of Opportunities (GSOO)
- Administering change proposals for the Operational Transportation Service (OTS) Code
- Monitoring and managing East Coast Gas System (ECGS) supply adequacy and operating the Gas Bulletin Board (GBB).

Read more about what AEMO does in this segment by referring to Appendix A: Functions within market segments.

## Value delivered by AEMO

- Keeping the gas flowing for households, businesses, and consumers.
- Monitoring and planning gas supply adequacy.
- Building resilience to effectively respond to significant events.

## 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 bulletin board production facility operators.

## Fee structures that apply

- [Structure of Gas Participant Fees](#): December 2023
- [GSH Exchange Fees](#): March 2019

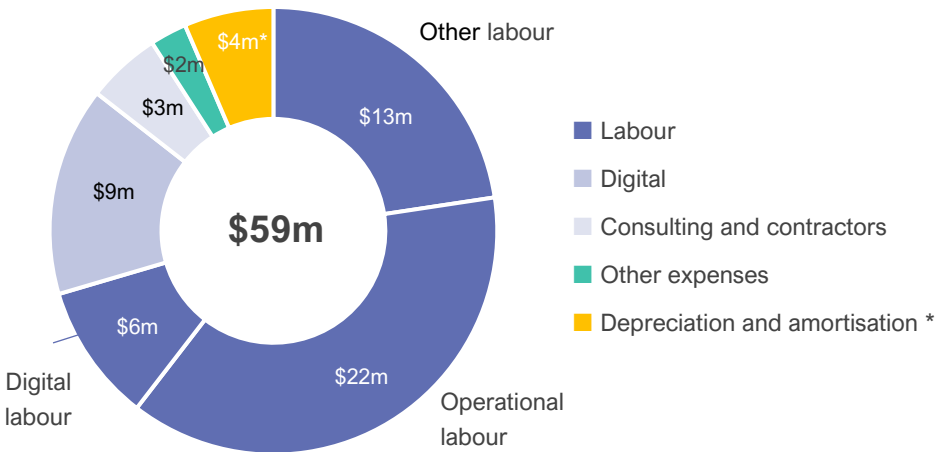
## Segment health

Table 3. East Coast Gas profit and loss summary FY26

	Budget FY25 \$m	Budget FY26 \$m	Variance \$m	Variance %
Gross revenue	55.1	60.4	5.3	9.6%
<i>less: Recoverable costs</i>	<i>(8.3)</i>	<i>(10.9)</i>	<i>(2.6)</i>	<i>31.3%</i>
Net revenue requirement	46.8	49.5	2.7	5.8%
Operating costs	59.5	69.6	10.1	17.0%
<i>less: Recoverable costs</i>	<i>(8.3)</i>	<i>(10.9)</i>	<i>(2.6)</i>	<i>31.3%</i>
Net operating costs	51.2	58.7	7.5	14.6%
<b>Annual surplus/(deficit)</b>	<b>(4.4)</b>	<b>(9.2)</b>	<b>(4.8)</b>	<b>N/A</b>
Accumulated surplus/(deficit)	54.1	46.6	(7.5)	N/A

East Coast Gas operating expenditure

Chart 5. Budgeted operating cost profile for East Coast Gas FY26



\*Depreciation and Amortisation is shown net of financing income earned on accumulated surplus at the start of FY26 and interest earned on market participant fund associated with settlements.

In FY26, East Coast Gas segment costs increase by \$7.5m compared to FY25, to meet specific strategic initiatives such as supporting reforms that are now operational, uplifting tools including East Coast Demand forecasting, Vic Gas market dispatch systems and growing complexity in gas forecasting and commencing support for upcoming gas reforms being considered by the AEMC and energy ministers.

Declared Wholesale Gas Market (DWGM)

The Victorian DWGM functions drives the largest costs in this segment (\$32m or 55% in FY26). In the budget, AEMO are returning a portion of the accumulated surplus with this function over a period to provide price smoothing effect.

Gas reforms

In August 2022, Energy Ministers agreed to make a [range of reforms](#) to support a more secure, resilient and flexible east coast gas market. These actions are designed to enable AEMO to better manage gas supply adequacy and reliability risks to minimise, as far as practicable, the hazards and risks to safety of the public and customers arising from gas supply.

AEMO anticipates making further investment towards Stage 2 gas reforms, subject to discussion with the Australian Energy Market Commission (AEMC) and consultation with market participants.

Revenue requirement and fees

Refer to 26 East Coast Gas fees for the revenue requirement and associated fees for this segment.



# Going green with gas

Gas remains critical to supporting the electricity sector, as Australia transitions to net zero. Flexible gas-powered electricity generation will enable higher rates of renewables and support electricity reliability as Australia's coal-fired power stations retire.

AEMO's annual [Gas Statement of Opportunities](#) report routinely signals the urgent need for new investment in gas supply to meet demand from homes and businesses, and for gas-powered electricity generation.

In August 2021, Australia's state and federal energy ministers agreed that the national gas regulatory framework be reviewed and extended to accommodate hydrogen, biomethane and other renewable gases. This agreement triggered a number of important reviews of the frameworks that enable the energy markets.

Jurisdictional officials reviewed the National Gas Law (NGL), National Energy Retail Law and National Energy Retail Regulations, the Australian Energy Market Commission (AEMC) reviewed the arrangements in the National Gas Rules (NGR) for hydrogen and renewable gases, and AEMO assessed its market procedures for the east coast gas markets to determine what changes would need to be made to accommodate renewable gases.

In March 2024, the AEMC finalised the National Gas Amendment (Other Gases) rule changes providing regulatory certainty that supports investment in renewable gases, like hydrogen and biomethane, and which will support emissions reductions in east coast gas networks.

Since then, AEMO has been working to enliven these reforms informed by feedback from four separate consultations with stakeholders. Stage 1 of the reform was implemented in May 2024, enabling Victoria's gas market to integrate

renewable gases. Stage 2 of the reform, completed in March 2025, extended to Queensland, New South Wales, the ACT, and South Australia.

With these changes now complete, renewable gases are now officially recognised in the gas regulations for the entire East Coast Gas system.

The changes provide gas producers and retailers new opportunities to invest in a more diverse and future-ready energy market, taking Australia another step closer to a cleaner and more resilient energy system.

A number of green gas projects are already planned and in delivery.

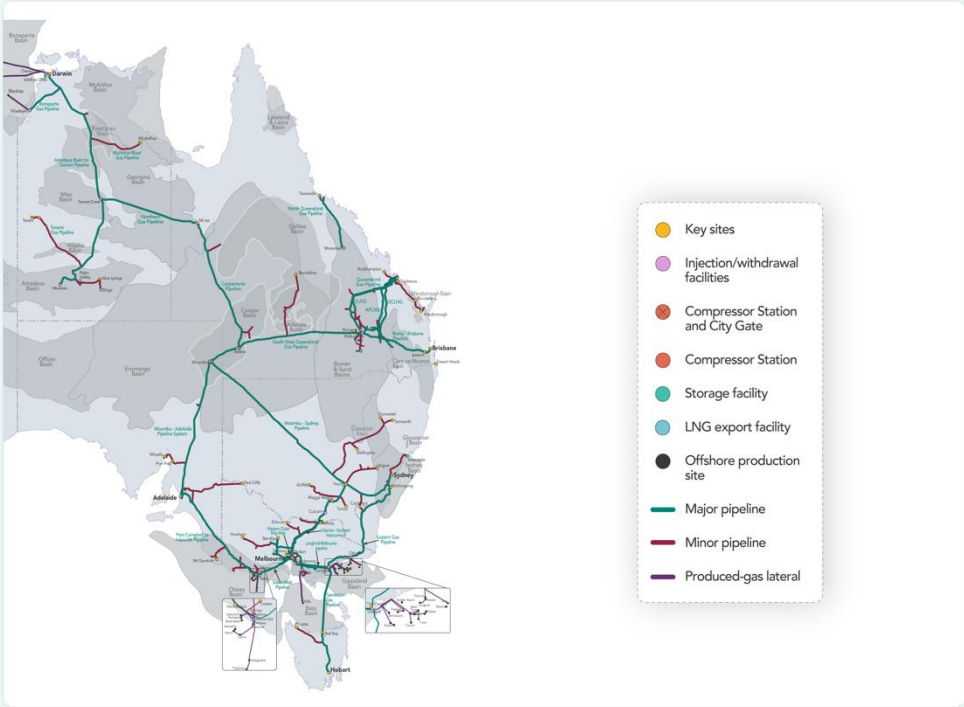


Figure 6: East Coast Gas System

# 11. WA: Electricity and Gas

## Purpose

AEMO performs a range of functions for the Western Australia (WA) Wholesale Electricity Market ([WEM](#)):

- **Market operations:** operating and settling the Reserve Capacity Mechanism and managing the buying and selling of electricity in the Real-Time Market - a gross pool dispatch mechanism for energy and Essential System Services (ESS), and Short-Term Energy Market
- **Power system operations:** maintaining the South West Interconnected System (SWIS) in a secure and reliable state, working alongside the network operator (Western Power) and generation facility owners
- **Connections and registration:** processing applications for participation, and for the registration, de-registration, transfer, and ESS accreditation of Facilities.
- **Procurement:** procuring supplementary capacity, as required, and sufficient ESS to meet the ESS Standards, including via NCESS or the Supplementary Essential System Service Mechanism (SESSM), where needed
- **Reform delivery:** managing the WA Reform Program and integration of Distributed Energy Resources (DER) to market mechanisms through the ongoing work on the DER Roadmap.

AEMO also has several functions under the GSI Rules relevant to WA, which include operating and maintaining the Gas Bulletin Board, administering the registration process for gas market participants and publishing the WA GSOO.

AEMO operates the retail market scheme in WA, providing retail market services to gas industry participants, including procedures governing market operation.

Read more about what AEMO does in this segment by referring to Appendix A: Functions within market segments.

## Value delivered by AEMO

- Efficient operation of the WEM
- Accelerating the rate and efficiency of connections processes for projects
- Accelerating reform of the WEM to better integrate consumer energy resources to help consumers realise the full value of their investments.
- System planning, identifying system security needs, and sending investment signals to markets and governments.
- Building an engineering roadmap to overcome technical challenges for further renewable energy adoption.

## Who pays for these services

Participants in this segment include market participants, shippers, production facility operators, distributors.

## Fee structures that apply

- [Wholesale Electricity Market and Gas Services Information Rules](#)
- [WA Gas Retail Market Procedures.](#)

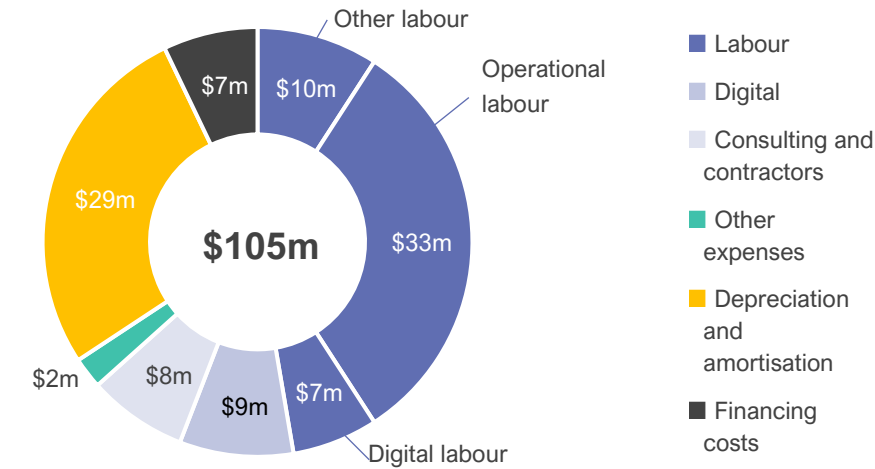
Segment health

Table 4. WA Electricity and Gas profit and loss summary FY26

	Budget FY25 \$m	Budget FY26 \$m	Variance \$m	Variance %
Gross revenue	102.7	101.6	(1.1)	(1.1%)
/less: Recoverable costs	-	(0.1)	(0.1)	-
Net revenue requirement	102.7	101.5	(1.2)	(1.2%)
Operating costs	92.8	105.2	12.4	13.4%
/less: Recoverable costs	-	(0.1)	(0.1)	-
Net operating costs	92.8	105.1	12.3	13.3%
Annual surplus/(deficit)	9.9	(3.6)	(13.5)	N/A
Accumulated surplus/(deficit)	0.9	2.1	1.2	N/A

WA operating expenditure

Chart 6. Budgeted operating cost profile WA Electricity and Gas FY26



General

In WA, AEMO recovers its costs via fees paid by market participants, following an allowable revenue determination by the Economic Regulation Authority (ERA). The current Allowable Revenue (AR) period, AR6, ends on 30 June 2025.

In 2024 AEMO proposed a shift to a revenue framework more suited to a dynamic, shifting energy landscape where AEMO was able to make investments as needed to respond to additional responsibilities and requirements.

Stakeholders who engaged in the consultation on the proposed framework sought an ongoing role for the ERA in assessing AEMO’s budgeted costs. Acknowledging the challenges posed by the existing revenue framework and stakeholder feedback, the Coordinator of Energy suspended the Allowable Revenue Framework (ARF), pending its review.

While the ARF Review is underway, for FY26, WEM and GSI fee will be based on the previous Financial Year’s WEM Market Fee rate, GSI revenue requirement and WEM Application Fee rate, with 50% adjusted by the annual percentage change in the Wage Price Index (WPI) and the remaining 50% will be adjusted by the annual percentage change in the Consumer Price Index (CPI).

AEMO is committed to continuing transparency and appropriate oversight of its budgets and fees and will continue to engage constructively with all stakeholders to develop an acceptable revenue framework for WA activities.

Visit Energy Policy WA’s website for more information. Visit [Energy Policy WA’s website](#) for more information.

# 12. 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
  - customer facilities
- Contributing to the assessment of simulation models of power system plant and associated control systems
- Commissioning and post-commissioning activities
- Registering and onboarding new connecting parties.

## 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 Original Equipment Manufacturers (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.
- In FY24, AEMO progressed 19 projects (2.2 GW) to full output, with 56 projects (12 GW) approved and 17 projects (2.4 GW) registered. For FY25 year to date March 25, AEMO has progressed 16 projects (2.5 GW) to full

output, with 42 projects approved (9.2 GW) and 28 projects (7.5 GW) registered.

FY24	FY25 YTD
19 projects full output (2.2 GW)	16 projects full output (2.5 GW)
56 projects approved (12 GW)	42 projects approved (9.2 GW)
17 projects registered (2.4 GW)	28 projects registered (7.5 GW)

## Who pays for this service

Connection and registration fees are charged by the connecting/registering market participant.

## Fee structures that apply

This is a user-pays function, with fees for service as described in:

NEM connection and registration tables of fees and rates are included within section 28 [NEM Connection fees](#)

## 13. Capacity Investment Scheme (CIS)



### Purpose

In 2023 the Australian Government engaged AEMO to support the roll-out of the Capacity Investment Scheme (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.

The Australian Government announced an expansion of the CIS in November 2023. The expanded CIS seeks to incentivise the national deployment of 32 GW of renewable capacity and clean dispatchable capacity by 2030.

AEMO Services is conducting the competitive tender processes that will enable the Commonwealth to determine which projects the scheme should support. Competitive tenders for the expanded CIS are held approximately every six months.

[Learn more about AEMO Services' role with the CIS.](#)

Financial information is commercial in confidence.

## 14. NSW Electricity Infrastructure Roadmap



### Purpose

In 2021, AEMO's subsidiary AEMO Services Limited was appointed by the New South Wales (NSW) Government as the NSW Consumer Trustee, giving it a central role in NSW's energy transition. As the NSW Consumer Trustee, AEMO Services coordinates planning of long-term investment in generation and storage in NSW, designs and conducts competitive tenders to facilitate this investment, undertakes authorisation of Renewable Energy Zone transmission infrastructure, and provides financial risk management and advice. This work is performed in the long-term financial interests of NSW electricity customers.

[Learn more about AEMO Services' role as consumer trustee.](#)

Financial information is commercial in confidence.

# 15. Victorian Transmission Network Service Provider (Vic TNSP)

## Purpose

AEMO has a unique role in Victoria, where we are responsible for ensuring the Victorian shared transmission network is developed in an efficient way for the benefit of all Victorian electricity consumers. Our roles include planning future requirements for the declared shared network, procuring augmentations and non-network services and procuring system strength transmission services in Victoria.

AEMO is also responsible for the delivery of the Victoria-New South Wales Interconnector (VNI-West) project through wholly owned subsidiary, Transmission Company Victoria (TCV). TCV has been undertaking pre-planning and early works on this project and AEMO will tender for construction to enable the project to continue toward completion.

## Participants

Participants in this segment include: Victorian network users, market participants and various government bodies.

## Fee structures that apply

AEMO's Transmission Use of System (TUoS) charges recover costs for providing shared prescribed transmission network services in Victoria. The TUoS revenue requirement and prices are determined in accordance with the NER, AEMO's revenue methodology, and AEMO's pricing Methodology.

## Segment health

On 15 May, AEMO published its FY26 TUOS prices for the financial year in accordance with its obligations under chapter 6A of the National Electricity Rules. The TUoS revenue requirement for the year is \$798m, which is \$28m (3.6%) higher than FY25. The main drivers of the increase are external to AEMO and relate to increases in the Victorian Government easement land tax, VicGrid fees and charges, additional costs associated with new system strength services obligations, and forecast reductions in settlement residue collections in FY26 from higher anticipated negative inter-regional settlement residue payments associated with network congestion in southern NSW.

The increase in cost is partly offset by net receipt from Co-ordinating Network Service Providers (CNSPs) associated with Modified Load Export Charge (MLEC). For more information on cost drivers and TUoS prices for FY26, refer to [Shared Transmission Network Services Prices in Victoria](#) – 1 July 2025 to 30 June 2026.

## Future of Vic TNSP functions

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

The VTIF reforms propose that the responsibility for planning Victoria's declared shared network, and all of AEMO's associated declared network functions, will be transferred to VicGrid from AEMO. This will end AEMO's Victorian transmission network service provider role.

This transfer is subject to legislation passing parliament in 2025. Any transfer would be enacted in a staged and carefully considered approach in close consultation with AEMO to enable an orderly transfer of responsibilities.

Legislation to enable this transfer is expected to be introduced to the Victorian Parliament and to come into effect on 1 November 2025.

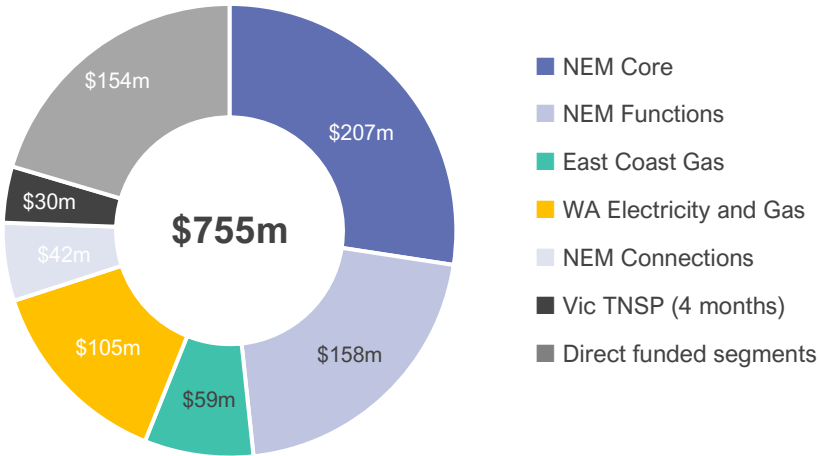


# FY26 AEMO Group Budget Summary



# 16. Operating costs by segments

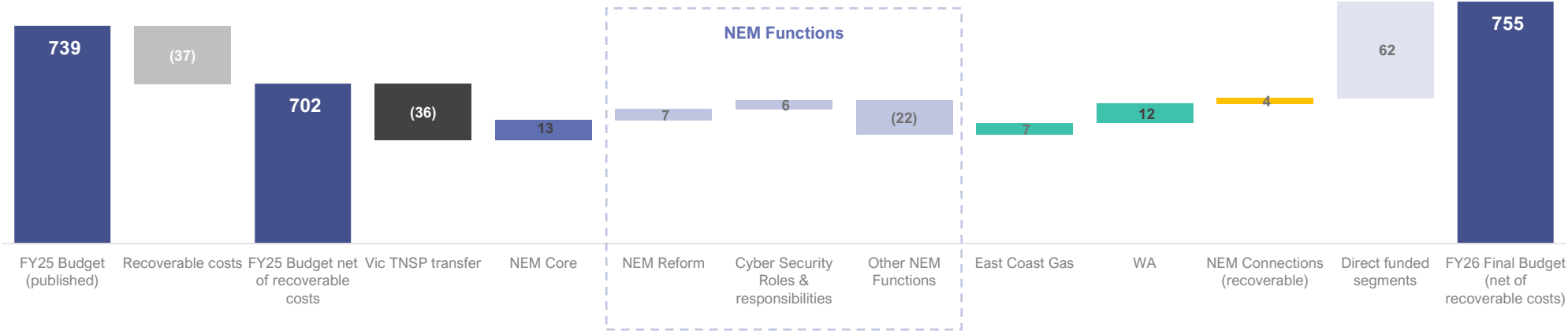
Chart 6. FY26 budgeted net operating costs by segment (\$m)



Cost drivers

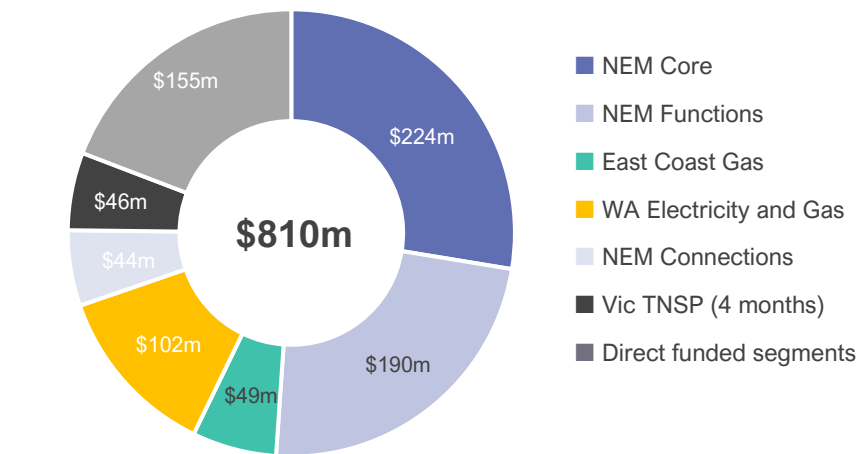
- NEM Core:** The underlying costs of operating the energy system and markets and ongoing investment in people, processes and technology, including strategic investment in Engineering Roadmap (previously part funded via an ARENA grant), to prepare for and respond to an increasingly complex operating environment.
- NEM Functions:** The implementation of market reforms sees increased capital costs via depreciation and amortisation as well as ongoing operating costs. A new Cyber Security function commencing 12 December 2024.
- East Coast Gas:** Cost increases to meet strategic initiatives predominantly through to labour, technology costs, depreciation and amortisation.
- Western Australia:** Cost increases reflect increases in depreciation and amortisation and financing costs, technology costs to run WA operations and labour increases aligned to planning the South-West Interconnected System (SWIS) roadmap.
- Direct funded segments:** Costs for these segments are funded by specific energy and funded upgrade to our core systems.

Chart 7. Segment increases in FY26 budgeted net operating costs (\$m)



# 17. Revenue requirements by segments

Chart 8. FY26 budgeted net revenue requirement [operating costs ± surplus/(deficit)] by segment (\$m)



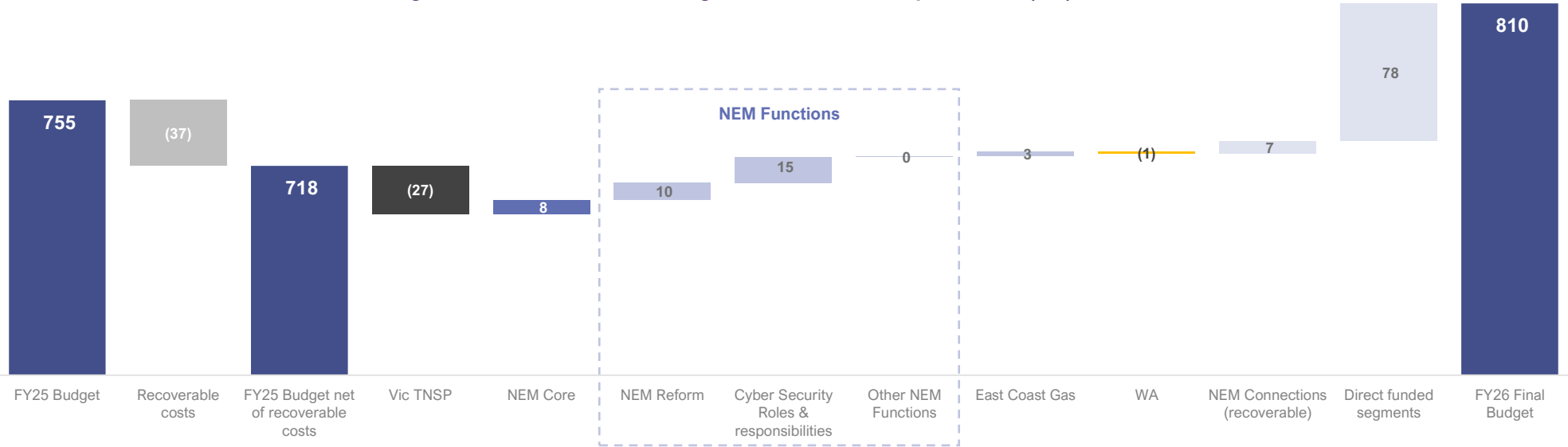
AEMO’s annual revenue requirement for a segment may differ from its budgeted operating costs to adjust for a carried forward accumulated surplus or deficit. More information specific to each segment is within the segment summaries.

On 26 February 2025, the Coordinator of Energy (Coordinator) issued Final Rule Change Reports, capped AEMO’s revenue requirement for GSI as well as the WEM fees in FY26 at FY25 levels with indexation, while the WA allowable revenue framework is under reviewed.

Direct funded segments reflect funding received under specific jurisdictional arrangements and relate to facilitating investment in renewable energy and funded upgrade to our core systems.

Chart 9 details the FY26 budgeted revenue requirement (operating costs +/- surplus/deficit) by segment (\$m)

Chart 9. Segment increases in FY26 budgeted net revenue requirements (\$m)



## 18. FY26 Profit and Loss summary

AEMO's FY26 budget delivers a \$55.3m in-year surplus overall. This reflects a full remediation of the accumulated deficit in NEM Core.

Table 5 provides the consolidated profit and loss summary by expenditure categories and Table 6 provides a summary of the profit and loss by segment.

Key changes between FY25 and FY26 are as follows:

- **Fees and tariff /Other revenue:** Reflects the revenue requirement across various segments as discussed within above sections and governmental funding for specific initiatives.
- **VicTNSP function handover:** This affects the net TUoS/Network charges, other revenue and settlement residue sections of Table 5.
- **Labour expenditure, consulting technology costs:** Increases reflect wage growth and requirements to meet requirements within market funded and direct funded segments.
- **Depreciation and amortisation:** Largely aligned to the FY25 pace of investment program, assets retiring at end of their useful life offset by new investment within various market segments.
- **Financing costs:** Financing costs are consistent between years with active debt management and balance between investment spend and recovery through fees.

Table 5. AEMO Group consolidated\* profit and loss summary

	Budget FY25 \$m	Budget FY26 \$m	Variance \$m
<b>Revenue</b>			
Fees and tariffs	538.7	569.3	30.6
Other revenue	208.9	219.2	10.3
Net TUoS/ Network charges	(43.9)	(13.5)	30.4
Settlement residue	7.1	12.8	5.7
Connections revenue	44.5	44.7	0.2
Total revenue	<b>755.4</b>	<b>832.6</b>	<b>77.1</b>
less: Recoverable costs	(37.0)	(22.3)	14.7
Net revenue	<b>718.4</b>	<b>810.2</b>	<b>91.8</b>
<b>Operating expenditure</b>			
Labour expenditure	322.1	368.8	46.6
Consulting and contractors	84.1	122.9	38.7
Digital costs	122.7	103.6	(19.1)
General expenses #	34.6	22.4	(12.2)
Depreciation and amortisation	118.1	120.4	2.3
Financing costs	20.7	17.0	(3.7)
Total net operating expenditure	<b>702.4</b>	<b>755.0</b>	<b>82.6</b>
Annual surplus/(deficit)	16.1	55.3	39.2
Accumulated surplus/(deficit)	<b>29.6</b>	<b>104.2</b>	<b>74.6</b>

\*AEMO Group includes the consolidation of AEMO Services Limited and TCV (to 1 Nov 25 only).

# FY25 budget included \$37m recoverable costs reported within General Expenses category, now reported within Net Revenue. Total expenses reported in FY25 budget was \$739.4m including recoverable costs.

Table 6. AEMO Group consolidated profit and loss by segment

	Budget FY25 \$m	Budget FY26 \$m	Variance \$m
<b>NEM Core</b>			
Revenue	215.7	223.5	7.8
Expenditure	194.2	206.9	12.7
Annual surplus/(deficit)	21.5	16.6	(4.9)
Accumulated surplus/(deficit)	-	29.8	29.8
<b>NEM Functions</b>			
Revenue	165.8	190.4	24.6
Expenditure	167.0	157.8	(9.2)
Annual surplus/(deficit)	(1.2)	32.6	33.8
Accumulated surplus/(deficit)	(15.8)	24.7	40.5
<b>East Coast Gas</b>			
Revenue	46.8	49.5	2.7
Expenditure	51.2	58.7	7.5
Annual surplus/(deficit)	(4.4)	(9.2)	(4.8)
Accumulated surplus/(deficit)	54.1	46.6	(7.5)
<b>WA Electricity and Gas</b>			
Revenue	102.7	101.5	(1.2)
Expenditure	92.8	105.1	12.3
Annual Surplus/(deficit)	9.9	(3.6)	(13.5)
Accumulated surplus/(deficit)	0.9	2.1	1.2

	Budget FY25 \$m	Budget FY26 \$m	Variance \$m
<b>NEM Connections</b>			
Revenue	44.5	44.3	(0.2)
Expenditure	45.6	42.0	(3.6)
Annual surplus/(deficit)	(1.1)	2.3	3.4
Accumulated surplus/(deficit)	1.7	3.6	1.9
<b>Vic TNSP (FY26: 4 months)</b>			
Revenue	62.0	46.6	(15.4)
Expenditure	65.3	30.4	(34.9)
Annual surplus/(deficit)	(3.3)	16.2	19.5
Accumulated surplus/(deficit) <sup>#</sup>	(6.8)	-	6.8
<b>Other direct funded entities</b>			
Revenue	80.9	154.5	73.6
Expenditure	86.3	154.1	67.8
Annual surplus/(deficit)	(5.3)	0.3	5.6
Accumulated surplus/(deficit)	(4.5)	(2.5)	2.0

<sup>#</sup>VicTNSP related accumulated surplus/deficit will be transferred over to VicGrid as part of the settlement process on 1 November 2025 (anticipated handover date).

# 19. Investing in Australia's energy future

AEMO is investing across four key programs of work, as we prepare the markets and our operating and business systems for a renewable energy future.

A full list of AEMO's major programs and initiatives is available on our [website](#).

AEMO maintains an integrated delivery plan across investment portfolios, with work prioritised, sequenced and optimised by a Portfolio Leadership Team. Wherever possible AEMO seeks to sequence and bundle reform implementation and solutions to reduce overall cost and impacts on industry. In addition, vendor partnerships and panels enable AEMO to streamline delivery capacity and capability.

AEMO will undertake a major core operating system upgrade, spanning several years. This program will be funded by the Australia government.

Steering committees for each portfolio meet monthly to review delivery and budget.

Major programs of work are also subject to consultation with market participants.

AEMO has set a net capital expenditure cap of \$180m for FY26. Table 7 provides an estimate of expenditure by portfolio, but allocations will be subject to change as programs of work progress through the integrated investment prioritisation and assessment processes.

**Table 7. AEMO's FY26 Net Investment Plan**

	Budget FY25 \$m	Budget FY26 \$m	Variance \$m	Variance %
Reform delivery (NEM and East Coast Gas)	73.9	85.3	11.4	15.4%
WA program	32.1	32.0	(0.1)	(0.3%)
Designing and modernising market operations systems	48.8	38.6	(10.2)	(20.9%)
Modernising business systems	25.2	24.1	(1.1)	(4.4%)
AEMO capital expenditure	180.0	180.0	0.0	0.0%
Project-related operating costs *	38.6	36.9	(1.7)	(4.4%)
Total investment expenditure #	218.6	216.9	(1.7)	(0.8%)

\* Project-related operating costs includes items that are SaaS, feasibility studies and costs 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 budget and fees but are shown in this table to provide a more complete picture of project costs.

# Investment to enable a reliable and secure energy transition will be funded by government is commercial in confidence and is not included within the above table.



Table 8. AEMO's investment program for FY26

Key program	NEM and East Coast Gas reforms	Western Australia reforms	Operations technology	Business technology
<b>Relevant market segment/s</b>	NEM Functions and East Coast Gas	WA Electricity and Gas	NEM Core and East Coast Gas	Where the benefit is shared across all market segment, costs are allocated proportionately across all segments.
<b>Scope</b>	<p>Delivery and implementation of reforms, including:</p> <ul style="list-style-type: none"> <li>NEM Reform Program initiatives, as outlined in the <a href="#">NEM Reform Implementation Roadmap</a></li> <li><a href="#">East Coast Gas reforms</a></li> <li>initiatives to enable reforms to be integrated and managed</li> <li>regulatory reform initiatives outside the scope of the two programs above.</li> </ul>	<p>Delivery and implementation of:</p> <ul style="list-style-type: none"> <li>a new WA Reform program initiatives to continue supporting the energy transition in Western Australia and improve the effectiveness of the WEM.</li> <li>Enabling the integration of distributed (or consumer) energy resources and new technologies into the SWIS.</li> <li>Delivering initiatives to implement critical engineering actions from the <i>SWIS Engineering Roadmap</i>.</li> </ul>	<p>Upgrades to AEMO's operational digital systems and the integration of new and improved operational processes into digital systems, to ensure the continuity of reliable and secure energy supply in an increasingly complex operating environment.</p>	<ul style="list-style-type: none"> <li>Modernisation of AEMO's business systems to ensure they are contemporary and support business efficiency, management and transparency.</li> <li>Cyber security uplifts to address cyber risks and issues.</li> <li>Digital lifecycle upgrades to ensure AEMO's business systems remain fit-for-purpose.</li> </ul>
<b>Projects in planning and execution in FY26</b>	<ul style="list-style-type: none"> <li>Industry Data Exchange (IDX)</li> <li>Identity and Access Management (IDAM)</li> <li>Integrating Price Responsive Resources (IPRR) into the NEM</li> <li>Improving Security Frameworks (ISF)</li> <li>Metering Services Review (MSR)</li> <li>Flexible Trading Arrangements (FTA)</li> <li>Shortening the settlement cycle</li> <li>Project Energy Connect – Market Integration</li> <li>Portal consolidation</li> <li>Gas Retail Initiatives (GRI)</li> </ul>	<ul style="list-style-type: none"> <li>Enhancements to market operations and system frameworks.</li> <li>Refinements to the Reserve Capacity Mechanism to ensure sufficient capacity.</li> <li>Integration of Distributed Energy Resources (DER) to support system security and reliability.</li> <li>Engineering actions required for operating the power system securely and reliably at times of high renewables contribution.</li> <li>Strengthening digital infrastructure to enhance critical market systems and support ongoing reforms.</li> </ul>	<ul style="list-style-type: none"> <li>ST PASA</li> <li>Real Time Systems</li> <li>Victorian Gas market dispatch systems</li> <li>East coast Gas system demand forecasting</li> <li>Victorian Gas operational systems upgrade</li> <li>Wide area monitoring systems</li> </ul>	<ul style="list-style-type: none"> <li>Digital annual lifecycle program</li> <li>Annual cyber program</li> <li>Minor works annual program</li> <li>Other corporate systems</li> </ul>

## 20. FY26 Balance Sheet Summary

The AEMO FY26 budget continues to remain in a net asset position, reflecting the accumulated surplus and favourable financial performance against operating budget in FY25 across majority of segments.

Cash and cash equivalents include participant compensation funds which are held for the purposes of providing compensation for scheduling errors, and participant security deposits which protect the market from the risk of participant payment defaults.

Current liabilities include participant security deposit liabilities, which also increased for the reasons noted above for cash and cash equivalents.

Borrowings represent drawn debt from AEMO's commercial bank facilities and Australian Medium-Term Notes. The borrowed funds are used to finance capital investment and working capital requirements. A decrease in budgeted borrowings for FY26 reflects capex underspend in FY25, accumulated surplus across most segments and the transfer of Transmission Company Victoria as part of the Vic TNSP function handover to VicGrid anticipated in July 2025.

Consistent with our financial principles, AEMO is committed to achieving a debt-to-assets ratio of under 100% and maintaining a liquidity ratio above 50%.

Table 9. FY26 AEMO Group consolidated\* balance sheet summary

	Budget FY25 \$m	Budget FY26 \$m	Variance \$m
<b>Assets</b>			
Cash and cash equivalents	297.0	251.6	(45.4)
Other current assets	173.0	201.7	28.7
Non-current assets	721.2	702.9	(18.3)
Total assets	1,191.1	1,156.3	(34.8)
<b>Liabilities</b>			
Current liabilities	453.2	472.5	19.3
Borrowings (non-current)	642.4	521.7	(120.7)
Other non-current liabilities	35.5	26.0	(9.5)
Total liabilities	1,131.1	1,020.1	(111.0)
Net assets	60.1	136.2	76.1
<b>Equity<sup>#</sup></b>			
Capital contribution	7.1	7.1	(0.0)
Participant Compensation Fund reserve	10.4	11.5	1.1
Other reserves	13.0	13.4	0.4
Accumulated surplus/(deficit) <sup>1</sup>	29.6	104.2	74.6
Total equity <sup>#</sup>	60.1	136.2	76.1
<b>Ratios</b>			
Debt / total assets	53.9%	45.1%	(8.8%)
Current assets / Current liabilities	103.7%	96.0%	(7.7%)

\*AEMO Group includes the consolidation of AEMO Services Limited and TCV (to 1 Nov 25 only).

<sup>#</sup> Total equity includes non-controlling interest share of \$0.7M (FY25) relating to ASL. AEMO has 70% controlling interest in ASL.

<sup>1</sup> \$0.8m has been transferred to PCF and Land reserves

## 21. Capital management

AEMO’s capital investments and short-term working capital requirements are facilitated through debt financing, which enables capital costs to be applied over the life of the asset.

Due to extensive market reform driving increased capital investment, AEMO’s debt has increased over recent years, with the lower balance in FY26 reflecting the repayment of debt funding the VNI-W investment following its transfer.

AEMO is optimising 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, as observed through the recent Australian Medium Term Note issue.

## 22. FY26 Cash Flow Summary

AEMO’s FY26 budgeted cash flow is shown in Table 10. The decrease in net cash flows from operating activities is due to higher payments to suppliers and employees, partly offset by increased revenue requirements in all segments, particularly in NEM Core and NEM Functions

**Table 10. FY26 AEMO Group consolidated\* cash flow summary**

	Budget FY25 \$m	Budget FY26 \$m	Variance \$m
Receipts from customers and government grants	705.1	808.0	102.9
Payments to suppliers and employees	(526.4)	(659.9)	(133.5)
Net interest and finance costs paid	(20.7)	(28.8)	(8.1)
Other operating cash flows	-	-	-
Net cash from operating activities	<b>158.0</b>	<b>119.2</b>	<b>(38.8)</b>
Net payments for intangible assets and property, plant and equipment	(216.0)	(123.4)	92.6
Net cash from investing activities	<b>(216.0)</b>	<b>(123.4)</b>	<b>92.6</b>
Net borrowings	35.9	(67.1)	(103.0)
Net cash from financing activities	<b>35.9</b>	<b>(67.1)</b>	<b>(103.0)</b>
Net increase/decrease in cash	(22.1)	(71.3)	(49.2)

\*AEMO Group includes the consolidation of AEMO Services Limited and TCV (to 1 Nov 25 only).

## 23. Revenue requirements and fees

The tables in this section present the revenue requirement and fees (excluding any applicable GST) that will apply from 1 July 2025 for each function within each energy market.

## 24. National Electricity Market (NEM) Core fees

The NEM Core benchmark fee is increasing by 4.5% in FY26, consistent with the year-on-year step change in operating expenditure including the funding needs of *Engineering Roadmap*, investment into management of increasing operational risk as the energy transition gains momentum. Forecast consumption is estimated to decrease in FY26 by 0.9%, partly offsetting the revenue requirement uplifting for the budget year.

The FY26 budget is based on the *Step Change* scenario from the 2024 NEM *Electricity Statement of Opportunities* (ESOO), updated to reflect the latest assumptions on key inputs including large industrial loads, electrification, electric vehicles, and distributed photovoltaics (PV).

In accordance with the National Electricity Rules, AEMO notified its NEM Core Fees for Transmission Network Service Providers on 15 February 2025. Since notification, AEMO continues to further refine its budget and as a result the TNSP allocation (\$27.5m) is lower compared to notified amount (\$28.0m). Based on current practice, AEMO will continue to invoice TNSPs its notified amount and incorporate the difference as part of true-up in FY27 fees.

**Table 11. NEM Core revenue requirement and fees FY26**

	Budget FY25	Budget FY26	Variance \$	Variance %
NEM revenue requirement \$m	213.68	221.22	7.54	3.5%
Consumption (GWh)	175,934	174,301	(1,633)	(0.9%)
Connection points (Million)	10.82	11.04	0.22	2.0%
<b>NEM fee by participant type</b>				
Market customer fee (\$/MWh)	0.29525	0.30854	0.01329	4.5%
Market customer fees (\$ per connection point per week)	0.09228	0.09364	0.00136	1.5%
Wholesale participants allocation \$m	83.61	86.56	2.95	3.5%
TNSP allocation \$m	26.18	27.10	0.92	3.5%
NEM benchmark fee* \$/MWh	1.21455	1.2692	0.05465	4.5%
Participant Compensation# Fund \$m	NIL	NIL	NIL	NIL

\*The NEM benchmark fee is calculated by dividing the total revenue requirement by the total forecast consumption.

# There is no requirement for the participant compensation fund (PCF) to be collected in FY26. The PCF fee applies to scheduled generators, semi-scheduled generators and scheduled network service providers.

**Table 12. NEM Core revenue requirement breakdown**

Function	Rate \$	Recovery basis
<b>NEM unallocated fees (30%)</b>		
Market customers	0.19038	MWh of customer load
Market customers	0.05778	Per connection point per week
<b>NEM allocated fees (70%)</b>		
Market customers	0.11816	MWh of customer load
Market customers	0.03586	Per connection point per week
Wholesale participants	N/A	Daily rate calculated on 2024 capacity/ energy basis
Transmission Network Service Providers	Table 13	Energy consumed for the latest completed financial year

**Table 13. Notified NEM Core Transmission Network Service Providers allocation**

Function		% allocation of charge	FY26 participant fees (\$)	FY25 true-up *	Final FY26 Fees (\$)
VIC - AusNet Services	VIC	1.7%	2,653,200	0	2,653,200
TransGrid	NSW	7.4%	11,822,797	0	11,822,797
PowerLink	QLD	6.0%	9,597,647	0	9,597,647
ElectraNet	SA	1.3%	2,030,768	0	2,030,768
TasNetworks	TAS	1.2%	1,903,486	0	1,903,486
Total		17.5%	28,007,898	0	28,007,898

\*FY25 true-up is the difference between Draft and Final publication of the AEMO's NEM TNSP fees in February and June 2024.

## 25. NEM Functions fees

### Electricity retail market

This revenue requirement includes cost recovery relating to Consumer Data Right (CDR) Reforms.

The FY26 retail market revenue includes a 22.5% increase as part of ongoing effort to normalise revenue after FY23 and FY24, when rates were set lower to return accumulated surplus. This marks the second and final year of the phase adjustment, with full cost recovery expected by the end of the budget year.

Electricity retail market fees apply to market customers with a retail licence.

**Table 14. Electricity retail market revenue requirement and fee**

	Budget FY25	Budget FY26	Variance \$	Variance %
Electricity retail market revenue requirement \$m	20.31	24.87	4.56	22.5%
Connection points (Million)	10.82	11.04	0.22	2.0%
Electricity retail market fees (\$ per connection point per week)	0.03609	0.04330	0.00721	20.0%

### 5MS and Global Settlements (GS) compliance (5MS/GS) and IT upgrade

The FY26 5MS/GS/GS revenue requirement includes a 30.7% reduction to accommodate a return of accumulated surplus from FY25.

**Table 15. 5MS/GS revenue requirement and fee**

	Budget FY25	Budget FY26	Variance \$	Variance %
5MS/GS revenue requirement \$m	42.31	29.34	(12.97)	(30.7%)
Consumption (GWh)	175,934	174,301	(1,633)	(0.9%)
Connection points (Million)	10.82	11.04	0.22	2.0%
<b>5MS/GS fee by participant type</b>				
Market customer fee (\$/MWh)	0.09861	0.06902	(0.02959)	(30.0%)
Market customer fees (\$ per connection point per week)	0.03082	0.02095	(0.00987)	(32.0%)
Wholesale participants allocation \$m	7.60	5.28	(2.32)	(30.5%)
5MS/GS benchmark fee# (\$/MWh)	0.24050	0.16835	(0.07215)	(30.0%)

# The benchmark fee is calculated by dividing the total revenue requirement by the total forecast consumption.

### Distributed Energy Resources (DER) Integration Program

The FY26 DER revenue requirement includes a 68.4% increase to recover operational costs for the budget year and address a portion of prior year's deficit. As part of FY24 year-end closure and annual accounts process, we identified that costs associated with some DER program projects were not included within the function cost. Although this issue was corrected, the adjustment was not reflected in the FY25 revenue setting, resulting in a deficit that will need to be recovered in FY26.

**Table 16. DER revenue requirement**

	Budget FY25	Budget FY26	Variance \$	Variance %
DER revenue requirement \$m	5.91	9.95	4.04	68.4%
Consumption (GWh)	175,934	174,301	(1,633)	(0.9%)
Connection points (Million)	10.82	11.04	0.22	2.0%
<b>DER fee by participant type</b>				
Market customer fee (\$/MWh)	0.01344	0.02284	0.00940	69.9%
Market customer fees (\$ per connection point per week)	0.00420	0.00693	0.00273	65.0%
Wholesale participants allocation \$m	1.18	1.99	0.81	68.6%
DER benchmark fee # \$/MWh)	0.03359	0.05710	0.02351	70.0%

# The fee listed above as a benchmark fee is calculated by dividing the total revenue requirement by the total forecast consumption.

### National Electricity Market (NEM) 2025 Reform Program

The FY26 NEM2025 Reform Program revenue requirement includes a recovery of system establishment cost from go-live date, ongoing cost for the budget year and recovery of the remainder portion of FY24 accumulated deficit. Recovery of the FY24 accumulated deficit has been smoothed over two financial years being FY25 and FY26. As reference, NEM reform participant fee structure is available here. *October 2023 Structure of participant Fees for AEMO's NEM2025 Reform Program*.

**Table 17. NEM2025 revenue requirement**

	Budget FY25	Budget FY26	Variance \$	Variance %
NEM2025 revenue requirement \$m	63.48	72.89	9.41	14.8%
Consumption (GWh)	175,934	174,301	(1,633)	(0.9%)
Connection points (Million)	10.82	11.04	0.22	2.0%
<b>NEM2025 fee by participant type</b>				
Market customer fee (\$/MWh)	0.09679	0.11218	0.01539	15.9%
Market customer fees (\$ per connection point per week)	0.05151	0.05797	0.00646	12.5%
Wholesale participants allocation \$m	17.46	20.04	2.58	14.8%
NEM2025 benchmark fee # \$/MWh)	0.36363	0.41817	0.05454	15.0%

# The fee listed above as a benchmark fee is calculated by dividing the total revenue requirement by the total forecast consumption.



### National Transmission Planner (NTP)

In line with the NER, AEMO published its *NTP revenue requirement* for FY26 in February 2025. This fee applies to Coordinating Network Service Providers.

**Table 18. National transmission planner revenue requirement**

	Budget FY25	Budget FY26	Variance \$	Variance %
NTP revenue requirement \$m	30.35	35.20	4.85	16.0%

### Cyber security roles and responsibilities

On 12 December 2024, the AEMC published a final determination and final rule to formalise and clarify AEMO's cyber security coordination responsibilities in the NER to enable AEMO and the energy industry to better prepare for and respond to potential cyber security incidents<sup>3</sup>. These responsibilities include:

- planning and coordinating the NEM-wide response to cyber incidents
- supporting industry preparedness and uplift
- examining risks and providing advice to government and industry
- distributing critical cyber security information to industry participants.

For FY26, AEMO proposed a \$14.7 million revenue requirement, accounted for costs to perform the function in the budget year as well as addressed the cost incurred in FY25 but not recovered. The revenue requirement represents costs incurred from 11 Dec 2024 (FY25) and FY26.

On 23 June 2025, AEMO published its final fee structure for this function, determined cost allocation in the following manner:

- 33.3% to Wholesale Participants, charged equally on the basis of capacity and energy.
- 33.3% to Market Customers, based on 50% on a \$/MWh and 50% on a \$/NM; and
- 33.3% to TNSPs charged based on energy consumed for the latest completed financial year.

**Table 19. Cyber security roles and responsibilities revenue requirement**

	Budget FY25	Budget FY26	Variance \$	Variance %
Cyber security roles and responsibilities revenue requirement \$m	NA	14.7	NA	NA
Consumption (GWh)	NA	174,301	NA	NA
Connection points (Million)	NA	11.04	NA	NA
<b>Cyber Security fee by participant type</b>				
Market customer fee (\$/MWh)	NA	0.01406	NA	NA
Market customer fees (\$ per connection point per week)	NA	0.00427	NA	NA
Wholesale participants allocation \$m	NA	4.9	NA	NA
Transmission Network Service Providers	Table 20	Energy consumed for the latest completed financial year		

<sup>3</sup> AEMO is engaging with the Commonwealth and State and Territory jurisdictions on establishing equivalent cyber related roles and responsibilities across the gas and WA wholesale electricity markets and these would be subject to separate and distinct consultations.

**Table 20. Transmission Network Service Providers allocation**

Function		% allocation of charge	FY26 participant fees (\$)
VIC - AusNet Services	VIC	22.1%	1,083,192
TransGrid	NSW	36.3%	1,779,989
PowerLink	QLD	29.5%	1,444,980
ElectraNet	SA	6.2%	305,744
TasNetworks	TAS	5.8%	286,581
<b>Total</b>		<b>100%</b>	<b>4,900,484</b>

**Other budgeted revenue requirements**

AEMO also collects revenue to recover the costs of the South Australian planning function, administration of the Settlement Residue Auctions (SRAs) and Consumer Data Platform.

The revenue requirement for South Australian planning for FY26 is set to remain consistent with FY25.

Expenses associated with administration of SRAs are recovered on a cost recovery basis. Budgets and fees are required to be set for three years in advance, with over or under recoveries recovered in subsequent years.

Consumer Data Platform revenue is to decrease in FY26, reflecting cost saving from efficiency gain achieved through the platform amalgamation with CDR.

**Table 21. Other revenue requirement and fees (\$m)**

	Budget FY25	Budget FY26	Variance \$	Variance %
SA planning	1.00	1.00	NIL	NIL
Settlement Residue Auctions	0.78	0.67	(0.11)	(14.1%)
Consumer Data Platform	0.70	0.50	(0.20)	(28.6%)

## 26. East Coast Gas fees

### Declared Wholesale Gas Market (DWGM)

The DWGM revenue requirement for FY26 reflects a 12.3% reduction as part of the ongoing phased return of the of accumulated surplus over three years. As a result, the DWGM tariff for FY26 is set 4.9% lower than FY25, driven by both the reduced revenue requirement and a lower consumption forecast for the budget year. The FY26 consumption forecast is based on the *Step Change* scenario from the 2025 *Gas Statement of Opportunities* (GSOO).

### Distribution meter fee

The distribution meter fee is paid by each market participant connected to a declared distribution system, at a connection point at which there is an interval metering installation.

The distribution meter fee is set to recover the cost relating to metering data services. For FY26, the meter fee is set at \$1.5242 per meter per day, which is 1.2% lower than FY25.

**Table 22. DWGM revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
DWGM revenue requirement (Energy tariffs) (\$m)	11.81	10.36	(1.45)	(12.3%)
Gas consumption (TJ)	213,302	196,857	(16,445)	(7.7%)
Distribution meters (Avg)	1,087	1,086	(1)	(0.1%)
<b>DWGM variable fees</b>				
Energy tariff (\$/GJ withdrawn)	0.05535	0.05262	(0.00273)	(4.9%)
Distribution meter (\$/day per meter)	1.54196	1.5242	(0.01776)	(1.2%)
Participant compensation fund (PCF)	NIL	NIL	NIL	NIL
DLNG Storage recoveries (\$m)	8.4	10.95	2.55	30.4%

**Table 23. FY25 budget DWGM energy consumption**

TJ	Budget FY25	Forecast * FY25	Budget FY26
Residential and commercial	123,352	111,576	118,495
Industrial	59,449	53,570	52,484
Export	29,130	36,966	23,477
GPG	1,371	4,699	2,401
Total	213,302	206,811	196,857
% change	(4.2%)	(3.0%)	(7.7%)

\* Forecast annual FY25 consumption as at March 2025.

### Short-Term Trading Market (STTM)

Over the past decade, the STTM revenue requirements have been deliberately reduced to return surplus funds. However, starting from FY26, it is proposed to incrementally increase the revenue requirement over the coming years to gradually achieve full cost recovery.

FY26 consumption is forecast to be 3.5% lower compared to FY25 budget, with lower projected consumption for all three STTM hubs, based on the FY26 consumption forecast is based on the Step Change scenario from the 2025 Gas Statement of Opportunities (GSOO).

The STTM activity fee includes the STTM Market Operator Service (MOS) allocation fee. Excluding the STTM MOS fees, the activity fee is 20% higher compared to FY25, reflecting increase to revenue requirement and reduction to FY26 forecast consumption. The STTM MOS allocation fee for FY26 is 10.7% higher than FY25, reflecting estimated MOS allocation costs for the year, lower forecast consumption and the recovery of the prior's deficit.

**Table 24. STTM revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
STTM revenue requirement \$m	2.45	2.84	0.37	15.1%
Gas consumption (TJ)	137,223	131,749	(5,474)	(4.0%)
<b>STTM variable fees (\$/GJ withdrawn)</b>				
Activity fee	0.02084	0.02473	0.00389	18.7%
Activity fees (excluding STTM MOS)	0.01785	0.02142	0.00357	20.0%
STTM MOS allocation fee	0.00299	0.00331	0.00032	10.7%
<b>Participant Compensation Fund (PCF)</b>				
PCF fee – Syd (\$/GJ withdrawn per hub per ABN)	NIL	NIL	NIL	NIL
PCF fee – Adel (\$/GJ withdrawn per hub per ABN)	NIL	NIL	NIL	NIL
PCF fee – Bris (\$/GJ withdrawn per hub per ABN)	NIL	NIL	NIL	NIL

**Table 25. STTM energy consumption**

TJ	Budget FY25	Forecast * FY25	Budget FY26
Adelaide	19,150	19,370	19,490
Brisbane	25,105	22,678	24,225
Sydney	92,969	92,808	88,034
Total	137,223	134,857	131,749
Percentage change		(1.7%)	(4.0%)

\* Forecast annual FY25 consumption as at March 2025.

### East Coast Gas System (ECGS) Function

The FY26 ECGS function revenue requirement includes a 39.9% increase, to recover the remaining 50% of system establishment cost, cover ongoing costs for the budget year and address a portion of prior year deficit. It is anticipated that FY27 will return to a full cost recovery model.

### Trading Fund and Contribution Rate

Under Part 27, Division 7, Rule 709 of the National Gas Rules, AEMO is required to publish the adjusted trading amount and the contribution rate for trading fund for the new financial year, by 30 June each year.

The adjusted trading amount for the trading fund is calculated using March quarter Consumer Price Index (CPI) of All Groups, weighted average of eight capital cities. For FY26, the trading amount is \$39,051,673, a 2.4% uplift to FY25 (\$38,136,400).

In determining the contribution rates, AEMO may have regard to a number of factors including the use of the trading fund in affected jurisdictions. Participants are invoiced based on their consumption in each jurisdiction multiplied by the contribution rate. For FY26, the contribution rates determined under NGR 709(3) are \$0/GJ for all jurisdictions as no trading costs were incurred in FY25. There will be no invoice issued for FY26.

**Table 26. East Coast Gas System Function revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
East Coast Gas Reform revenue requirement \$m	3.23	4.52	1.29	39.9%
Gas producers' production (PJ)	1,957	1,963	6	0.3%
MIRNs basic meters - total (Million)	4.87	4.93	0.06	1.2%
<b>East Coast Gas fees</b>				
Producer fee (\$ per GJ)	0.00050	0.00069	0.00019	38.0%
Retailer fee (\$ per customer supply point)	0.03865	0.05347	0.01482	38.3%
<b>East Coast Gas Contribution Rates (\$/GJ)</b>				
New South Wales and Australia Capital Territory	NIL	NIL	NIL	NIL
Victoria	NIL	NIL	NIL	NIL
Queensland	NIL	NIL	NIL	NIL
South Australia	NIL	NIL	NIL	NIL
Northern Territory	NIL	NIL	NIL	NIL
Tasmania	NIL	NIL	NIL	NIL

### Victorian (VIC) retail gas market

The FY26 Victorian retail gas market revenue requirement includes a 31.5% increase as part of ongoing revenue normalisation, following previous years of setting revenue below cost to return prior surplus. A further adjustment is anticipated in FY27 to fully align revenue with the cost of this function.

**Table 27. VIC retail gas market revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
VIC retail gas market revenue requirement \$m	1.62	2.13	0.51	31.5%
Customer supply points (Million)	2.34	2.37	0.03	1.3%
VIC retail gas market tariff (\$ per customer supply point per month)	0.05764	0.07493	0.01729	30.0%

### Queensland (QLD) retail gas market

The FY26 revenue requirement includes a 4.8% increase, reflecting wages inflation.

**Table 28. QLD retail gas market revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
QLD retail gas market revenue requirement \$m	1.05	1.10	0.05	4.8%
Customer supply points (Million)	0.24	0.24	0.00	0.0%
QLD retail gas market fee (\$ per customer supply point per month)	0.37219	0.38336	0.01117	3.0%

### South Australia (SA) retail gas market

The FY26 market fee is the same as FY25, with slight increase in the revenue requirement of 1.5%, driven by higher forecast of customer supply points in the budget year.

**Table 29. SA retail gas market revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
SA retail gas market revenue requirement \$m	1.32	1.34	0.02	1.5%
Customer supply points (Million)	0.50	0.51	0.01	2.0%
South Australia retail gas market fee (\$ per customer supply point per month)	0.21910	0.21910	NIL	NIL

### New South Wales (NSW) retail gas market

The FY26 revenue requirement includes a 6.3% increase, reflecting wages inflation and higher forecast of customer supply points in the budget year.

**Table 30. NSW retail gas market revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
NSW retail gas market revenue requirement \$m	2.70	2.87	0.17	6.3%
Customer supply points (Million)	1.79	1.81	0.02	1.1%
NSW retail gas market fee (\$ per customer supply point per month)	0.12555	0.13183	0.00628	5.0%

### East Coast Gas Statement of Opportunities (GSOO)

In recent years, the GSOO revenue requirement has been consistently set below operational costs. Despite incremental adjustments during this period, revenue levels have remained insufficiently to fully cover expenses. For FY26 the revenue requirement is adjusted to full cost recovery and address a portion of the prior year's deficit.

**Table 31. GSOO revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
GSOO revenue requirement \$m	3.13	4.13	1.00	31.9%
Gas producers' production (PJ) <sup>1</sup>	1,957	1,963	6	0.3%
MIRNs basic meters - total (Million)	4.87	4.93	0.06	1.3%
<b>GSOO fees</b>				
Producer fee (\$ per GJ)	0.00048	0.00063	0.00015	31.3%
Retailer fee (\$ per customer supply point)	0.03746	0.04884	0.01138	30.4%

<sup>1</sup> 2025 GSOO, Table 6 - Forecast of available annual production as provided by gas producers, 2025-29 (PJ)

### Operational Transportation Service (OTS) Code Panel

The revenue requirement for FY26 is set to remain the same as FY25, with the increase in function cost being offset by the return of accumulated surplus.

**Table 32. OTS Code Panel revenue requirement and fee**

	Budget FY25	Budget FY26	Variance \$	Variance %
OTS revenue requirement \$m	0.09	0.09	NIL	NIL
OTS Code Panel (\$/GJ)	0.00074	0.00074	NIL	NIL



### Gas Supply Hub (GSH)

Fees are determined outside of AEMO's budget and fee setting process through a consultation process as set out in the [Gas Supply Hub exchange agreement](#).

**Table 33. GSH revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
GSH revenue requirement \$m	2.05	2.05	NIL	NIL
Gas consumption (TJ)	35,100	35,100	NIL	NIL
<b>Trading participant fees</b>				
Fixed fee - on licence per annum	12,000	12,000	NIL	NIL
Fixed fee - additional licence per annum	12,000	12,000	NIL	NIL
Variable transaction fee - daily product fee (\$/GJ)	0.03	0.03	NIL	NIL
Variable transaction fee - weekly product fee (\$/GJ)	0.02	0.02	NIL	NIL
Variable transaction fee - monthly product fee (\$/GJ)	0.01	0.01	NIL	NIL
<b>Other participant fees</b>				
Reallocation participants - fixed fee per annum	9,000	9,000	NIL	NIL
Viewing participants - fixed fee per annum	3,600	3,600	NIL	NIL

### Gas Capacity Trading Platform (CTP)

The fixed and variable fee for CTP will remain the same as FY25.

**Table 34. CTP revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
Fixed fee - on licence per annum (commodity and capacity) (\$)	12,000	12,000	NIL	NIL
Fixed fee - on licence per annum (capacity only)	7,000	7,000	NIL	NIL
<b>Trading participant fees</b>				
Variable transportation fee (\$/GJ) Daily/ Weekly/ Monthly	0.00345	0.00345	NIL	NIL
Variable compression fee (\$/GJ) Daily/ Weekly/ Monthly	0.00345	0.00345	NIL	NIL

Note: the variable transaction fees for CTP includes a fee of \$0.00074 relating to OTS Code Panel.

### Day Ahead Auction (DAA)

The FY26 revenue requirement includes a 15.9% reduction, reflecting an ongoing return of accumulated surplus. Participant fees, including fees relating to Operational Transportation Service (OTS) Code Panel.

**Table 35. DAA revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
DAA revenue requirement \$m	1.89	1.59	(0.30)	(15.9%)
Gas consumption (GJ) - transportation	93,750	93,750	NIL	NIL
Gas consumption (GJ) - gas compression	31,250	31,250	NIL	NIL
<b>Trading participant fees</b>				
Other transportation fee (\$/GJ)	0.01643	0.01391	(0.00252)	(15.3%)
Compression fee (\$/GJ)	0.01415	0.01198	(0.00217)	(15.3%)

Note: the variable transaction fees for DAA includes a fee of \$0.00074 relating to OTS Code Panel.

### Gas Bulletin Board (GBB)

In FY24, the revenue requirement was set below cost to return prior year surplus. Although the FY25 revenue increase by 5% to account for inflation, it remained below the actual cost for the budget year. For FY26, the requirement has been adjusted to fully cover the budgeted costs. However, a deficit remains from prior years due to revenue falling short of actual costs. This deficit is planned to be gradually recovered by the end of FY28.

Fee increases reflect a reduction in forecast gas production and consumption in FY26.

**Table 36. GBB revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
GBB revenue requirement \$m	2.57	3.22	0.65	25.3%
Gas producer production (PJ) <sup>1</sup>	1,957	1,963	6	0.3%
Gas consumption (TJ)	350,525	328,606	(21,919)	(6.3%)
<b>GBB fees</b>				
Producer (\$/GJ)	0.00066	0.00082	0.00016	24.2%
Participants in wholesale gas market (\$/GJ withdrawn)	0.00367	0.0049	0.00123	33.5%

<sup>1</sup> 2025 GSOO, Table 6 - Forecast of available annual production as provided by gas producers, 2025-29 (PJ)

## 27. Western Australia (WA) fees

### WA Wholesale Electricity Market (WEM)

On the 26 February 2025, the Coordinator issued its *Final Rule Change Report – AEMO’s Allocable Revenue Framework (RC\_2024\_01)*. The final decision is to reject Rule Change Proposal RC\_2024\_01 and make Amending Rules to:

- suspend AEMO’s current Allowable Revenue Framework (ARF) until market fees can be set under a new framework.
- continue to apply the current Market Participant Market Fee rate and Application Fees while the ARF Review is progressing.
- for every Financial Year while the ARF Review is underway, 50% of the previous Financial Year’s Market Participant Market Fee rate and Application Fees will be adjusted by the annual percentage change in the Wage Price Index (WPI) and the remaining 50% will be adjusted by the annual percentage change in the Consumer Price Index (CPI).

In line with the recent rule change, AEMO has applied a 2.9% increase to the FY26 fee. The WEM revenue requirement for FY26 indicates a 1.3% reduction compared to FY25, primarily due to a 4.9% decrease in forecast consumption, which more than offsets the 2.9% fee increase. The forecast consumption assumption is based on the *Step Change* scenario from the [2025 WEM Electricity Statement of Opportunities](#). A loss factor of 4.1% is applied in calculating the FY26 WEM revenue requirement (FY25: 3.3%).

**Table 37. WEM revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
WEM revenue requirement \$m	99.46	98.15	(1.31)	(1.3%)
Energy consumption (GWh)	18,018	17,144	(874)	(4.9%)
WEM FEES				
WEM fee (\$/MWh) #	2.6717	2.74918	0.07748	2.9%
WEM fee (indicative benchmark) * (\$/MWh)	5.3435	5.49836	0.15486	2.9%
WEM REGULATOR & COORDINATOR FEES (\$/MWh)				
WA Economic Regulation Authority – Regulator fee	0.1792	0.3244	0.1452	81.0%
Energy Policy WA – Coordinator fee	0.0872	0.0919	0.0047	5.4%

# WEM fee applies to Market Customers and Generators.

\* Benchmark fee reflects the total of WEM fee per MWh for both Market Customers and Generators.

### Western Australian Gas Services Information (GSI)

The final rule change decision, “*Final Rule Change Report – AEMO’s Allocable Revenue Framework (GRC\_2024\_01)*” applies the same indexation methodology to GSI, being a 2.9% increase.

**Table 38. GSI revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
GSI revenue requirement (\$m)	1.61	1.66	0.05	3.1%
WA Economic Regulation Authority – Regulator fee (\$m)	0.15	0.11	(0.04)	(25.9%)
Energy Policy WA – Coordinator fee (\$m)	0.15	0.33	0.18	124.3%

### Western Australia (WA) retail gas market

The WA retail gas market revenue requirement include annual member fees. For FY26, the revenue is set to increase by 10.8% reflecting cost inflation and revenue normalisation due to FY24 revenue requirement being set lower to return accumulated surplus.

The annual member fee is escalated based on a 2.8% Perth’s March quarter Consumer Price Index.

**Table 39. WA retail gas market revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
WA retail gas market gas revenue requirement \$m	1.61	1.78	0.17	10.6%
Customer supply points (Million)	0.82	0.84	0.02	2.4%
<b>WA FRC gas fees</b>				
WA retail gas market fee (\$ per customer supply point per month)	0.13765	0.15142	0.01377	10.0%
Annual fee – member	24,814	25,509	695	2.8%
Annual fee - associate member	4,839	4,974	135	2.8%

Note: associate members are self-contracting users that are partly to the WA Gas Retail Market Agreement. The FY26 annual fees are calculated according to clause 362A(5) of the Retail market Procedures (WA), with CPI being 2.8%.

## 28. NEM Connections fees

### AEMO Connections charge out rates

Across the NEM, AEMO assesses and negotiates performance standards for connecting assets to assure the reliable and secure performance of the power system. AEMO also assesses simulation models of power system plant and associated control systems and performs commissioning and post-commissioning activities.

AEMO's brings specialised engineering skills to ensure new connections to the NEM continue to support the safe and secure operations of the system. We are committed to provide an efficient service to the industry. AEMO's rates are reflective of the technical effort and expertise required and are comparable to specialist/skilled external consultant rates. Different roles are required to support the end-to-end connection assessment process. Rates for these roles reflect direct and indirect costs. Fees are charged on a time and material basis and invoiced monthly. Fees are charged to the connecting market participant.

**Table 40. AEMO connection charge-out rates FY26**

Role	Rate per hour \$	Variance %
Analyst/engineer	345	NIL
Senior	375	(1.3%)
Principal	420	(1.2%)
Managers/specialist	480	(3.0%)
<b>Third party labour<sup>1</sup></b>	Cost + 15%	
<b>Site visits<sup>2</sup></b>	Rate per hour (+15% for third-party labour) including travel time, and travel expenses.	
<b>Connections Initiative uplift<sup>3</sup></b>	\$30	

<sup>1</sup> AEMO may engage contractors or consultants or seek specialist advice (e.g. legal advice) in relation to an assessment.

<sup>2</sup> AEMO employees and/or contractors may attend site to oversee testing (in accordance with [clause 5.8.5\(a\) of the NER](#)).

<sup>3</sup> In 2021 AEMO and the Clean Energy Council established the [Connections Reform Initiative](#) (CRI) to accelerate the process for assessing and connecting plant to the NEM in an increasingly complex and dynamic environment. Through consultation with stakeholders, a roadmap was developed identifying key improvement workstreams. It was agreed with stakeholders that this work would be funded by connecting participants. A \$30/hour fee is applied to AEMO Onboarding and Connections charges.

## 29. Other fees and charges

In addition to the above fees and charges prescribed under the associated rules, AEMO provides a range of services to electricity and gas markets participants which are charged on a fee-for-services (FFS) basis.

### Other fees

**Table 41. Other fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
NEMDE queue (\$ per application)	17,600	18,450	850	4.8%
Project developer (\$ per facility)	11,250	9,500	(1,700)	(15.6%)
Voluntary book build participant accreditation fee (\$ per application)	1,000	1,050	50	5%
Additional participant ID (\$ per additional ID)	6,500	6,800	300	4.6%
SCADA Lite – Initial fee	29,200	29,200	NIL	NIL
SCADA Lite – Annual fee for Cloud-Hosted	36,350	36,350	NIL	NIL
SCADA Lite – Annual fee for On-Prem Data Centre	24,350	24,350	NIL	NIL
SCADA Lite – Third party Cost <sup>1</sup>	Cost + 15%	Cost + 15%	NIL	NIL

<sup>1</sup> Applies to on-prem participant only. Any participant specific network hardware, hardware support & network link subscriptions will be pass on, along with a 15% disbursement fee at time of payment. This charge is in addition to AEMO's initial and annual fees. For more information, refer to [Connecting with SCADA Lite](#).

### AEMO charge-out rates

From time to time, AEMO provides consulting and other services for which it charges the user. AEMO's charge out rates are determined on the basis of full cost recovery and include direct and indirect costs. Charge out rates for connections assessments attracts a different rate, due to the nature of the work. Refer to [Generator Connection Application Fees](#) for more information.

**Table 42. AEMO charge-out rates (\$ per hour)**

	Budget FY25	Budget FY26	Variance \$	Variance %
Senior leadership	560	585	25	4.5%
Manager/specialist	470	490	20	4.3%
Principal	370	390	20	5.4%
Senior	340	355	15	4.4%
Analyst/engineer	320	335	15	4.7%
Office	270	285	15	5.6%

### Fees schedules of new registrations

On 3 June 2024 a new market participant category of Integrated Resource Provider (IRP) became effective in the NEM. Registration fees for IRPs will be considered through consultation on the NEM participant fee structure in 2025-2026. In the interim, IRP applicants will incur the registration fees relevant to the type of unit they are connecting to the NEM or role they are undertaking. This will be discussed with connecting applicants upon

receipt of their application. Existing eligible market participants who wish to transfer to the new application type will not be charged for transferring their registration type.

For FY26, registration fees will continue to be calculated based on assessed effort, consistent with the approach introduced in FY25. While most fees have increased by an average of 5%, primarily due to AEMO's Enterprise Agreement (EA) adjustment and higher employer super contributions, some fees have experienced more substantial changes, reflecting a reassessment of effort level required. The registration fees for each registration type are charged to the appropriate participant. Any third-party costs incurred by AEMO in the process of registering a participant are included within the fees.

For enquiries about registrations please email [onboarding@aemo.com.au](mailto:onboarding@aemo.com.au).

Fees are rounded up to the nearest \$50.

**Table 43. Fee schedule of new NEM registrations (\$ per registration)**

Registration type	Budget FY25	Budget FY26	Variance \$	Variance %
Scheduled market generator <sup>A</sup>	41,800	46,000	4,200	10%
Semi-scheduled market generator	54,850	61,750	6,900	13%
Non-scheduled market generator	40,100	42,100	2,000	5%
Scheduled non-market generator	31,250	NA		
Semi-scheduled non-market generator	43,300	NA		
Non-scheduled non-market generator	41,950	44,050	2,100	5%
Transfer of registration	29,200	30,650	1,450	5%
Market customer	13,250	13,950	700	5%
Market small generation aggregator	21,750	22,850	1,100	5%
Network service provider	60,800	63,850	3,050	5%
Metering coordinator (MC)	22,450	23,600	1,150	5%
Trader	16,300	17,150	850	5%
Reallocator	14,950	12,600	(2,350)	(16%)
Intending participant	11,250	9,500	(1,750)	(16%)
Exemption from registration	10,200	10,750	550	5%
<b>Frequency control ancillary services</b>				
Classification of generating units as frequency control ancillary services (FCAS) generating units <sup>B</sup>	13,600	14,300	700	5%
Classification of load as frequency control ancillary services load – new ancillary services or classify load in a new region <sup>C</sup>	13,600	14,300	700	5%
Amendment of an existing load classification, and/or aggregating further load to an existing load classification for frequency control ancillary services purposes	5,800	6,100	300	5%
<b>Wholesale demand response</b>				
Registration as demand response service provider	20,250	21,300	1,050	5%
Classification of load as wholesale demand response unit – new wholesale demand response unit or classify load in a new region or load forecasting area <sup>D</sup>	12,650	13,300	650	5%



Registration type	Budget FY25	Budget FY26	Variance \$	Variance %
Amendment of the relevant plant associated with its existing load classification, and/or aggregating further load to its existing load classification for wholesale demand response unit	2,550	2,700	150	6%
Aggregation of existing load already classified as wholesale demand response unit	2,550	2,700	150	6%
<b>Disbursement charges</b>				
Disbursement charge – additional energy conversion model – semi scheduled market generator	6,050	6,400	350	6%
Disbursement charge – additional energy conversion model – non-scheduled market generator	3,050	3,250	200	7%
<b>Stand-alone power system</b>				
New participant as a market stand-alone power system resource provider (MSRP)	13,850	14,550	700	5%
Existing market participant registering as a market stand-alone power system resource provider (MSRP)	9,100	9,550	450	5%

A. Each category of Generator in this table includes applications made by persons intending to act as intermediaries.

B. This fee is additional to the fee required to register as a Generator.

C. This fee is additional to the fee required to register as a Market Customer or Demand Response Service Provider.

D. This fee is additional to the fee required to register as a Demand Response Service Provider.

**Table 44. Fee schedule of new WA WEM registrations (\$ per registration)**

Application type	Budget FY25	Budget FY26	Variance \$	Variance %
Rule participant registration application fee	2,800	2,882	82	3%
Facility registration application fee	5,150	5,300	150	3%
Facility transfer application fee	2,800	2,882	82	3%
Conditional certification of reserved capacity	1,450	1,493	43	3%
Resubmission - application for early certified reserved capacity	12,700	13,069	369	3%
Consumption deviation application reassessment application fee for non-temperature dependent loads and for relevant demand (Clause 4.26.2CC and 4.28.9B of the WEM Rules)	650	669	19	3%

Note: Rule Participant De-registration and Facility De-registration will remain at zero.

In line with the recent rule change, AEMO has applied a 2.9% increase to the FY26 fee.

**Table 45. Fee schedule of new power of choice accreditations (\$ per application)**

Application type	Budget FY25	Budget FY26
Initial deposit – embedded network manager	2,000	2,000
Initial deposit – metering data providers	5,000	5,000
Initial deposit – metering providers	5,000	5,000
Incremental charge rate per hour	Per Table 41 AEMO charge-out rates (\$ per hour)	

**Table 46. Fee schedule of new gas registrations**

Fees are rounded to the nearest \$50.

Market	Application type	Budget FY25 \$	Budget FY26 \$	Variance \$	Variance %
Victoria Retail Gas	Market participant - retailer	33,300	35,000	1,700	5%
	Market participant - other	19,700	20,700	1,000	5%
QLD Retail Gas	Retailer	33,300	35,000	1,700	5%
	Self-contracting user	32,600	34,250	1,650	5%
SA Retail Gas	Retailer	40,850	42,900	2,050	5%
	Self-contracting user	39,450	41,450	2,000	5%
NSW Retail Gas	Retailer	35,000	36,750	1,750	5%
	Self-contracting user	34,650	36,400	1,750	5%
WA Retail Gas	WA retail gas - member	15,382	15,813	431	3%
	WA retail gas - associate member	3,075	3,161	86	3%
DWGM	Market participant - retailer	23,100	24,250	1,150	5%
	Market participant - trader	23,100	24,250	1,150	5%
	Market participant - distribution customer	22,450	23,600	1,150	5%
STTM	STTM user	21,400	22,500	1,100	5%
	STTM shipper	21,400	22,500	1,100	5%
Pipeline Capacity	Part 24 facility operator	24,800	26,050	1,250	5%
	Day ahead auction – auction participant	21,750	22,850	1,100	5%

Note: the above registration fees are per registration per registrable capacity, which is per registration.

**Table 47. Registration fees to be provided on a quoted basis for each new Registered participant, including those listed below**

Market	
DWGM	Market participant - producer
	Market participant - transmission customer
	Market participant - storage provider
	Market participant - blend processing provider
	Participant - declared transmission system service provider
	Participant - interconnected transmission pipeline service provider
	Participant - distributor
	Participant - producer
	Participant - distribution connected facility operator
	Participant - blend processing provider
	Participant - storage provider
	Participant - transmission customer
Retail - NSW/ACT	Network Operator
Retail - Qld	Distributor
Retail - SA	Shipper
	Network Operator
	Network Operator - Mildura region
	Transmission system operator
Retail - Vic	Distributor
	Transmission System Service Provider

Note: Market participant – blend processing provider, distribution connected facility operator and blend processing provider are new Registered participant categories introduced in the National Gas Amendments (Other Gases) Rule 2024 and the National Gas Amendment (DWGM distribution connected facilities) Rule 2022 No. 3

### Energy Consumers Australia (ECA)

In January 2015, Energy Consumers Australia (ECA) was established by the Council of Australian Governments (COAG) Energy Council with the focus on national electricity market matters of strategic importance for energy consumers, in particular residential and small business consumers. AEMO is required to collect funding from market participants in the NEM and gas markets on ECA's behalf to fund its program of work, however, AEMO is not responsible for setting ECA's budget. In FY26, ECA has budgeted to collect \$15.28m (FY25: \$10.31m).

The electricity ECA fee for FY26 is \$0.02058 per connection point for small customer per week, a 53.2% increase compared with FY25, reflecting an increase in funding requirements (43%) and a recovery of forecast deficit. This fee is applicable to Market Customers.

The gas ECA fee for FY26 is \$0.06251 per customer supply point per month, 33.6% higher than FY25. The fee increase is driven by an increase in funding requirement (43%) and a recovery of forecast deficit. This fee applies to each retail gas market participant participating in the registrable capacity of market participant – retailer in Victoria or retailer in NSW/ACT, QLD and SA.

**Table 48. ECA revenue requirement and fees**

	Budget FY25	Budget FY26	Variance \$	Variance %
<b>Electricity</b>				
Revenue requirement (\$m)	7.47	11.58	4.11	55.0%
Electricity retail market - connection points for small customers	10.70	10.82	0.12	1.1%
Electricity (\$/connection point for small customers a week)	0.01343	0.02058	0.00715	53.2%
<b>Gas</b>				
Revenue requirement (\$m)	2.74	3.70	0.96	35.0%
MIRNs basic meters - total (Million)	4.87	4.93	0.06	1.2%
Gas (\$/customer supply point per month)	0.04679	0.06251	0.01572	33.6%

For enquiries relating to the ECA funding requirement, please contact Director, Strategy and Corporate c/o [info@energyconsumersaustralia.com.au](mailto:info@energyconsumersaustralia.com.au)

# Appendix A. Functions within market segments

## Functions within market segments

Function	Summary of responsibilities <sup>4</sup>
<b>NEM Core</b>	
NEM Core	<p><b>AEMO is responsible for managing:</b></p> <ul style="list-style-type: none"> <li>• power system security and reliability</li> <li>• market operations and systems</li> <li>• wholesale metering, settlements, and prudential supervision</li> <li>• longer-term energy forecasting and planning services (for the eastern and southern Australian states).</li> </ul>
<b>NEM functions</b>	
Electricity retail markets	<p>AEMO is responsible for facilitating retail market competition in the east coast and southern states of Australia by managing and supporting:</p> <ul style="list-style-type: none"> <li>• support retail market functions and customer transfers</li> <li>• manage data for settlement purposes.</li> <li>• implement market procedure changes.</li> <li>• business to business processes.</li> </ul>
<b><u>5-minute settlements</u></b> (5MS/GS)	AEMO is responsible for operating and maintaining systems and procedures necessary for financial settlement of the national electricity market at five-minute intervals.
<b><u>Distributed Energy Resources (DER) program</u></b>	AEMO is responsible for understanding and integrating high levels of DER into the Australian power system to ensure a smooth transition from a one-way energy supply chain – starting with large-scale generation units to consumers – to a decentralised, two-way energy system.
<b><u>National Transmission Planner</u></b>	AEMO is responsible for delivering an actionable <a href="#">Integrated System Plan</a> (ISP).
SA Planning / South Australian Advisory Functions (SAAF)	AEMO is responsible for preparing a collection of independent reports and publishing them for the South Australian jurisdiction under Section 50B of the National Electricity Law. Under these provisions, the South Australian Government may also request AEMO to undertake additional advisory functions for the South Australian Declared Power System.
<b><u>Settlements Residue Auction</u></b> Administration	<p>AEMO is responsible for conducting Settlements Residue Auctions including:</p> <ul style="list-style-type: none"> <li>• building, updating and maintaining the auction platform</li> <li>• facilitate the settlement residue auction process</li> <li>• Manage the Settlements Residue Committee</li> </ul>
<b><u>Consumer Data Platform</u></b> (CDP)	AEMO is responsible for providing a data access service to government-operated energy comparison websites.
<b><u>NEM Reform program</u></b>	<p>AEMO is responsible for managing the implementation of the <a href="#">Energy Security Board's post-2025 electricity market design</a>, including:</p> <ul style="list-style-type: none"> <li>• resource adequacy mechanisms</li> <li>• essential system services and ahead scheduling</li> <li>• integration of DER and flexible demand</li> <li>• transmission and access.</li> </ul>
<b><u>Cyber Security Roles and Responsibilities</u></b>	<p>AEMO's responsibilities include coordination and support of cyber security preparedness, response and recovery as well as the four following cyber security functions</p> <ul style="list-style-type: none"> <li>• planning and coordinating the NEM-wide response to cyber incidents</li> <li>• supporting industry preparedness and uplift</li> </ul>

<sup>4</sup> For further detailed information, please see the relevant legislation and governing rules or agreement

Function	Summary of responsibilities <sup>4</sup>
	<ul style="list-style-type: none"> <li>examining risks and providing advice to government and industry</li> <li>distributing critical cyber security information to industry participants.</li> </ul>
<b>East Coast Gas Functions</b>	
<u>Declared Wholesale Gas Market (DWGM)</u>	<p>The DWGM enables competitive dynamic trading based on injections and withdrawals from the Victorian Declared Transmission System, which links producers, major users, and retailers. AEMO is responsible for:</p> <ul style="list-style-type: none"> <li>gas system security, market operations and systems</li> <li>gas system reliability and planning</li> <li>wholesale metering and settlements</li> <li>prudential management.</li> </ul>
<u>Short-Term Trading Market (STTM)</u>	<p>The STTM is a market-based wholesale gas balancing mechanism at defined gas hubs (Sydney, Adelaide, and Brisbane). AEMO is responsible for:</p> <ul style="list-style-type: none"> <li>market operations and systems</li> <li>Market Operator Service (MOS) – recovery of the pipeline operators' service costs in relation to the STTM and recovers this from participants</li> <li>wholesale metering and settlements</li> <li>prudential management.</li> </ul>
<u>East Coast Gas System (ECGS)</u>	<p>The ECGS functions bestow AEMO with the responsibilities for monitoring, signalling and responding to risks or threats to the adequacy and reliability of gas supply in the ECGS. Stage 1 of these functions was implemented for winter 2023 and these functions will be further enhanced with longer term enduring solutions through the delivery of Stage 2. AEMO has been providing input into Stage 2, which will be progressed as a series of rule changes through the AEMC. For more information on ECGS reforms, please click <a href="#">here</a>.</p>
<u>Gas retail markets</u>	<p>AEMO is responsible for providing the services and infrastructure to allow gas consumers to choose their retailer while also providing the business-to-business interactions to support efficient operation of the market. This includes:</p> <ul style="list-style-type: none"> <li>supporting retail market functions and customer transfers</li> <li>managing data for settlement purposes</li> <li>implementing market procedure changes</li> <li>operating the central IT systems that facilitate retail market services.</li> <li>(Operated in Victoria, Queensland, South Australia, New South Wales, and Western Australia).</li> </ul>
<u>Gas Statement of Opportunities (GSOO)</u>	<p>AEMO is responsible for consulting, developing and reporting on annual gas consumption and maximum gas demand, and for reporting on the adequacy of central and eastern Australian gas markets to supply forecast demand over a 20-year outlook period.</p>
<u>Gas Supply Hub (GSH)</u>	<p>The GSH provides a centralised trading, settlement and clearing facility through an online portal, and enables generators, users, producers and retailers to manage their daily and future gas requirements. AEMO centrally settles transactions, manages prudential requirements, and provides reports to assist participants to manage their portfolio and gas delivery obligations.</p>
<u>Capacity Trading Platform (CTP)</u>	<p>AEMO is responsible for the maintain and operating the CTP, which facilitates the trading of pipeline capacity, including:</p> <ul style="list-style-type: none"> <li>settlement and prudential management of capacity transactions.</li> <li>exchange transaction information with facility operators to facilitate the delivery of capacity transactions.</li> <li>update STTM contract rights and DWGM accreditations in accordance with transactions in integrated products.</li> </ul>
<u>Day Ahead Auctions (DAA)</u>	<p>AEMO is responsible for facilitating DAAs, which includes:</p> <ul style="list-style-type: none"> <li>managing and maintaining the auction platform to allocate capacity to shippers</li> <li>settlement and prudential management of auction transactions</li> <li>providing auction results to facility operators to facilitate the delivery of auction transactions</li> </ul>

Function	Summary of responsibilities <sup>4</sup>
	<ul style="list-style-type: none"> <li>updating DWGM accreditations, in accordance with transactions to a DWGM interface point.</li> </ul>
<a href="#">Operational Transportation Service (OTS) Code Panel</a>	AEMO is responsible for assessing, consulting and preparing proposals to amend the <a href="#">Operational Transportation Service Code</a> .
<a href="#">Gas Bulletin Board</a> (GBB)	The GBB facilitates improved decision-making and trading in gas commodity and pipeline capacity, through the provision of readily accessible and up-to-date gas system and market information. AEMO is responsible for capacity outlooks, nominations and forecasts, actual flows, line pack adequacy and additional information for maintenance planning.
<b>WA Electricity and Gas Functions</b>	
<a href="#">Wholesale Electricity Market</a> (WEM)	<p>AEMO is responsible for managing:</p> <ul style="list-style-type: none"> <li>power system security and reliability</li> <li>market operations and systems</li> <li>wholesale metering, settlements, and prudential supervision</li> <li>preparing for and implementing the WA Government's WEM and Constrained Access Reforms</li> <li>longer-term energy forecasting and planning services.</li> </ul>
<a href="#">Gas Services Information</a> (GSI)	<p>AEMO is responsible for operating the Gas Bulletin Board (WA) and developing the WA Gas Statement of Opportunities in accordance with the <a href="#">Gas Services Information (GSI) Rules</a> and relevant <a href="#">GSI Procedures</a>. This includes:</p> <ul style="list-style-type: none"> <li>providing an information website hub to provide flow information on gas, transmission, storage, emergency management with supply disruptions, and demand in WA</li> <li>developing an annual planning document providing medium to long-term outlook of WA gas supply and demand and transmission and storage capacity.</li> </ul>
<a href="#">Gas retail markets</a>	Refer to gas retail markets, in East Coast Gas, above.



## Appendix B. Consultation feedback received and AEMO response

Theme	Key points raised	AEMO response
Transparency and engagement approach	Both formal submissions noted and commended increasing transparency and stakeholder engagement via forums such as the Financial Consultation Committee (FCC) and the Reform Delivery Committee, and AEMO's increased commitment to explaining budget figures.	AEMO notes this feedback and acknowledges our continued commitment to uplift our transparent and engagement practices in these areas. To build on our work in FY25, and for future Budget and Fees, AEMO will continue to undertake a more iterative engagement program with the FCC, alongside our corporate plan priorities, leading up to Draft Budget and Fees release on appropriate elements. In addition, and in the spirit of our continued focus on driving efficiency and prudence, AEMO will engage constructively with the FCC to share peer comparison work which we will make available through our budget and fees work going forward.
Funding Mechanisms	<p>Clarification requested on funding mechanism for Minimum System Load (MSL) events, and IPRR implementation.</p> <p>Questions on budget drivers for East Coast Gas System.</p> <p>Funding for ISP and NEM reform initiatives (e.g., DER, MITE Project).</p>	<p>AEMO has included a new explanatory diagram about items funded/collected through budget and fees vs. through market mechanism and settlement processes (see figure 4).</p> <p>Funding of the ISP is clarified in the <a href="#">National Transmission Planner (NTP) Fees</a>, published in February each year.</p> <p>Responses to questions asked about the East Coast Gas System and NEM reform initiatives were provided directly to the persons requesting clarification.</p>
Governance and budget setting	Query about whether the Federal Government sets AEMO's budget and the governance around the final budget (Board vs. external party)	<p>The Federal Government does not set AEMO's budget.</p> <p>Further clarity provided on governance structure for Budget and Fees via simple explanation (see section 6.)</p>
Budget Outlook over a five-year period	Request to provide forward view greater than a single year (5 years requested).	AEMO has added a new section which provides a high-level forward benchmark fee outlook for NEM Core (section 4). We will look to provide further forward-looking detail in the next Budget and Fees and through the FCC, as appropriate.

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Prudency and efficiency	<p>Submissions noted AEMO’s achievement in clearing NEM core accumulated deficit, however noted a limited ability to determine if 2025–26 budget is prudent and efficient.</p> <p>Submissions also called for AEMO to call out some productivity or efficiency initiatives implemented to fund activities.</p>	<p>Included in this document is further detail on broad value delivered by AEMO’s work to the overall market and consumers, against the backdrop of a relatively minor consumer cost (see segment summaries).</p>
Financial governance	<p>One submission noted a lack of independent regulatory oversight for AEMO’s NEM costs compared to processes in Western Australia, and a desire for benchmarking.</p>	<p>We note the regulatory arrangements in Western Australia are materially different from requirements in the NEM/East Coast, and seek to provide confidence to stakeholders through open and transparent engagement and publication of information. AEMO has robust governance processes in relation to its budget and fee setting processes, with ultimate accountability to the AEMO Board.</p> <p>We are currently progressing a review against peer system operators and working through the findings to understand the insights it provides. We are committed to engaging with the FCC throughout this process, and will do so ahead of publishing further information in the Annual Report, scheduled for release in September 2025.</p>

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## Appendix C. Glossary

Term	Definition
<b>5MS/ GS</b>	5 Minutes Settlement and Global Settlements
<b>ACT</b>	Australia Capital Territory
<b>AEMC</b>	Australian Energy Market Commission
<b>AEMO</b>	Australian Energy Market Operator Limited
<b>ASL</b>	AEMO Services Limited
<b>CEO</b>	Chief Executive Officer
<b>CDP</b>	Consumer Data Platform
<b>CIS</b>	Capacity Investment Scheme
<b>CPI</b>	Consumer Price Index
<b>CTP</b>	Capacity Trading Platform
<b>D&amp;A</b>	Depreciation and Amortisation
<b>DAA</b>	Day Ahead Auction
<b>DER</b>	Distributed Energy Resource
<b>DLNG</b>	Dandenong liquefied natural gas
<b>DTS</b>	Declared Transmission System
<b>DWGM</b>	Declared Wholesale Gas Market
<b>ECA</b>	Energy Consumers Australia
<b>ECGS</b>	East Coast Gas System
<b>ECMC</b>	Energy and Climate Change Ministerial Council
<b>ERA</b>	Economic Regulation Authority
<b>ESOO</b>	Electricity Statement of Opportunities
<b>FCAS</b>	Fast Frequency Ancillary Services
<b>FCC</b>	Financial Consultation Committee
<b>FPP</b>	Frequency Performance Payments
<b>FRAC</b>	Finance, Risk and Audit Committee
<b>FRC</b>	Full Retail Contestability
<b>FY23</b>	Financial Year 1 July 2022 to 30 June 2023
<b>FY24</b>	Financial Year 1 July 2023 to 30 June 2024
<b>FY25</b>	Financial Year 1 July 2024 to 30 June 2025
<b>FY26</b>	Financial Year 1 July 2025 to 30 June 2026
<b>GBB</b>	Gas Bulletin Board
<b>GJ</b>	Gigajoule
<b>GPG</b>	Gas Powered Generation
<b>GSI</b>	Gas Services Information
<b>GSH</b>	Gas Supply Hub
<b>GSOO</b>	Gas Statement of Opportunities
<b>GWh</b>	Gigawatt-hour
<b>IDAM</b>	Identity and Access Management

Term	Definition
<b>IDX</b>	Industry Data Exchange
<b>ISP</b>	Integrated System Plan
<b>MITE</b>	Market Interface Technology Enhancements
<b>MOS</b>	Market Operator Service
<b>MSRP</b>	Market Resource Provider
<b>MWh</b>	Megawatt-hour
<b>NEM</b>	National Electricity Market
<b>NEMDE</b>	National Electricity Market Dispatch Engine
<b>NEL</b>	National Electricity Law
<b>NER</b>	National Electricity Rules
<b>NGO</b>	National Gas objective
<b>NGR</b>	National Gas Rules
<b>NMI</b>	National Meter Identifier
<b>NSW</b>	New South Wales
<b>NTP</b>	National Transmission Planner
<b>OTP</b>	Operations Technology Program
<b>OTS</b>	Operational Transportation Service
<b>PC</b>	Portal Consolidation
<b>PCF</b>	Participant Compensation Fund
<b>PJ</b>	Petajoule
<b>PV</b>	Photovoltaic
<b>QLD</b>	Queensland
<b>RTO</b>	Real Time Operations
<b>REZ</b>	Renewable Energy Zone
<b>PJ</b>	Petajoule
<b>SA</b>	South Australia
<b>SRA</b>	Settlement Residue Auction
<b>STTM</b>	Short Term Trading Market
<b>SWIS</b>	South-West Interconnected System
<b>TCV</b>	Transmission Company Victoria
<b>TJ</b>	Terajoule
<b>TNSP</b>	Transmission Network Service Provider
<b>TUoS</b>	Transmission Use of System
<b>VIC</b>	Victoria
<b>WA</b>	Western Australia
<b>WEM</b>	Wholesale Electricity Market



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