Annual Report

AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

FY24

Contents

We acknowledge the Traditional Custodians of the land, seas and waters across Australia. We honour the wisdom of Aboriginal and Torres Strait Islander Elders past and present and embrace future generations.

We acknowledge that, wherever we work, we do so on Aboriginal and Torres Strait Islander lands. We pay respect to the world's oldest continuing culture and First Nations peoples' deep and continuing connection to Country; and hope that our work can benefit both people and Country.

Read the story behind this artwork on page 7 of our Reflect Reconciliation Action Plan.

Journey of unity: AEMO's Reconciliation Path by Lani Balzan, a proud Aboriginal woman from the Wiradjuri people of the three-river tribe.

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A message from AEMO's Chair and CEO

Australia's energy systems are rapidly evolving from a historic reliance on coal-fired power to a future dominated by renewable energy sources.

Today, renewable generation contributes 40 per cent of the electricity in Australia's grids. Investment in renewable generation and storage capacity continues to increase, with the pipeline of potential developments expanding, filling the gaps left by the steady retirement of coal.

As Australia's independent system and market operator, and system planner, AEMO is focused on working in the long-term interests of consumers. AEMO's daily work is to enable safe, reliable and affordable energy to power their homes and their businesses.

This focus has resulted in measurable progress in AEMO's four key strategic priorities: operating today's system and markets; navigating the energy future; engaging our stakeholders; and evolving the way we work.

Across the year, AEMO's control room staff faced record demand conditions, supply constraints and incidents across energy networks, and managed the impact of severe heatwaves and storms. Despite these challenges, these teams continued to use their expertise and judgment to keep energy flowing. Assisting this, AEMO's digital team has uplifted cyber resilience, while also introducing new digital systems across the business.

Collaborating on substantial market reforms remained a priority. In the past year this included introducing an entirely new Wholesale Electricity Market in Western Australia, gas system reforms, and new operational technology. The Integrating Energy Storage Systems project has encouraged more investment in batteries in the National Electricity Market (NEM).

These major reforms are examples of AEMO's work to support ongoing investment in the transition, along with the unique insights, reports and plans for the market in our calendar of publications.

The *Integrated System Plan* (ISP), released in June, articulated the least-cost pathway in line with government energy and emissions policies for the NEM to reach net zero by 2050. The consultation process for the ISP ran over two years and incorporated feedback from 2,100 informed stakeholders.

This was an example of how AEMO wants to work closely with stakeholders. We appreciate their engagement across our work, and we are committed to building greater levels of trust and engagement from industry, government and consumer advocates.

Improving financial transparency was a focus across FY24. The first annual results presentation, enabling stakeholders to better understand AEMO's performance against objectives, was one key initiative. We have also updated our risk management appetite and framework to further improve AEMO's governance, including strengthening AEMO's financial management systems and procedures.

AEMO continued to evolve the way we work, with an emphasis on diversity, equity and inclusion. AEMO has implemented a number of activities to promote gender equity and reconciliation. This year we reached our minimum 40 per cent target for the overall representation of women at AEMO, almost two years early.

In April, Drew Clarke retired as chair of AEMO after nearly seven years in the role. Drew's stewardship, experience and wisdom during his tenure has been of immeasurable benefit to the organisation and our work to plan and operate the nation's energy systems.

AEMO's response to the challenges of the transition is outlined in the FY25 *Strategic Corporate Plan*. We look forward to reporting on progress in next year's Annual Report.

Mary O'Kane
AEMO Chair

Daniel Westerman
AEMO Chief Executive Officer

About us

Who we are and what we do

As Australia's independent system and market operator and system planner, the Australian Energy Market Operator's (AEMO's) purpose is to ensure secure, reliable, and affordable energy and enable the energy transition in the long-term interests of consumers.

AEMO is a member-based company limited by guarantee. Australian federal, state and territory governments have a 60 per cent membership interest, and industry members have 40 per cent. As a not-for-profit organisation, AEMO's operating costs are recovered through fees paid by market participants, and through other funding mechanisms, such as fee-for-service activities.

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

The organisation is governed by a Board of Directors, which oversees AEMO's activities, supported by a robust and fit-for-purpose governance framework. The Board delegates day-to-day management of AEMO to the CEO.

As Australia's energy transition has evolved, so have AEMO's role and functions. While AEMO continues to operate systems and markets, and conduct energy planning, it is increasingly partnering with governments to support the delivery of new investment in energy infrastructure. The company established AEMO Services to help transform Australia's energy system by bringing forward new investment in energy infrastructure. Transmission Company Victoria was formed to undertake early works on the Victoria – New South Wales Interconnector West (VNI West) transmission project.

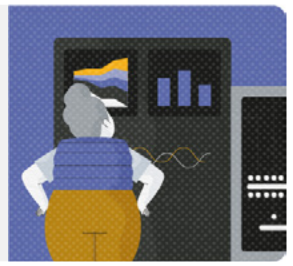
AEMO has four primary functions:

Operate electricity and gas systems

- Real-time operations
- System service and security management, monitoring and review
- Engineering analysis, support and modelling
- Monitoring power system operating reserves, gas supply adequacy and operational forecasting
- Emergency and outage management
- Digital and cyber security (AEMO systems)

Operate wholesale energy markets

- Participant registrations and accreditation
- Market operations and procedures
- Metering, settlements, prudentials and payments
- Market monitoring, advice and analysis
- Modernising digital market systems



Plan and enable the energy system of the future

- Enable the energy transition through AEMO's planning and forecasting functions
- Energy system forecasting, modelling and planning
- Network connection enablement
- Technical analysis and resource adequacy assessments
- Statutory and government policy support and integration
- Energy system and market reform consultation and project delivery

Support new investment

- Design and conduct tenders for generation, storage and firming infrastructure.
- Map development pathways and tender plans in New South Wales (NSW).
- Authorise renewable energy zone network infrastructure in NSW.

Executive Leadership Team

Daniel Westerman

Chief Executive Officer and Managing Director

Daniel commenced as CEO and Managing Director of AEMO in May 2021. He oversees AEMO's strategy and operations, including collaboration with industry and policy-makers.

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

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

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

Nevenka Codevelle

Executive General Manager AEMO Services

Nevenka brings 25 years' experience in the energy sector. Starting her career as an infrastructure and regulatory lawyer, Nevenka went on to have a variety of roles in the energy sector spanning government and industry. This included more than 13 years with APA Group as a member of the leadership team that helped grow the business to be included in the ASX50.

Nevenka also founded and led the Energy Charter, which sought to bring together the energy supply chain to deliver better whole-of-system customer and community outcomes.

Nevenka was Executive General Manager Government and Stakeholder for AEMO, prior to moving to AEMO Services.

Gordon Dunsford

Executive General Manager Digital

Gordon has more than 25 years' experience in business and digital technology roles across a range of industry sectors.

Prior to joining AEMO, Gordon was Chief Information and Technology Officer and Executive Director Digital Technology and Innovation at NSW Police Force, where he developed and successfully delivered a significant modernisation and uplift in digital technologies, methods, and culture. Gordon was twice named by CIO Magazine in the Top 10 CIOs for Australia during his time at NSW Police Force.

Gordon has also held chief technology roles with WaterNSW, Airservices Australia, Integral Energy and TransGrid. He was the Chief Technology Officer for IBM across Asia Pacific and Japan and has held leadership and delivery roles with Westpac and Commonwealth Bank.

He holds an MBA and is a graduate member of the Australian Institute of Company Directors.

Michael Gatt

Executive General Manager Operations

Michael has detailed experience in Australia's energy sector, including executive leadership experience across multiple disciplines. He has led delivery of extensive capital programs, including the commissioning of generators, construction of transmission lines and maintenance of a broad range of assets.

With a background in infrastructure and policy, and a passion for practical applications, Michael brings assets to life in the operation of complex grids and markets.

Michael has led AEMO's response through countless operational challenges, including market suspensions and significant power and gas system events.

He has qualifications in electrical engineering and commerce and is passionate about innovative ways to solve the challenges of the energy transition.

Vanessa Hannan

Executive General Manager Finance and Governance

Vanessa brings extensive finance and governance experience across the infrastructure and utilities sectors during times of fundamental structural change. After starting her career in chartered accounting, Vanessa has led finance, corporate services and internal audit functions at top ASX-listed organisations across Australia and New Zealand.

Prior to joining AEMO, Vanessa held the dual role of Executive Director at Transurban Queensland and led Enterprise Finance for Transurban Group Limited. Vanessa was responsible for transforming several corporate functions during a period of significant merger and acquisition activity at Transurban. Vanessa previously held divisional CFO roles at Telstra and AGL.

Vanessa holds an MBA, a Bachelor of Commerce/Arts and is a Chartered Accountant.

Rebecca Irwin

Executive General Manager Government and Stakeholder

Rebecca joined AEMO in April 2024, bringing over 25 years' experience in government and the private sector. Rebecca has led diverse teams that have delivered significant reforms in strategy and public policy, advocacy and negotiation as well as stakeholder engagement.

Rebecca has led corporate affairs and sustainability teams for some of Australia's largest industrial energy users, including BHP Billiton, Newcrest Mining and Adbri (Adelaide Brighton). Rebecca delivered Adbri's first Net Zero Emissions Roadmap. Rebecca's government experience includes senior executive roles in state and federal government in regulatory, policy and operational agencies. She was a senior political adviser to the Prime Minister. Rebecca started her career as an international lawyer to the Australian Government.

Rebecca is a Fulbright Scholar with a Master in Laws from Harvard University. She is also a graduate of the University of Sydney, with a Bachelor of Arts and Bachelor of Laws (Hons).

Glenn Jackson

Executive General Manager People and Culture

Glenn has over 25 years of people and culture experience in the corporate services sector across Australia, the UK, and the US. Prior to joining AEMO, Glenn spent nearly eight years as Human Resources Director at Queensland Investment Corporation. Prior to this, he held executive-level human resources roles for Australian and global corporations, including Group Chief HR Officer for QBE, General Manager Talent and Capability for the National Australia Bank Group, and Director in the people practice of PWC.

Glenn holds an MBA and is passionate about inclusion, high performance, and enabling talented people to thrive. At AEMO he champions a range of programs to support AEMO to have the culture, leadership and capability it needs to manage the transition.

Violette Mouchaileh

Executive General Manager Reform Delivery

Violette's extensive experience spans economic regulation, energy policy development, development of regulatory frameworks, market development and design, and market change implementation.

She has held various roles at AEMO in market design development, market change implementation and operations. She formerly held roles driving energy market policy in the Federal Government and worked on competition policy initiatives at the Australian Energy Regulator (AER) and Australian Competition and Consumer Commission (ACCC).

Kate Ryan

Executive General Manager WA and Strategy

Kate has extensive knowledge and experience built over two decades in the energy industry. Before joining AEMO, Kate was the Coordinator of Energy at Energy Policy WA, where she oversaw strategic policy, reform, regulation and market design for Western Australia's energy markets.

She has held other senior roles with the Queensland and Western Australian governments and the former Independent Market Operator in Western Australia, and has also managed key reform projects in the Queensland and Western Australian energy sectors.

Merryn York

Executive General Manager System Design

Merryn brings deep industry experience of more than 30 years from a power system engineering background that includes generator connections, transmission planning, regulatory investment and the delivery of major transmission projects. Formerly Merryn served as a Commissioner at the Australian Energy Market Commission (AEMC) and as Chief Executive of Powerlink Queensland.

Merryn holds a Master of Engineering Science and Bachelor of Engineering from the University of Queensland. She has also completed a Graduate Certificate in Applied Law from the University of Queensland.

A reflection on FY24

JUL 2023

1 July 2023: AEMO Services Limited reached two-year anniversary of appointment as NSW Consumer Trustee.

28 July 2023: Published 2023 Inputs, Assumptions and Scenarios Report.

AUG 2023

Aug 2023: AEMO subsidiary Transmission Company Victoria (TCV) established to progress the Victoria – New South Wales Interconnector West (VNI West) project.

Aug 2023: Reached our target of a minimum 40% women in the workforce earlier than anticipated.

Aug 2023: Released the 2023 Electricity Statements of Opportunities (ESOO) for the NEM and WEM.

SEP 2023

Sept 2023: National Energy Objective was revised to include emissions.

25 Sep 2023: Minimum operational demand record of 595 megawatts (MW) set in Western Australia.

OCT 2023

1 Oct 2023: Launched the new Wholesale Electricity Market in Western Australia after years of development and testing.

9 Oct 2023: Launched two new frequency response markets in the NEM.

24 Oct 2023: 72.1% renewable generation contribution in the NEM.

31 Oct 2023: Released Victorian Annual Planning Report.

NOV 2023

22 Nov 2023: The outcome of the second NSW Consumer Trustee tender was announced, supporting 1,075 MW of firming infrastructure and demand response.

23 Nov 2023: Energy and Climate Change Ministerial Council announced expansion of the Capacity Investment Scheme, and plan to establish National Consumer Energy Resources (CER) Roadmap and CER taskforce.

DEC 2023

6 Dec 2023: AEMO receives an Aa2 credit rating and raises its inaugural bond.

13 Dec 2023: 25-year anniversary of the NEM.

31 Dec 2023: Minimum operational demand record of -26 MW set in South Australia.

JAN 2024

22 Jan 2024: Maximum operational demand record of 11,005 MW set in Queensland.

Jan-Feb 2024: Procured Supplementary Reserve Capacity (SRC) 14 times to secure energy supply in response to extreme weather conditions in Western Australia.

FEB 2024

13 Feb 2024: Managed power system security through a major storm event in Victoria, which flattened six transmission towers, tripped Victoria's largest generator, and damaged distribution networks.

18 Feb 2024: Maximum operational demand in Western Australia reached a record of 4,233 MW.

MAR 2024

1 Mar 2024: Energy and Climate Change Ministerial Council significantly expanded the scope of the *Integrated System Plan* (ISP) to include gas and demand forecasting, further consideration of social licence and community sentiment.

5 Mar 2024: Rupture of the Queensland gas pipeline, which required AEMO to exercise its East Coast Gas System functions for the first time, including issuing curtailment directions and ensuring backup supply.

16 Mar 2024: Released the 2023 East Coast Gas Statement of Opportunities and Victorian Gas Planning Report.

APR 2024

2 April 2024: Professor Mary O'Kane AC took over as Chair of AEMO's Board from Drew Clarke AO PSM.

17 Apr 2024: Appointment of the 2026 ISP Consumer Panel.

MAY 2024

17 May 2024: Released updated 2023 NEM ESOO.

27 May 2024: Launched our Reflect Reconciliation Action Plan.

31 May 2024: Launched first tender for the Capacity Investment Scheme seeking 6 gigawatts (GW) of renewable electricity generation across the NEM.

JUN 2024

Jun 2024: Deployed the Integrating Energy Storage Systems (IESS) project into market.

7 Jun 2024: Released our first Enhanced Locational Information report, to support investment and decision-making.

19 Jun 2024: Worked with industry to secure gas supply, during a gas supply-demand imbalance on the east coast.

26 Jun 2024: Released the 2024 ISP, a roadmap for the energy transition, after extensive engagement with stakeholders.

Our strategic priorities

In FY24, we continued to focus our efforts around the four priorities established in the past two strategic corporate plans.

AEMO corporate priorities

1 Operating today's systems and markets

Our most fundamental task is to keep the lights on and the gas flowing, matching energy demand and supply in real time and settling trades with wholesale energy sellers and buyers.

We will continue to modernise our operating systems, enhance cyber security and resilience, and reduce market and operational risks of the digital assets supporting our system and market operations.

2 Navigating the energy future

Using and sharing the intelligence gathered through operations and preparing our technical and market reports to make informed decisions.

We continue to collaborate with regulatory bodies, industry participants and consumers on reforms, and help identify and reduce barriers to investments in Australia's energy systems.

3 Engaging our stakeholders

Building trusted relationships between AEMO and governments, industry, business, communities and consumers.

We are committed to enhancing trust by engaging closely and transparently with stakeholders to understand their perspectives and jointly working to achieve positive energy transition outcomes.

4 Evolving the way we work

Leading with our values of Character, Connection, and Commitment to harness our expertise, build trusted relationships and deliver what needs to be done within AEMO.

We are streamlining processes while ensuring they remain dynamic and agile, and uplifting digital and data capabilities. We aim to improve the ease with which people work with, and within, the organisation.

Performance highlights

Each strategic initiative has short-term, medium-term and longer-term goals, supported by a series of initiatives that guide our work. Our FY24 *Strategic Corporate Plan* outlined 62 initiatives under the four priorities. AEMO met 51 of these initiatives and progressed 11 of them. *The Strategic Corporate Plan* also outlined key performance metrics: our performance against these metrics is below.

	Measure	Target	Actual
Operating today's systems and markets			
System security	Operate within technical limits	99.9%	>99.9%
	Preventable load shedding^, gas system pressure breaches	0	0
	Loss of system/market suspensions due to preventable cyber incidents	0	0
	Operational forecast accuracy	80%	95%
Energy reliability	No region-wide loss of supply	0	0
Market management	Material prudential supervision compliance obligations met	0	0
	Market settlements issued and settled on time	99.9%	99.2% (WEM)* 100% (NEM)
Navigating the energy future			
Deliver priority regulatory reform projects to scope, on time and to budget	Initiatives delivered	8	9
Deliver priority initiatives to prepare for 100% instantaneous renewable penetration, at times, by 2025	Initiatives delivered	14	18
Improve connections process, transparency and satisfaction	Initiatives delivered	75%	75%
Effectively deliver jurisdictional support services	Agreed outcomes delivered	100%	100%
Effectively deliver AEMO's Victorian declared network and *National Electricity (Victoria) Act 2005* functions	Agreed outcomes delivered	85%	90%
Stakeholder engagement			
Stakeholder trust and confidence	Stakeholder satisfaction	60%	69.1%
Evolving the way we work			
Health and safety performance	Maintain health and safety performance	✓	✓
Employee engagement	Engagement score	70%	73%
Achieve FY24 expenditure budget (net of recoveries)	Deliver within budget	✓	✓
Deliver AEMO programs and projects in accordance with digital architecture policy	Alignment	95%	99.15%

^ One operational incident required load shedding to maintain system security. In Victoria on 13 February 2024, AEMO instructed AusNet to shed 300 MW for 50 minutes, due to damage to the grid from a catastrophic storm.

* A minor delay occurred in the settlement run in November 2023. No material impact to market settlements occurred.

FY24 at a glance

Kept our people safe, with an emphasis on psychological safety in the workplace

Maintained energy system security and reliability

Achieved annual budget: $7m favourable

Managed reliability during record low demand in SA (-26 MW) and high demand in QLD (11,005 MW)

Started delivering the Capacity Investment Scheme

On track to resolve NEM Core accumulated deficit in FY25

Delivered 17/18 high priority regulatory reform projects on time, to scope and to budget

Stakeholder trust and confidence: 69.1%, up 5.6% on last year

Reached our target of a minimum 40% women in the workforce earlier than anticipated

Delivered market reform in WA

Planned for enhanced cyber security

Published our Reflect Reconciliation Action Plan

ELECTRICITY
Annual trades and volumes

	WEM	NEM
TOTAL ENERGY TRADED	17,834 GWh	181,362 GWh
TOTAL VALUE	$2.7 B	$17.7 B

GWh = gigawatt hours.

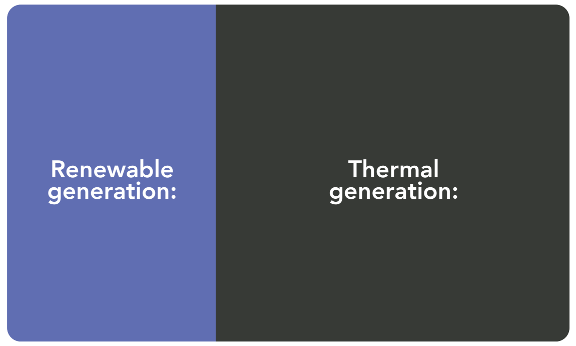
FUEL SPLIT

WEM

36.3% (WIND, GRID-SCALE SOLAR, ROOFTOP SOLAR)

63.8% (COAL, GAS AND DISTILLATE, LANDFILL GAS)

NEM



37.1% (WIND, ROOFTOP SOLAR, GRID-SCALE SOLAR, HYDRO, BIOMASS)

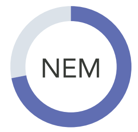
62.9% (BLACK AND BROWN COAL, NATURAL GAS, LIQUID FUEL)

East Coast Gas
344 PJ^ $4.7 B

^PJ = petajoules

FY24 INSTANTANEOUS RENEWABLE CONTRIBUTION

81.9%
24 September 2023



72.1%
24 October 2023

Operating today's systems and markets

AEMO's operations team continued to ensure reliable, secure energy supply for Australians, as the energy systems increase in complexity.

As more and more renewable generation and storage assets connect to the energy systems, there are more assets with more asset types and technologies to manage.

The overall contribution of renewable energy is growing, creating new contribution records on an ongoing basis and also impacting operational demand. In October 2023 renewable generation contributed a record 72.1 per cent in the NEM, and in South Australia AEMO's operators contended with a negative operational demand record as rooftop solar generated enough electricity to provide more than 100 per cent of South Australia's underlying demand over a 30-minute interval.

This was a great demonstration of the power of renewable energy generation, and gave AEMO's operations team the opportunity to test the systems, processes and procedures it has established for responding to 100 per cent contribution of renewables at times and to low and negative demand. The team's preparation meant security was maintained throughout this period.

At the other end of the spectrum, Queensland's operational demand reached a record 11,005 MW, 9.3 per cent higher than the previous record, during a series of scorching hot days. Likewise, summer temperatures caused challenging operational conditions in Western Australia (WA). AEMO activated Supplementary Reserve Capacity (SRC) 14 times to secure additional capacity to meet demand in the second hottest year on record for Western Australia.

Given the weather's increasing influence on the generation mix, AEMO made extensive plans and preparations for the challenges of different seasons. These preparations included acceleration of connections, procurement of emergency reserves, reviews of emergency management plans and extensive stakeholder engagement, including briefings for federal and state governments, industry and media.

Extreme weather in WA and in Victoria saw AEMO take active roles in the operational management of the energy impacts of these emergencies on consumers, working closely with industry and governments.

FY24 was the first year of operation of AEMO's new East Coast Gas system functions and AEMO responded to two material operational issues. The first was the rupture of the Queensland gas pipeline on 5 March 2024, during which AEMO worked closely with the pipeline operator and Queensland Government to issue curtailment directions and ensure backup supply. The second was on 19 June, when AEMO worked with industry to address a gas supply-demand imbalance. Industry responded and the potential imbalance was subsequently lifted on 23 August 2024.

AEMO also developed and reviewed operating procedures with the Victorian Government and Energy Safe Victoria and conducted a pre-winter exercise.

AEMO continued to improve our operating technology to make it more contemporary and support the ongoing transition, and incorporated electricity and gas market reforms into our systems, procedures, processes to further support the evolving energy system.

AEMO also took steps to continue to uplift our cyber maturity, administered the annual Australian Energy Sector Cyber Security Framework and ran a series of cyber response exercises to improve industry response capacity and capability.

BUSINESS PERFORMANCE:
Operating today's energy sytems and markets

- Maintained energy system security and reliability. ✓
- No loss of system and/or market suspension due to preventable cyber incidents. ✓
- Achieved all material prudential compliance obligations. ✓

Integrating reforms into operations

New FCAS markets

On Monday 9 October 2023, after a two-stage consultation process with industry participants focused on technical and measurement requirements, AEMO launched two new frequency response markets in the NEM: Very Fast Raise Frequency Control Ancillary Services (FCAS), and Very Fast Lower FCAS. These very fast frequency services better enable AEMO to:

- procure services that enable system security via rapidly responding to frequency disturbances caused by sudden and unplanned generation or other power system outages
- incentivise investment in fast-acting, firming technology like batteries which are crucial components of a renewable energy system.

The two new very fast FCAS markets will enable AEMO to procure very fast frequency services to manage potential system frequency events. While FCAS markets have always been a feature of the NEM, the speed at which existing FCAS services are delivered will not be fast enough to maintain system security into the future.

Battery energy storage systems (BESS) are anticipated to make up the majority of very fast service providers due to their response capability, but any technology type meeting the eligibility criteria can participate in the markets. By the end of FY24, 541 MW of battery capacity was added to the new markets.

Project snapshot

26
Batteries transitioning to bidirectional units functionality.

20+
Market participants involved

60+
Stakeholder engagement sessions

50+
AEMO systems impacted

300
AEMO employees who contributed to the project

Integrating storage systems into the NEM

As the electricity system transitions to more and more renewable generation, storage devices will play an essential role in firming the energy system by enabling immediate reparations to system frequency changes.

To enable storage services to join the NEM more readily, AEMO has been working with market participants over two years to change how energy storage systems are registered and operate in the NEM. The Integrating Energy Storage Systems (IESS) project was completed and deployed in June 2024, and was the largest and most significant project delivered through the NEM Reform Program so far.

The IESS project improved efficiency and operational flexibility by allowing bi-directional storage operators to register, bid and dispatch as a single unit. Before this, bi-directional storage operators had to duplicate processes for generation and consumption.

Improved registration and operating efficiency is expected to increase the number of storage operators in the market, which will, in turn, have a positive outcome on energy prices for consumers. It is hoped competition will also stimulate technological innovation as integrated resource providers seek to supply energy at the lowest cost to meet consumer demands.

AEMO expects 26 existing batteries to transition to the new arrangements before summer 2024. New battery and storage assets will use the new market arrangements from registration.

Building the operating control room of the future

Power system control rooms are at the centre of stable, secure, and reliable electricity supply. The energy system of the future – complex, dynamic, variable – needs contemporary operating technology that can manage power system operating conditions with high volumes of variable renewable energy and inverter-based resources.

AEMO has been uplifting our operating technology across real-time operations, operational forecasting, system capability and modelling and engineering, including:

- improving our methodology for forecasting weather-influenced generation and demand. Using machine learning allows AEMO to identify patterns, assess the extent and timing of discrepancies between forecast and actual weather, and reduce the potential for inaccuracy in supply-demand assessment
- enhancing the usability and visibility of information on the NEM Data Dashboard, which allows market participants to better respond to signals from AEMO, and streamlines communication with participants when managing incidents
- adapting our systems to better manage the size and complexity of the Victorian Declared Transmission System (DTS) and the Victorian Declared Wholesale Gas Market (DWGM), and launching a more flexible market clearing engine for the DWGM that enables AEMO to adapt the system more readily, and progressing a new, more reliable gas demand forecasting system to enable more accurate demand forecasts.

AEMO and industry response to major weather event

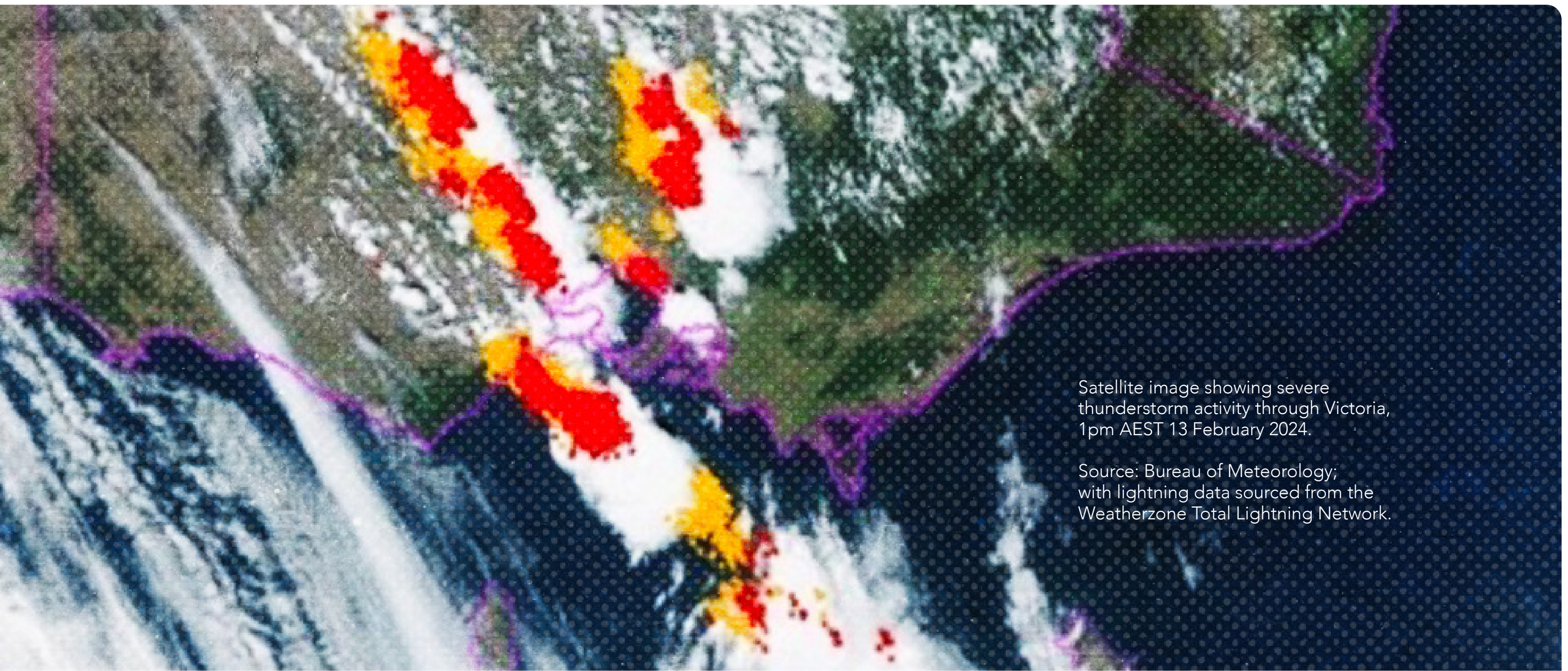
On Tuesday 13 February 2024, a severe thunderstorm with destructive winds of more than 90 kilometres an hour (km/hr) and gusts of over 122 km/hr lashed Victoria. Six 500 kilovolts (kV) transmission towers were brought down, three on each of the two 500 kV circuits between Moorabool and Sydenham, a critical corridor that connects metropolitan Melbourne with generation in Western Victoria.

The sudden drop in transmission capacity had further system impacts: all four Loy Yang A coal generation units in the Latrobe Valley tripped, resulting in the loss of about 2,000 MW of energy generation. A further 690 MW was lost from other generating units. Distribution networks were also damaged by the storm, impacting more than 500,000 residential and business customers.

Together with AusNet (the transmission network service provider) and generators in the area, AEMO responded to minimise further impact and protect system security. Other generators fired up units to respond to the loss of energy supply, but the reduced transmission capacity meant energy demand could not be met within system limits. As a last resort, AEMO instructed AusNet to shed 300 MW of load (demand) in the metropolitan area, impacting more than 500,000 residential and business customers, and took a range of actions to maintain connectivity with South Australia to reduce the potential for more widespread impacts.

Despite the extensive infrastructure damage, AEMO and AusNet resolved the power system event in two hours in Victoria, enabling power companies and crews to focus on reconnecting local customers.

A preliminary report into the incident was released on 15 February 2024.



Satellite image showing severe thunderstorm activity through Victoria, 1pm AEST 13 February 2024.

Source: Bureau of Meteorology; with lightning data sourced from the Weatherzone Total Lightning Network.

Cyber security is key to a secure operating system

Cyber attacks on the energy system can have significant consequences for consumers, whether large industry, small businesses or households.

AEMO's market systems are critical infrastructure assets for the purposes of the *Security of Critical Infrastructure (SOCI) Act 2018*. This, and the evolving and escalating cyber risks facing critical infrastructure providers, means that ensuring AEMO's cyber security is now core work requires continued investment in people, processes and technology.

In FY24, AEMO continued to enhance our cyber security posture. We uplifted governance, accountabilities and responsibilities across the organisation and continued our ongoing deep collaboration with Australian and state government and industry partners through the *Australian Energy Sector Cyber Security Framework* (AESCSF) assessment process.

All critical gas and electricity market participants participated in the 2023 AESCSF program, and results showed year-on-year improvement in security maturity and capability.

Throughout the year we worked with state governments and energy market participants on incident response exercises, testing participants' cyber response arrangements and practices. In FY24, AEMO led three joint exercises with 23 market participants critical to the energy supply chain and with the federal and state governments.

Navigating the energy future

Alongside managing today's energy system and markets, AEMO is working with industry to prepare the energy system and markets for a renewable energy future.

Foremost among these functions, AEMO produced the 2024 *Integrated System Plan* (ISP), a roadmap for the transition of the NEM to meet future energy needs and reach net zero by 2050.

In FY24, AEMO also produced the NEM 2023 *Electricity Statement of Opportunities* (ESOO) and its May 2024 update, the 2024 Wholesale Electricity Market (WEM) ESOO, the *Victorian Annual Planning Report*, the 2024 East Coast *Gas Statement of Opportunities* (GSOO), the Western Australia GSOO and the *Victorian Gas Planning Report*. AEMO also produced four *Quarterly Energy Dynamics* reports, tracking the supply, demand and price of energy in the NEM and WEM.

AEMO continued to progress our multi-year NEM Reform program to deliver a fit-for-future market, underpinned by contemporary digital architecture, and continued to deliver reforms in consultation with market bodies, government and industry.

In Western Australia, AEMO introduced a new Wholesale Electricity Market on 1 October 2023 – the culmination of years of preparation and stakeholder collaboration and engagement. The new WEM is underpinned by contemporary digital systems to manage the South West Interconnected System (SWIS) power system and the wholesale energy trading market.

Also in FY24, AEMO was engaged by the Australian Government to support the roll-out of the Capacity Investment Scheme (CIS) as an advisor and tender delivery partner, bringing together our expertise in energy market design, management and procurement. AEMO Services progressed tenders under the NSW *Electricity Infrastructure Roadmap* and the CIS.

BUSINESS PERFORMANCE:
Navigating the energy future

- Delivered 17/18 high priority regulatory reform projects on time, to scope and to budget. ✓
- Delivered priority initiatives from the Engineering Roadmap to prepare for 100 per cent instantaneous renewable penetration, at times, by 2025. ✓
- Approved 12 GW of NEM connections and commissioned the first WEM battery. ✓
- Produced high quality publications to inform industry decision-making, including the *Integrated System Plan*, NEM and WEM Electricity Statements of Opportunities, NEM and WA Gas Statements of Opportunities. ✓

Wholesale Electricity Market (WEM) launched in Western Australia

On 1 October 2023, the new Wholesale Electricity Market (WEM) was launched, with new capabilities to support the WA Government's Energy Transformation Strategy (ETS).

The new market was the biggest change to the WEM since its inception in 2006 and involved immense collaboration across government agencies, industry, market participants, and AEMO.

The WEM now operates with six co-optimised markets across energy and five Essential System Services. The five Essential System Services markets work together to balance the system and ensure secure, reliable supply at the lowest cost for customers. The markets are critical as the generation mix in WA shifts from traditional synchronous generation, such as coal-fired and gas-fired generation, to more variable or intermittent renewable sources such as wind and solar power.

The new WEM:

- enables higher levels of renewable energy and advanced technologies, including grid-scale battery storage
- encourages the investment necessary for maintaining system security and reliability as the energy transition picks-up pace
- enables electricity to be dispatched at the lowest cost
- balances supply and demand in real time, maintaining system security and reliability.

Following the launch, AEMO's WEM reform activities focused on finalising the program's remaining workstreams and establishing a broader WA Reform Program to progress the next phase of the WA Government's *Energy Transformation Strategy* initiatives.

AEMO CEO Daniel Westerman watching transition to the new WEM on launch day.

Reforming the NEM

In the NEM, AEMO's NEM Reform Program sets out a roadmap and engagement framework for a collaborative, industry-wide program to implement the market and technical reforms needed. The program's focus on open and transparent engagement and collaboration with stakeholders is fundamental to planning and implementing projects successfully.

In June 2024, AEMO completed the delivery of the largest and most significant NEM Reform project to date, with the deployment to market of the Integrating Energy Storage Systems (IESS) project. This enabled batteries to connect to the NEM more easily and efficiently.

Throughout the year, AEMO worked with stakeholders to deliver eight other reform projects, including a new Very Fast Frequency Response Control Ancillary Services Market, enhancements to Medium Term Projected Assessment of System Adequacy (MT PASA) information, the last tranches of Consumer Data Right (CDR), and retail market improvements, including adjusted 5 Minute Load Profiles and Metering Exemption changes.

These projects:

- improved consumer access to electricity usage data
- enabled participants with more than one technology type to control energy flows in the most cost and energy efficient way
- strengthened system security with a new 1-second market that manages power system frequency faster than previously possible.

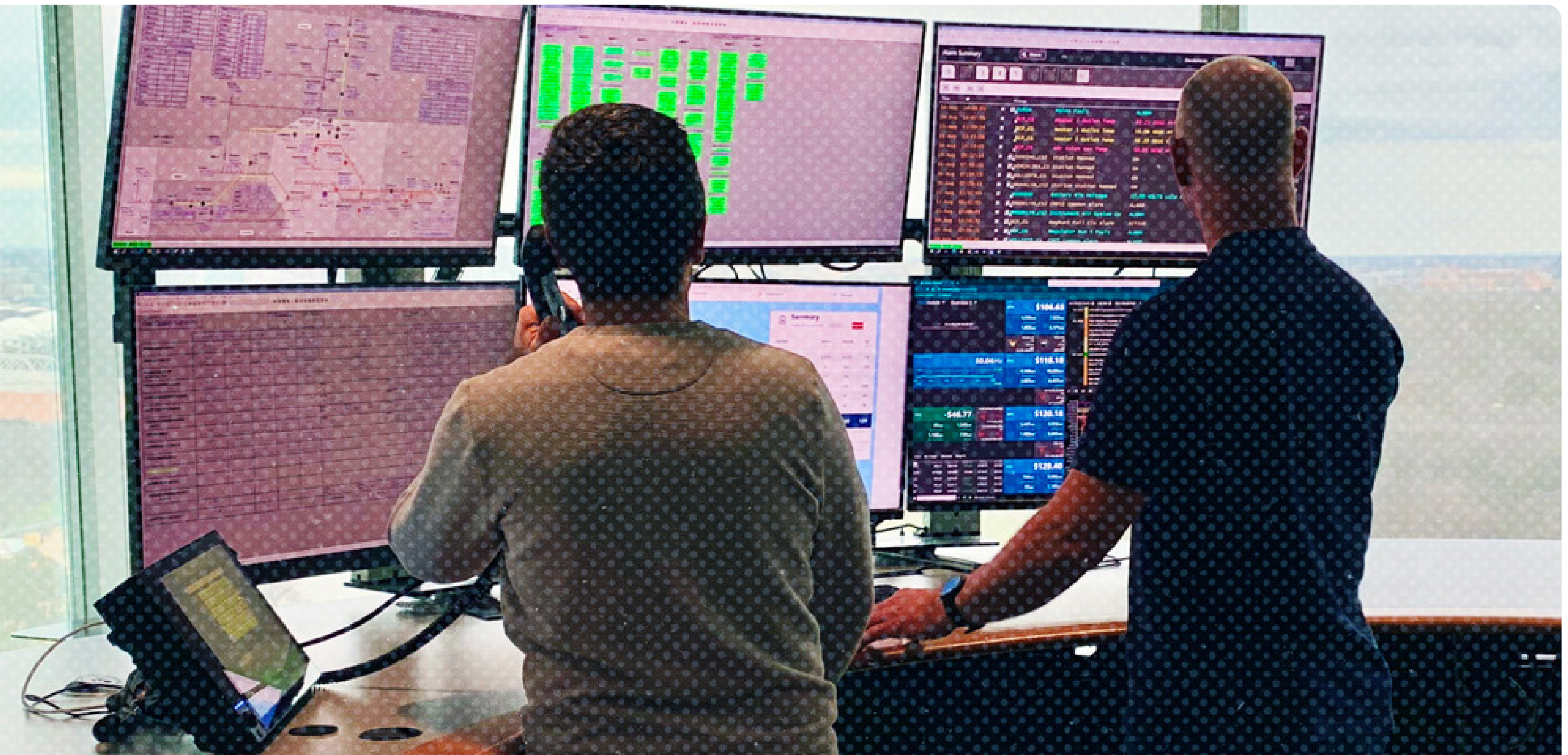
Reforming East Coast Gas markets

In FY24 AEMO integrated and operated the East Coast Gas markets consistent with the stage 1 reforms that had been operationalised in FY23. In FY24, work also progressed implementation of stage 2 gas reforms, including:

- an internal assessment of what would be required to produce a short term (ST) and medium term (MT) projected assessment of system adequacy (PASA) and the adequacy of the information currently available to AEMO to do so. The assessment is at the request of energy ministers and will inform a rule change to be proposed by them
- consultation on changes to procedures that would enable the integration of changes to compensation rules, required by the AEMC.

In addition, AEMO started work on the integration of two AEMC rule changes made in May 2024. The rule changes permit the Victorian gas market to integrate renewable gases such as hydrogen and biomethane into the natural gas supply.

AEMO's Gas Control Room



Bridging the investment gap

The Capacity Investment Scheme (CIS) is a national program run by the Australian Government to encourage new investment in renewable capacity, such as wind and solar, as well as clean dispatchable capacity, such as battery storage. It aims to help build a more reliable, affordable, and low-emissions energy system for all Australians.

AEMO has been engaged by the Australian Government to support the roll-out of the CIS as an adviser and tender delivery partner. AEMO's subsidiary AEMO Services is seeking competitive tender bids for renewable capacity and clean dispatchable capacity projects to:

- deliver an additional 32 GW of capacity by 2030
- fill expected reliability gaps as ageing coal power stations exit
- deliver the Australian Government's 82 per cent renewable electricity by its 2030 target.

In FY24 AEMO Services commenced the following CIS tenders:

- South Australia-Victoria tender seeking an indicative volume of 2,400 megawatt hours (MWh)
- Tender 1 NEM Generation seeking 6 GW of renewable electricity generation across the NEM.

CIS tenders are expected to be progressively rolled out from 2023 through to 2027.

In NSW, AEMO Services has supported investment through tender delivery of Long-Term Energy Services Agreements (LTESAs). In FY24, three tenders were closed under the state's *Electricity Infrastructure Roadmap* incentive scheme, with 13 projects awarded LTESAs, representing 2,661 MW in energy for firming infrastructure, demand response, renewable generation and long-term storage.

NEM Connections

AEMO continues to work closely with proponents to help projects move from application to full commissioning quickly, while also ensuring operational standards are met.

In FY24, AEMO approved connection applications for 56 generation and storage projects in the NEM, representing 12 GW, an increase of more than 70% from 6.9 GW last year.

As well as continuing to improve the connection process by implementing recommendations from the *Connections Reform Roadmap*, in FY24 AEMO worked with selected project proponents and their network service providers to troubleshoot processes, communications and other areas to accelerate the commissioning process.

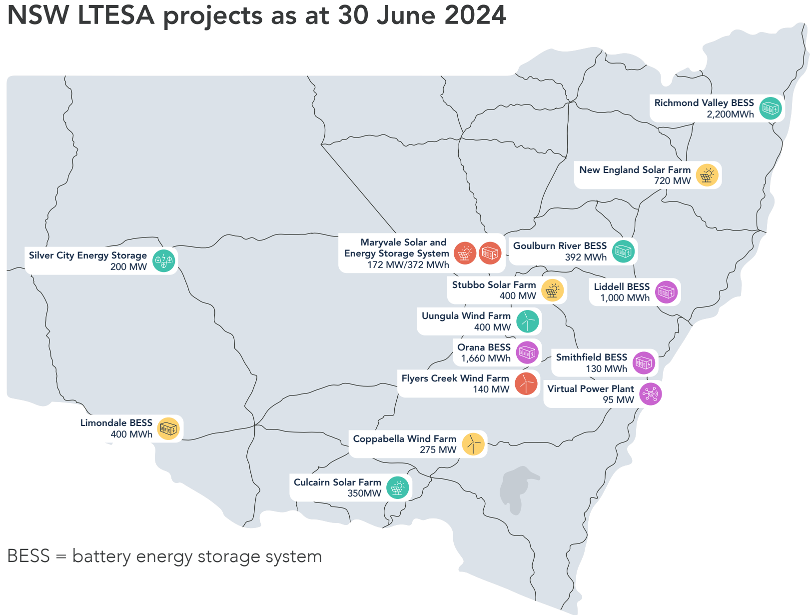
This approach is delivering benefits while also protecting system security: by the end of June 2024 75% of projects were being commissioned to full output within 6.9 months, compared to 11.24 months in June FY23.

While the connections process is improving, overall project durations are impacted by financing, supply chain, resourcing and other challenges. These challenges require broad whole-of-sector efforts to enable renewable generation and storage to keep pace with emissions targets.

A snapshot of NEM connections

56 Applications approved	17 Approved registrations	19 Full output achieved
Total capacity: 12 GW ▲ 70% from FY23	Total capacity: 2.4 GW	Total capacity: 2.2 GW
Total duration: 9.7 months	Total duration: 5.3 months	Total duration: 4.9 months

NSW LTESA projects as at 30 June 2024



BESS = battery energy storage system

Technology

Solar, Wind, BESS, A-CAES, Demand Response

LTESA holders in NSW
as at 30 June 2024

NSW tender 1, NSW tender 2, NSW tender 3, NSW tender 4

Delivering on our engineering roadmaps

AEMO's engineering roadmaps for the NEM and WEM aim to remove obstacles to the continued growth of renewables by advancing operational capability for times of high renewables and resolving expected engineering challenges.

Key deliverables in FY24 included technical publications on inertia, a 100 per cent inverter-based generation study in Tasmania, specifications for grid-forming inverters, electric vehicle standards for grid operation, and improvements in distributed energy resources (DER) compliance. AEMO completed 17/18 priority actions for FY24, with the remaining action underway.

Integrating consumer energy resources

Australian consumers are driving one of the fastest transformations of electricity systems in the world, through record breaking investment in consumer energy resources (CER). One third of Australia's households have installed rooftop solar, and, at May 2024, the total capacity of rooftop solar across Australia was 22,600 MW – representing a third of the combined capacity of commercial generators in the NEM and SWIS combined.

While the potential of CER to the energy transition is great, technical, regulatory, and economic challenges have so far prevented CER from contributing to their full potential and maximising their potential positive effect on energy costs.

Collaboration key to CER success

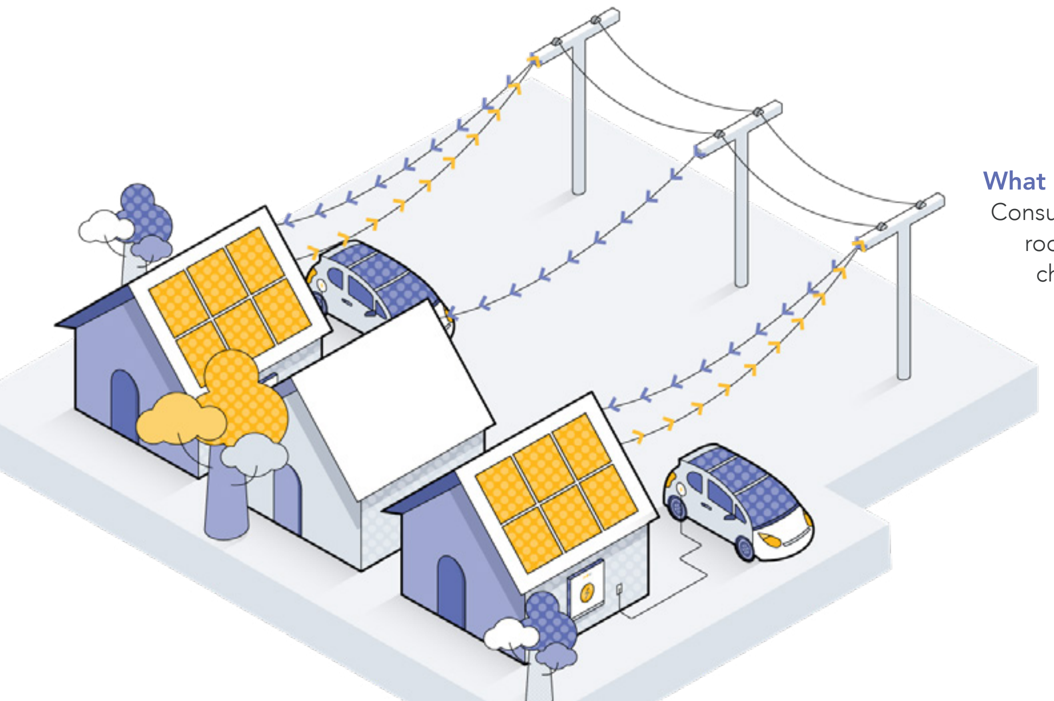
Across the electricity sector, governments, market bodies, consumer groups, academia and energy businesses have been progressively implementing reforms and taking steps to integrate CER into electricity systems.

In FY24, industry and AEMO progressed compliance of CER to technical requirements, developed draft technical requirements for electric vehicle supply equipment and for larger CER connections, implemented security measures, and developed draft functional requirements for the collaborative management of integrated CER.

AEMO has also worked closely with governments, distribution network service providers (DNSPs) and consumer representatives to support Australia's energy ministers to develop a *National CER Roadmap*. This is an overarching vision and plan to unlock CER benefits, at scale, across Australia. The Energy and Climate Change Ministerial Council (ECMC) has also established a National CER Roadmap taskforce, of which AEMO is a member.

AEMO's work on the taskforce focused on creating a regulatory and governance framework for CER technical standards, addressing consumer protections, clarifying the roles and responsibilities for power system and market operations in a high-CER system, and designing the enabling data architecture.

With AusNet Services and supported by the Australian Renewable Energy Agency (ARENA), AEMO has also started co-designing a national CER Data Exchange project, a crucial next step in CER integration.



What are consumer energy resources?
Consumer energy resources (CER) include rooftop solar, batteries, electric vehicle chargers and controlled loads such as water heaters and air conditioners. Distributed photovoltaics (PV) are a type of CER, predominantly rooftop solar panels.

Investment needed to support energy transition

Annually AEMO publishes forecasts for electricity and gas for the NEM, WEM and Victoria.

NEM *Electricity Statement of Opportunities*

Publication date: August 2024 | **Outlook:** 10-year | Read report

WEM *Electricity Statement of Opportunities*

Publication date: June 2024 | **Outlook:** 10-year | Read report

East Coast *Gas Statement of Opportunities*

Publication date: March 2024 | **Outlook:** 20-year | Read report

Western Australia *Gas Statement of Opportunities*

Publication date: December 2024 | **Outlook:** 10-year | Read report

Victorian Gas Planning Report

Publication date: March 2024 | **Outlook:** 5-year | Read report

Victorian Annual Planning Report

Publication date: October 2023 | **Outlook:** 10-year | Read report

Engaging our stakeholders

At AEMO we are putting people at the centre of the energy transition.

Our Stakeholder Engagement Framework and Principles, released in April 2024, sets out the ways in which we seek to build, maintain, and enhance trust with our stakeholders, and what stakeholders can expect when engaging with us. The Framework was developed with input from stakeholders and represents a maturity uplift in the way we engage.

In FY24, our focus was on our continuing to improve our portfolio-level engagements (such as the ISP and the NEM Reform Program) to ensure our work reflects the valued and valuable input of our stakeholders.

In addition, AEMO focused on building greater awareness and understanding of the energy transition through initiatives such as a new podcast series and our Energy Education program.

A key focus area was also our work engaging with landholders, communities and other interested stakeholders on the Victoria – New South Wales Interconnector West (VNI West). The VNI West project is critical for the ongoing reliability and security of Victoria.

Our stakeholder engagement principles

Credible

- We engage genuinely, with honesty, authenticity and humility.
- We are open and transparent about our information.
- We are intentional in our engagement and clear about which decisions stakeholders can and cannot influence.

Reliable

- When we make decisions, we explain them openly, clearly and in an accessible way.
- We provide a coordinated, consistent service to stakeholders so that engagement with AEMO is effective and efficient for all.
- We provide information in a timely manner, treat stakeholder queries as important and respond in reasonable timeframes.

Staying close

- We are flexible and pragmatic when solving our stakeholders' problems.
- We meet with stakeholders regularly so we understand their perspectives and expectations and how we can offer value.
- We ensure multiple relationships between AEMO and stakeholders.

Self-aware

- We learn from our stakeholders through our engagements and apply those learnings.
- We treat our stakeholders' success as our own and help them achieve their objectives.
- We take a view of what is best for consumers and the energy system as a whole. We are aware of our limitations and consider whether other organisations are better placed to deliver on some things.

BUSINESS PERFORMANCE:
Engaging our stakeholders

Our overall stakeholder trust and confidence result for the year was 69.1 per cent, up 5.6 per cent from FY23. Stakeholders indicated ongoing improvement in trust and confidence, and effective and efficient operation of Australia's energy market. Areas of ongoing focus include our level of transparency and accountability and working closely and collaboratively with stakeholders to help shape and plan Australia's energy future.

Our results were derived from a stakeholder engagement survey undertaken by SEC Newgate, which included 57 senior participants across consumer advocates, industry, government and other market bodies.

> The market's in the midst of a transition, so it's a very challenging time in the market but I feel, particularly recently and even talking to the team, the overarching feedback was positive. They're seen as being competent in managing the market, good technical experts and good technical capability.
>
> **Generator: gas and coal**

> AEMO has worked very hard to try and get its head around social license because if you don't get that bit right, it's going to be a huge impediment to the transition and hold up projects.
>
> **Consumer Advocate**

> There are times where I need more information … on its costs and how it runs its operations, because there are large bills that I have to pass on to my customers, and I have to be able to justify them.
>
> **Transmission network service provider (TNSP)**

> The more transparent they can be, the more they can level with consumers and market participants as to what's going on and why… you've made a decision, why have you made that decision … tell us about the things you're doing.
>
> **Consumer advocate**

> They are proactive, open, collaborative, future-focused. Three years ago, they were very reactionary, whereas now it's strategic.
>
> **Industry association**

> Really engage and create the space in forums for collectively solving the issues around the transition.
>
> **Distribution network service provider (DNSP)**

> They are managing stakeholder expectations well at a difficult time … they try to engage frequently and openly … when it comes to helping us with our work, they're extremely supportive and make the right technical experts available.
>
> **Market body/agency**

> System securities is their responsibility, so they're fairly risk averse. Other organisations may have not quite the same risk level, they might have a greater risk appetite, so there is at times clashes.
>
> **TNSP**

Building greater awareness and understanding of the energy transition

One of AEMO's corporate plan initiatives is to 'build greater understanding and awareness of the energy transition with consumers and the community'. We seek to do this in many ways, including by explaining what is happening in the energy system and providing educational courses.

In March, AEMO launched a new podcast series. The podcast is a valuable way of unpacking the sometimes challenging and detailed information that AEMO produces so that people can engage in the story of the transition. In addition, it builds AEMO's reputation as a trusted source of information in the conversation and debate about energy.

AEMO's Energy Education team delivered 43 courses between July 2023 and June 2024, relating to the NEM, WEM and East Coast Gas systems and covering everything from high-level overviews of Australia's energy systems, to more detailed technical courses. There was a 46 per cent increase in attendance at instructor-led courses from FY23 and a 20 per cent increase in eLearning course enrolments. Collectively, the courses were rated 4.33 out of 5 by attendees.

A full list of course dates can be found on our website.

A roadmap for the future energy system

On 26 June 2024, AEMO released the 2024 *Integrated System Plan* (ISP), our roadmap for the transition of the NEM. The ISP is developed with significant input from energy industry participants and consumers and sets out the most efficient and optimal development pathway for generation, storage and network investments to enable net zero by 2050, within current policy settings.

The 2024 ISP highlighted the urgent need for investment in the NEM to continue to meet consumer energy needs as Australia transitions to a net zero economy by 2050. The ISP showed that renewable energy connected with transmission and distribution, firmed with storage, and backed up by gas-powered generation is the lowest-cost way to supply electricity to homes and businesses and meet energy policies.

Stakeholder engagement in the development of the ISP occurs over five key stages and consumer sentiment is particularly important to its development. The ISP Consumer Panel, comprised of four expert consumer advocates, provided extensive advice and input and AEMO utilised its Advisory Council on Social Licence (ACSL) to progress how social licence is considered in the ISP.

Consultation throughout development period led to a number of changes to the ISP. Some of these included:

- greater recognition of the role of consumer resources and distribution networks
- the inclusion of sensitivity analysis on the impact of reduced CER coordination and the capability of gas infrastructure to back up renewable supply during long periods of dark and still weather
- updates to underlying data about the status of planned and existing projects
- inclusion of additional renewable energy and emissions reduction policies.

Snapshot of engagement to develop the 2024 ISP

5
Consultation stages

2,100
Individual stakeholders engaged, spanning consumers, industry, market bodies, government, environmental groups, academics, and energy industry consultants.

85
Presentations to stakeholders

220
Written submissions from stakeholders

Engaging with communities and landholders on VNI West

In Victoria, AEMO is responsible for the delivery of early works for the Victoria – New South Wales Interconnector West (VNI West) project through a wholly owned subsidiary, Transmission Company Victoria (TCV).

VNI West is a project to build a new high capacity 500 kV double-circuit overhead transmission line between Victoria and NSW. It will connect electricity from renewable energy zones (REZs) in both states and ensure the reliability and security of electricity supply as ageing coal-fired power stations retire.

In FY24, TCV's focus was on planning activities for the VNI West project, including engagement with landholders, stakeholders, Traditional Owners and the broader community. Local feedback is essential to identifying constraints and locating the transmission infrastructure and provides knowledge and experience in relation to environmental, cultural, social and land use considerations that are taken into account through the route refinement process and development of the Environmental Effects Statement (EES).

Our work over the past year has included:

- online interactive map to seek landholder and community views, with 2,326 comments from 201 participants
- multiple in-person community information sessions, with over 1,100 attendees
- one-on-one conversations with more than 460 potentially impacted landholders.

AEMO's future role in Victoria

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. Legislation to enable this transfer is expected to be introduced to the Victorian Parliament.

TCV community engagement

Evolving the way we work

Improving the way the organisation functions, through a focus on: leadership and culture; governance, risk and financial discipline; and digital technology.

Leadership development and career development have been focus areas with strong participation in leadership and career workshops.

AEMO also saw a strong participation rate (over 80 per cent) among staff in the FY24 employee engagement survey, which recorded a positive employee engagement result of 73 per cent. Positive trends were recorded in company confidence, teamwork, collaboration and safety. Inclusion, effective people leadership and our values-led culture remain areas of strength.

Areas for improvement include process and system effectiveness and efficiency, career development and building the capability to meet the demands of our critical role in the energy industry. Over the coming year, our executive leaders will continue to sponsor programs of work that strengthen AEMO's culture, as well as targeted improvement programs to address these pain points.

BUSINESS PERFORMANCE:
Evolving the way we work

- Positive employee engagement: 73 per cent. ✓
- Deliver within budget: $23 million favourable to budget. ✓
- Reached our target of a minimum 40 per cent women in the workforce earlier than anticipated. ✓
- Digital system modernisation: blueprint established. ✓

AEMO Connect event in Melbourne

Diversity, equity and inclusion

We are firmly committed to creating an equal, safe and respectful workplace where all employees have a sense of belonging and can thrive.

Highlights from FY24 included:

- realising our target of a minimum 40 per cent overall female workforce representation, almost two years ahead of our 2025 target timeline
- ensuring women's expertise, innovation and insights are harnessed as part of Australia's energy transition through participating in the Champions of Change Coalition Energy Group, Equal by 30, and through internal development programs
- increasing paid parental leave from 14 to 16 weeks and introducing five days of paid special leave to assist employees with managing disability, chronic illness and reproductive health.

AEMO's journey to reconciliation

AEMO launched our Reflect Reconciliation Action Plan (RAP) in May 2024, as part of National Reconciliation Week. By listening and learning from Aboriginal and Torres Strait Islander people, our reconciliation journey will touch all parts of our organisation and shape the way we think about the work we do.

Our first RAP prioritises 38 actions to be delivered in FY25. Initiatives from FY24 included:

- completed a learning needs analysis to inform our cultural learning strategy and provided education materials relating to First Nations people and their histories, cultures, traditions and protocols with employees
- commenced an engagement strategy to establish and maintain relationships with Aboriginal and Torres Strait Islander stakeholders and organisations
- engaged key First Nations stakeholders and government to inform policy development and identify opportunities to support improved First Nations outcomes through AEMO Services' tender processes
- made our commitment to reconciliation visible through commissioned artwork and the introduction of Welcome to Country ceremonies at all major company events
- started work on an Aboriginal and Torres Strait Islander procurement strategy.

Artist Lani Balzan with AEMO RAP artwork

Modernising systems and processes

It is crucial that AEMO has the processes, technology, and digital infrastructure to keep ahead of the changes, maintaining system reliability and security and enable work to be done efficiently.

In FY24, AEMO's digital architecture team developed a strategic blueprint for AEMO's digital future: a pathway to consolidate platforms and processes and modernise AEMO's technologies, create economies of scale and improve our cyber security. The blueprint will remove unnecessary process and technology overlaps, streamline effort and reduce operating costs for routine tasks and processes.

We continued to uplift our corporate systems so they are contemporary and support efficient and effective practices and transparent reporting. In FY24 we focused on initiation of the finance system project, which will enable AEMO to be more strategic and future-facing with its financial management and will enable budget owners greater financial visibility and stewardship. The new system will also improve financial visibility and transparency, to support reporting to internal and external stakeholders.

The implementation of a digital asset lifecycle management plan will improve AEMO's approach to managing our vast digital assets. This is supported by a digital services panel to streamline engagement with our digital partners for improving our delivery capacity and capability.

Maturing organisational governance

AEMO continues to mature our organisational governance to improve deliver and assurance of our work.

We have strengthened our risk and governance functions and, as a priority in FY24, developed a comprehensive risk blueprint to evolve our risk management. The risk blueprint provides a strong linkage between strategic risks and AEMO's *Strategic Corporate Plan*, and defines key actions to be undertaken to:

- continue to strengthen the link between our long-term strategy and risk
- transparently manage risk and opportunity according to our defined risk appetite
- elevate our understanding and accelerate our response to critical risks facing AEMO and the energy transition, and
- build a risk-aware culture and improved risk capability.

We also improved our governance approach to strategic portfolio management. AEMO has four portfolios of work underway: East Coast Electricity and Gas, WA Electricity and Gas, Operations Technology and Business Technology.

Portfolio delivery is overseen by AEMO's Enterprise Portfolio Office which, as well as ensuring sufficient program governance is in place, prioritises and sequences delivery across the four portfolios to optimise the delivery schedules for efficiency and impact.

In FY24 AEMO continued to mature our program management practices, including:

- a restructure and refocus of the enterprise portfolio office
- standing up a senior governance team to manage and oversee delivery across the portfolios
- ensuring ongoing close work with our stakeholders to implement portfolios of work
- deploying consistent delivery methodology across enterprise projects and programs
- enhancing program assurance activities for major projects.

Delivering financial discipline

AEMO recognises the importance of operating prudently and being efficient in delivering outcomes within agreed budgets.

In FY24, AEMO continued to strengthen the financial health of the organisation and enhanced financial governance disciplines, operating in accordance with the financial principles developed in consultation with the Finance Consultation Committee.

AEMO has driven efficiency and cost-effectiveness in delivery of our corporate plan initiatives, by tightly managing labour expenditure, renegotiating panel arrangements with digital vendors, and sequencing programs of work to balance cost and delivery outcomes.

As set out in the FY24 Budget and Fees, and consulted on in 2022, AEMO's fees for the NEM Core segment increased to recover a historic deficit. AEMO has managed costs efficiently through FY24 to deliver better-than-budget operating expenditure for this segment. This means AEMO is well placed to clear the deficit in full by the end of FY25 as we committed to do.

In the East Coast Gas and the Victorian Transmission Network Services Provider (Vic TNSP) segments, AEMO has returned surpluses that arose in prior periods due to market price events. This approach is in line with the financial principle of balanced and sustainable cost recovery, noting in the short term there has been a reduction in AEMO's overall surplus position, with FY24 delivering an annual deficit. Refer to the Financial Performance section of this report for further details.

Through FY24, the scope and nature of AEMO's responsibilities continued to extend, with new functions conferred on AEMO. The most appropriate funding pathways for these new activities and investments are being actively pursued to ensure funding risk is minimised and that cost recovery is aligned to the beneficiaries of those services and assets.

AEMO's financial metrics remain strong with a debt/asset ratio of 91 per cent and liquidity ratio of 1.1x at 30 June 2024, better than the parameters set out in AEMO's financial principles, and in compliance with the reporting requirements under AEMO's financing arrangements.

During FY24, AEMO's financial position has been further strengthened with a Aa2 (Stable) credit rating by Moody's and the issuance of AEMO's inaugural bond, a $300 million fixed-rate, five-year Australian Dollar Medium Term Note.

Financial performance

Exercising financial discipline, delivering cost efficiencies, and aligning our financial investment with our roles and responsibilities.

AEMO's financial performance reflects the complex task of operating today's systems and markets amid the changing landscape of the energy transition, as well as our work with industry and stakeholders to navigate the energy future. Increasingly, we are being asked to take on new roles, including supporting delivery of the Australian Government's Capacity Investment Scheme (CIS).

In FY24 AEMO delivered within budget[1], while executing on our strategic priorities. These priorities included delivering *Engineering Roadmap* initiatives, delivering a pathway for the transition of the NEM via the 2024 *Integrated System Plan* (ISP), implementing key NEM reform activities and delivering a new Wholesale Electricity Market (WEM) for Western Australia.

To appropriately support our core and evolving functions, during FY24 we have modernised our corporate practices, systems and processes and improved the way we work. We have continued to reinforce our cyber resilience, deepen our risk management and compliance practices and strengthen our financial management.

We have matured our treasury capabilities and accessed longer-dated, cost-effective financing to support the uplift in capital investment required to deliver market reform and business reform activities. AEMO was issued an Aa2 credit rating from Moody's and launched its inaugural bond in the first half of FY24.

Corporate structure

AEMO Group comprises AEMO Limited and its controlled subsidiaries for statutory reporting purposes. These subsidiaries include AEMO Services Limited and Transmission Company Victoria Pty Ltd (TCV). AEMO Services Limited is a not-for-profit company limited by guarantee, with members being AEMO (70 per cent of the voting rights) and the New South Wales Government (30 per cent of voting rights). TCV is a company limited by shares, 100 per cent owned by AEMO, incorporated for the sole purpose of undertaking early works for the Victoria – New South Wales Interconnector West project (VNI West). The AEMO Group financial statements reflect the consolidation of the financial results of AEMO Limited, AEMO Services Limited and TCV.

Business segments

AEMO manages our financials across a number of segments, which incorporate the activities of our controlled subsidiaries.

AEMO's business segments are aligned with our sources of funding in accordance with AEMO's financial principles. While the majority of AEMO's business segments are funded by fees and charges paid by registered market participants, increasingly AEMO's cost recovery is in the form of grants, fee-for-service activities and contracts with state and federal governments.

We continue to deepen our engagement with stakeholders to provide transparency on expenditure. We do this by regular engagement throughout the year with the Financial Consultation Committee (FCC), broad consultation on our annual budgets and fees, and other committees, as appropriate, including the NEM Reform Executive Forum.

AEMO's business segments

NEM Core
NEM Functions
NEM Connections

East Coast Gas

Victorian Transmission Network Service Provider (Vic TNSP)

Western Australia Electricity and Gas (WA)

AEMO Services

1. AEMO has accumulated deficits in some segments. We have agreed pathways with stakeholders to remedy these deficits.

FY24 operating performance

Revenue

AEMO's revenue declined in FY24 as planned, to return accumulated surpluses within the East Coast Gas and Vic TNSP segments, and to reflect fewer capacity certificate auctions in the Vic Declared Wholesale Gas Market (DWGM).

Chart 1: AEMO net revenue, by segment

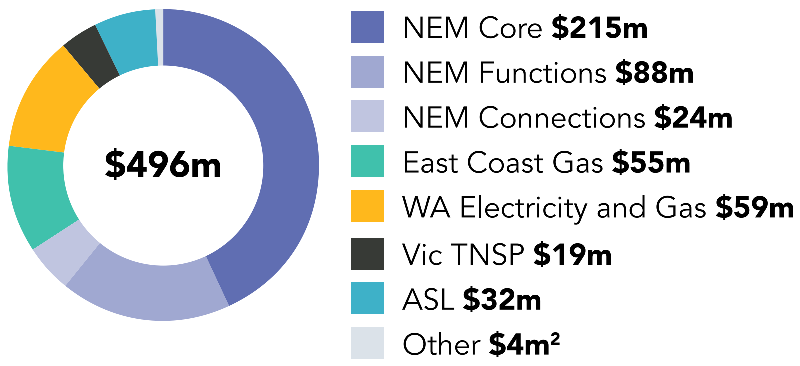
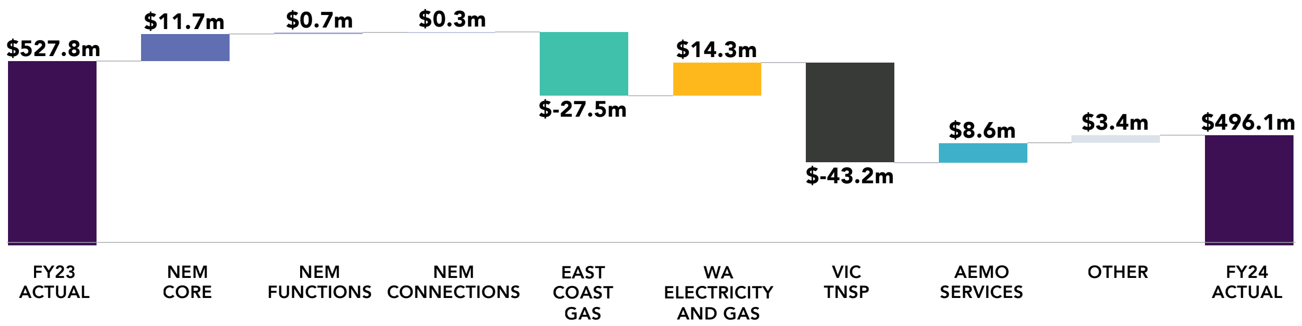


Chart 2: AEMO net revenue movement year-on-year, by segment



AEMO's net revenue is comprised of fees and charges paid by participants in the NEM, WA Electricity and Gas, and East Coast Gas markets, cost recovery of work undertaken for proponents connecting to the NEM and WEM, funding from fee-for-service activities and contracts with state and federal governments for specific activities (such as contracted cost recovery for the CIS and NSW Electricity Infrastructure Roadmap), and Transmission Use of System (TUoS) fees.

2. The year-on-year movement reflects the results of all segments, including an 'Other' segment. This represents the operations of the Corporate (head office) function and elimination adjustments and does not constitute a business segment.

Revenue collected from market participants through fees and charges in FY24 reflect budgeted revenue (per the FY24 *Budget and Fees*), aside from minor variations related to energy consumption. The budget and fees reflect the required revenue to recover AEMO's operating costs for each segment, adjusted for any surplus/deficit that may have accumulated in the prior year. A surplus may be returned through reduced fee rates over one or more years.

- **NEM Core:** Revenue increased in FY24, reflecting the 4.5 per cent increase in fees and charges as part of the three-year deficit recovery pathway and higher energy consumption.
- **NEM Functions:** There was a small increase relative to FY23 as a result of recovering costs associated with delivering the Consumer Data Right (CDR) project.
- **NEM Connections:** Revenue reflected AEMO's work delivered for connecting proponents and was broadly in line with FY23 revenue.
- **East Coast Gas:** Lower revenue in FY24 was mainly due to reduced fee rates to enable AEMO to return a prior year surplus, and fewer capacity certificate auctions in the Victorian Wholesale Gas market.
- **Western Australia Electricity and Gas:** Higher revenue reflected the recovery of higher costs incurred in preparing for the implementation of the new wholesale market in WA, which went live on 1 October 2023.
- **Vic TNSP:** Revenue declined in FY24, as anticipated, as AEMO returned a prior year surplus, and due to a decline in settlement residue income caused by inter-regional network congestion.
- **AEMO Services:** Higher revenue in FY24 reflected funded cost recovery from the Australian Government for supporting the delivery of the CIS.

Operating expenditure

AEMO's costs increased in FY24 compared to FY23, primarily as a result of delivering NEM market reforms and undertaking new activities. Costs are being recovered via newly agreed fee structures for this work, from 1 July 2024.

Chart 3: AEMO operating expenditure, by segment

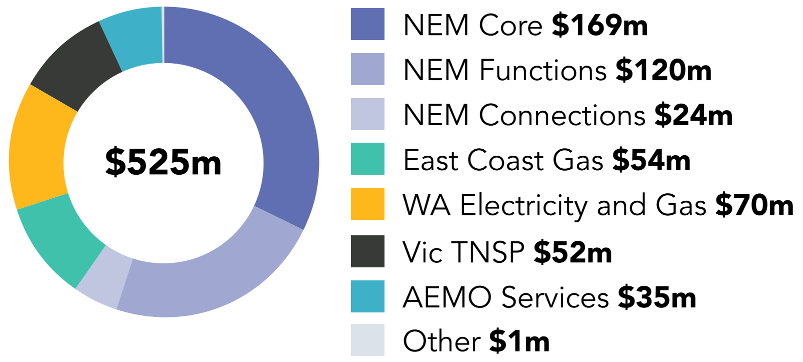
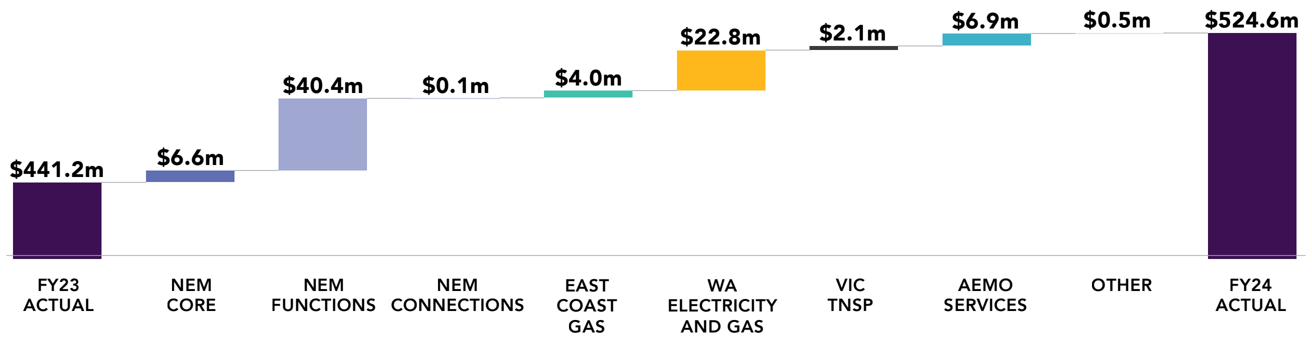


Chart 4: AEMO operating expenses movement year-on-year, by segment



AEMO's operating expenditure is allocated to the business segment to which it relates, for which there are predetermined cost recovery mechanisms.

- **NEM Core:** Underlying operating expenditure increased as productivity initiatives were implemented.
- **NEM Functions:** AEMO delivered a roadmap for the transition of the NEM through the 2024 ISP. Depreciation and amortisation charges increased as several key projects in the NEM Reform program were commissioned.
- **NEM Connections:** Operating expenditure is broadly in line with FY23.
- **East Coast Gas:** Operating expenditure increased in FY24, mainly related to an increase in Dandenong liquefied natural gas (LNG) storage costs, and due to higher depreciation and amortisation costs from reform investment.
- **WA Electricity and Gas:** Operating expenditure increased in line with the allowable revenue agreed by the WA Economic Regulation Authority.
- **Vic TNSP:** Operating expenditure is higher in FY24 due to an increased scope of work relating to the Western Renewable Link project.
- **AEMO Services:** Operating expenditure increased in FY24 compared to FY23 driven by the delivery of CIS services.

NEM Core

What AEMO delivers for this segment

Operate the NEM safely, reliably, and securely. This includes:

- operating the energy system to ensure power system security and reliability
- operating the energy market including wholesale metering, settlements, and prudential supervision
- near-term energy forecasting and planning.

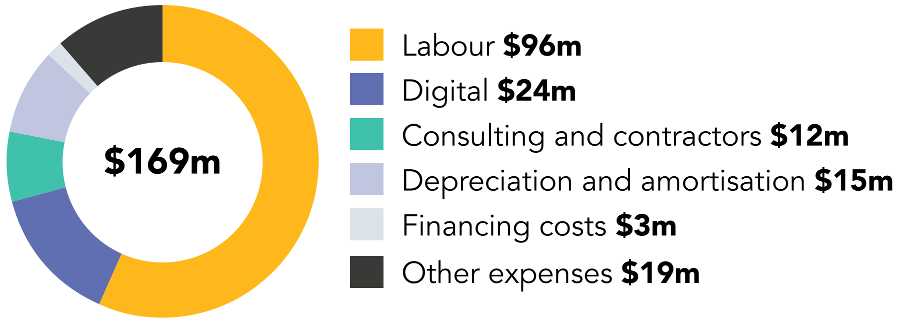
Who pays for these services

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

Table 1: Profit and loss summary – NEM Core

	FY24 actual $m	FY24 budget $m	FY23 actual $m	FY24 variance to budget $m	FY24 variance to FY23 %
Revenue	214.9	207.9	203.2	7.0	6%
Operating costs	169.3	174.5	162.7	(5.2)	4%
Annual surplus/(deficit)	45.6	33.4	40.5	12.2	13%
Accumulated surplus/(deficit)	**(21.5)**	**(25.8)**	**(67.1)**	**4.3**	**(68%)**

Chart 5: Operating cost profile – NEM Core



The NEM Core segment incurs most of AEMO's costs as a result of it funding AEMO's core role of operating the NEM and systems, including near-term energy forecasting and planning.

Operating the energy markets is becoming increasingly complex as higher levels of renewable energy contribute to supply and weather conditions become more unpredictable. Investment in skilled resources and digital technology is necessary to ensure AEMO has the capability and agility to respond to increasingly volatile operating conditions. Despite experiencing these and other challenges, in FY24 AEMO maintained system security and reliability throughout the year.

At the same time, AEMO has been redesigning its operations to improve usability, data visibility and market signalling, and to enhance cyber protection. AEMO's responsibilities are evolving with the transition, and in FY24 NEM Core revenue also supported critical activities such as the delivery of technical initiatives under the NEM Engineering Roadmap, industry-wide cyber security collaboration, assessments and exercises, and other strategic initiatives.

Despite increasing operational complexity and an increasing scope of work, NEM Core's expenses were favourable to budget, as AEMO focused on managing costs and identifying and implementing efficiencies to ensure the NEM Core segment remained on track to recover an accumulated deficit.

At the end of FY24 the NEM Core accumulated deficit had reduced to $21.5 million, which is $4.3 million favourable to budget.

Operating costs were 4 per cent higher than FY23 predominantly due to planned investment in capability and technology to manage and prepare for the more complex operating environment. Operating costs were also impacted by increased depreciation and amortisation and financing costs, as a result of capital-financed digital projects being deployed and moving to operating costs. NEM Core also incurred a portion of corporate costs, including insurance costs, subscriptions and research data, office accommodation, employee travel, recruitment, and training.

FY24 revenue was 6 per cent higher than FY23, reflecting a planned 4.5 per cent increase to the NEM benchmark fee (to return the accumulated deficit as agreed with market participants) and higher energy consumption.

NEM Functions

What AEMO delivers for this segment

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.

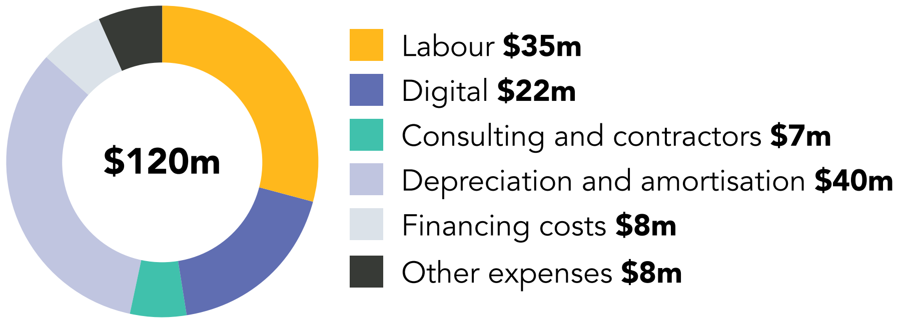
Who pays for these services

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

Table 2: Profit and loss summary – NEM Functions

	FY24 actual $m	FY24 budget $m	FY23 actual $m	FY24 variance to budget $m	FY24 variance to FY23 %
Revenue	87.7	86.4	87.0	1.3	1%
Operating costs	120.4	102.2	80.0	18.2	51%
Annual surplus/(deficit)	(32.7)	(15.8)	7.0	(16.9)	(567%)
Accumulated surplus/(deficit)	**(20.2)**	**(2.9)**	**12.5**	**(17.3)**	**(262%)**

Chart 6: Operating cost profile – NEM Functions



NEM Functions comprises several discrete roles that AEMO undertakes to support the NEM.

AEMO's role as the national transmission planner is costed to NEM Functions. A key deliverable of this work is the Integrated System Plan (ISP), which is delivered every two years. AEMO's most recent ISP was published in June 2024. Medium and longer-term demand and supply forecasting for the NEM is also accounted for in NEM Functions, and in 2024 AEMO called for timely investment in electricity projects through our annual Electricity Statement of Opportunities. AEMO also worked closely with government and industry stakeholders to further the integration of CER into the NEM.

The majority of NEM Functions expenditure relates to the delivery of NEM reform initiatives to enable the energy transition, and associated changes required to digital systems. This is reflected through ongoing technology costs, amortisation of capital spend, and financing costs associated with the capital invested for these activities. NEM reforms are delivered in close collaboration with market participants through the NEM Reform Program. In FY24 AEMO successfully deployed nine of 11 high priority reform projects, in line with the NEM Reform Implementation Roadmap. Delivery of these projects:

- improved AEMO's capacity to maintain system security in an energy system with a high contribution of renewable energy through the introduction of new very fast frequency markets
- incentivised and simplified integration of bi-directional units through completion of the Integrating Energy Storage Systems (IESS) project
- improved scheduling accuracy by driving increased visibility of medium-term generator availability
- supported consumer choice through the completion of the Consumer Data Right (CDR) reform.

The increase in expenditure in NEM Functions relative to FY23 and FY24 budget predominantly reflects amortisation and operating costs relating to the deployment of reform projects through the year. In October 2023, AEMO concluded consultation with participants on the funding structure reform activities, which applies from 1 July 2024. Reform costs will be allocated using this fee structure.

Revenue in NEM Functions was slightly higher in FY24 compared to FY23 as a result of budgeted recovery of amortisation from the delivery of previous stages of the CDR project.

NEM Connections

What AEMO delivers for this segment

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
- 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.

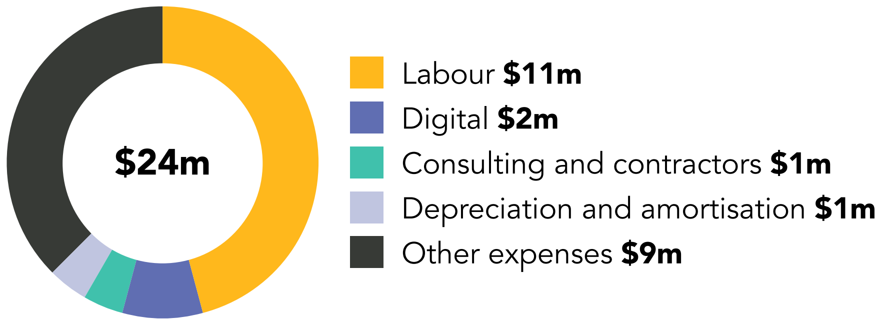
Who pays for these services

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

Table 3: Profit and loss summary – NEM Connections

	FY24 actual $m	FY24 budget $m	FY23 actual $m	FY24 variance to budget $m	FY24 variance to FY23 %
Revenue	24.3	24.1	24.0	0.2	1%
Operating costs	23.9	23.4	24.0	0.5	0%
Annual surplus/(deficit)	0.4	0.7	-	(0.3)	100%
Accumulated surplus/(deficit)	**0.4**	**0.7**	**-**	**(0.3)**	**100%**

Chart 7: Operating cost profile – NEM Connections



The number of generation and storage assets connecting to the NEM is rapidly growing. Over the past three years, the number of connection applications received by AEMO increased from 45 sites (6,500 MW) in FY22 to 75 sites (17,000 MW) in FY24.

Connection activities are paid for directly by connecting participants. These have previously been incorporated in the NEM Core segment. However, to increase transparency of NEM Core costs, which have a different fee allocation method, connections costs have now been separated into their own segment.

In FY24 AEMO approved 56 generation and storage connection applications for projects in the NEM, representing 12 GW (an increase of more than 70% from FY23), approved 17 registrations, and enabled 19 projects to reach commissioning and full output. Of these, and in preparation for an expected hot and volatile summer, AEMO accelerated the connection and commissioning of 27 renewable projects, bringing on an additional 3,200 MW by March 2024.

FY24 revenue was in line with budget as the number of connection applications received was expected. Operating costs were higher than budgeted, as AEMO strategically engaged consultants to meet rising demand amid a competitive labour market, ensuring continued project delivery.

AEMO also continued to progress initiatives to streamline application assessments and enhance the connections process. The team focused on testing improvement opportunities, expediting connection timeframes, and aligning processes to industry needs. This approach delivered benefits while also protecting system security. By the end of June 2024, 75% of projects were being commissioned to full output within 6.9 months, compared to 11.24 months in June 2023.

East Coast Gas

What AEMO delivers for this segment

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

- monitoring and assessing the reliability and adequacy of gas supply in the East Coast Gas system (ECGS)
- operating the Victorian Declared Wholesale Gas Market (DWGM) and Declared Transmission System (DTS)
- operating the Short-Term Trading Market (STTM)
- operating the Gas Supply Hub, Day Ahead Auctions and Capacity Trading Platform
- aggregating and displaying gas production and pipeline flow data across the ECGS on the Gas Bulletin Board (GBB)
- facilitating retail market competition
- developing the *Gas Statement of Opportunities* and the *Victorian Gas Planning Report*
- administering change proposals for the Operational Transportation Service Code.

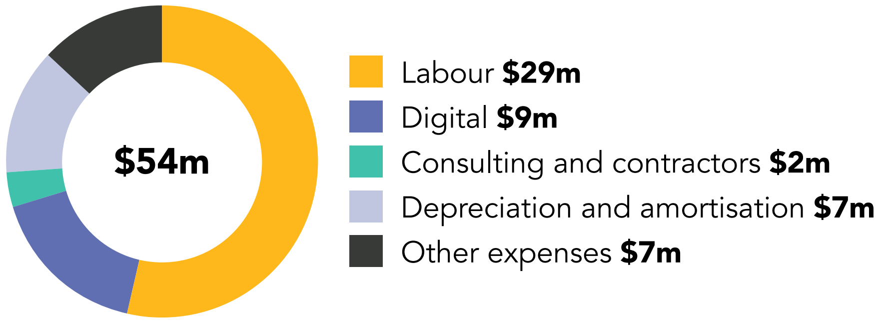
Who pays for these services

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.

Table 4: Profit and loss summary – East Coast Gas

	FY24 actual $m	FY24 budget $m	FY23 actual $m	FY24 variance to budget $m	FY24 variance to FY23 %
Revenue	55.5	53.1	83.0	2.4	(33%)
Operating costs	53.7	55.4	49.7	(1.7)	8%
Annual surplus/(deficit)	1.8	(2.3)	33.3	4.1	(95%)
Accumulated surplus/(deficit)	**55.9**	**49.2**	**54.1**	**6.7**	**3%**

Chart 8: Operating cost profile – East Coast Gas



Gas continues to play an important role in the energy markets, for residential heating (particularly in the southern states), and for commercial and industrial purposes, and, as coal-fired generators are retired, for gas-fired generation as an important back up for renewable energy.

Like the electricity market, the gas markets are becoming increasingly complex to operate as gas supply tightens. The first stage of gas reforms, implemented in 2023, improved AEMO's ability to manage gas supply adequacy and reliability risks.

In FY24 AEMO undertook the following activities for this segment:

- securely and reliably operated AEMO's gas markets and the Victorian gas DTS. This included system and operational changes following the commissioning of APA Group's Western Outer Ring Main (WORM) pipeline and the second Winchelsea compressor to increase South West Pipeline (SWP) capacity from Port Campbell.
- completed the first year of operation under stage 1 of the east coast gas reforms including managing gas supply adequacy and reliability, and identifying and responding to risks or threats in the gas system. AEMO exercised its new east coast gas system functions to issue directions following the rupture of the Queensland Gas Pipeline in March 2024 and to respond to rapid depletion of Iona underground gas storage inventory in June. AEMO also undertook assessments, preparation, and supported consultation for stage 2 of the east coast gas system reforms.
- delivered the annual Gas Statement of Opportunities and *Victorian Gas Planning Report*, which highlighted the important and ongoing need for gas in the transition and called for urgent investment to secure additional gas supplies due to declining production in the southern states.
- continued to uplift AEMO's gas market systems, including updating the Victorian DWGM market clearing engine and migrating the STTM participant database and applications to an updated platform.

Operating costs in FY24 were below budget due to lower-than-forecast labour and consulting costs. However, costs were higher compared to FY23 due to increased depreciation resulting from Dandenong LNG storage costs (AEMO is required to secure all uncontracted gas [excluding operational and non-market LNG storage] and storage capacity in the Victorian DTS as a gas adequacy measure), where capital expenditures began depreciating in November 2023.

FY24 revenue was higher than budgeted, largely due to higher than forecast revenue for the DGWM capacity certificates auction and Day Ahead Auctions on the Wallumbilla Compression Facility B, the Eastern Gas Pipeline (EGP) and VicHub, and the South West Queensland Pipeline (SWQP). However, compared to FY23, revenue for FY24 was lower, mainly due to a fee rate reduction to return a surplus accumulated in FY23 (which arose from AEMO's FY23 revenue requirement for new reform-driven activities exceeding actual costs incurred) and fewer capacity certificate auctions for the Victorian Wholesale Gas function.

Western Australia Electricity and Gas

What AEMO delivers for this segment

AEMO performs a range of functions for the Western Australia (WA) Wholesale Energy Market:

- operating the Reserve Capacity Mechanism to ensure long-term capacity adequacy
- operating the power system and the Real-Time Market to maintain the South West Interconnected System (SWIS) in a secure and reliable state
- managing financial aspects of the WEM including the Short-Term Energy Market, market settlement, and prudential monitoring
- near- and long-term forecasting, planning, and engineering studies.

AEMO also has several functions under the Gas Services Information 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 Gas Statement of Opportunities.

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

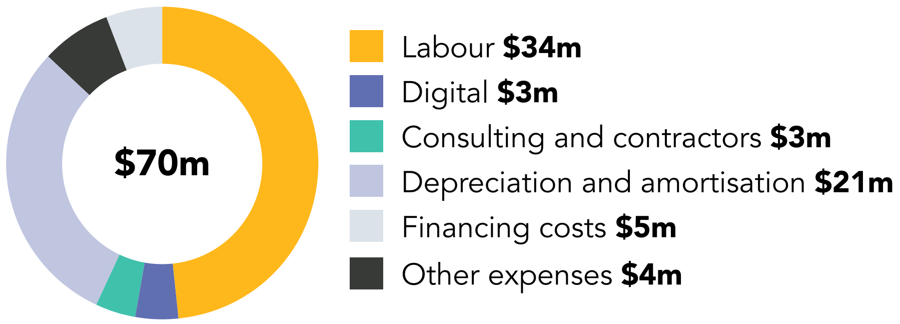
Who pays for these services

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

Table 5: Profit and loss summary – WA

	FY24 actual $m	FY24 budget $m[1]	FY23 actual $m	FY24 variance to budget $m	FY24 variance to FY23 %
Revenue	58.8	59.1	44.5	(0.3)	32%
Operating costs	70.4	66.6	47.6	3.8	48%
Annual surplus/(deficit)	(11.6)	(7.5)	(3.1)	(4.1)	274%
Accumulated surplus/(deficit)	**(7.9)**	**(3.3)**	**3.7**	**(4.6)**	**(314%)**

Chart 9: Operating cost profile – WA



1. The Western Australian budget was adjusted in FY24 to accommodate increased costs.

Throughout FY24, AEMO's Western Australian team's efforts were directed towards successfully launching the new Wholesale Electricity Market (WEM) on 1 October 2023. This was the culmination of several years of initiation, design and development effort, led by AEMO. The modernised WEM allows the power system to securely operate with higher renewable energy generation, while facilitating future generation and storage investment to meet reliability needs.
AEMO also performed the following activities for this segment in FY24:

- securely and reliably operated systems and markets, through tight conditions, record high prices, a new low winter record and an all time distributed photovoltaic contribution record of 2,200 MW on 7 October 2023
- implemented key changes to the Reserve Capacity Mechanism. The Reserve Capacity Mechanism ensures there is sufficient installed capacity available from generation systems, electric storage resources, and demand side management options
- in partnership with Synergy, Western Power, and with the support of Energy Policy WA and the Australian Renewable Energy Agency (ARENA), AEMO demonstrated it was possible to coordinate consumer energy resources (known as distributed energy resources in WA) as a virtual power plant capable of participating in a market.

FY24 operating expenses were higher than budget and FY23 due to increased costs associated with investment activities, particularly relating to the implementation of the new WEM and other reform activities. AEMO made an in-period submission to the WA Economic Regulation Authority (ERA) to adjust its allowable operating and capital revenue allowance in line with operating costs (and the application of capital costs to operating costs) for required and previously agreed reform activities. The submission was approved in June 2024. Depreciation and amortisation and financing costs from deployed reform initiatives will continue to be reflected in operating costs in future periods.

FY24 revenue was in line with budget, but was 32% higher than FY23 reflecting the recovery of additional costs that for the commencement of the new wholesale market in WA, which went live on 1 October 2023.

Victoria Transmission Network Service Provider (Vic TNSP)

What AEMO delivers for this segment

AEMO has declared network functions 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 (DSN), authorising and contracting for augmentation of the DSN, procuring system strength and other shared transmission services in Victoria, and managing Victorian connection applications.

AEMO is also responsible for the delivery of the Victoria – New South Wales Interconnector West (VNI West) project through a wholly owned subsidiary, Transmission Company Victoria (TCV).

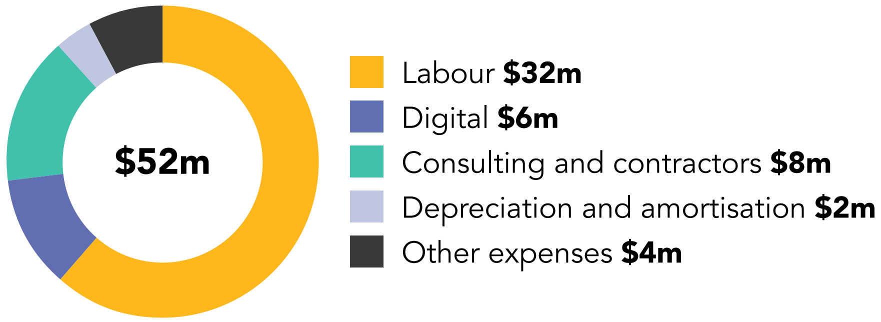
Who pays for these services

Participants in this segment include Victorian network users and various government bodies.

Table 6: Profit and loss summary – Vic TNSP

	FY24 actual $m	FY24 budget $m	FY23 actual $m	FY24 variance to budget $m	FY24 variance to FY23 %
Revenue	767.7	768.1	754.2	(0.4)	2%
Network charges	748.5	733.8	691.8	14.7	8%
Net revenue	19.2	34.3	62.4	(15.1)	(69%)
Operating costs	51.6	74.4	49.5	(22.8)	4%
Annual surplus/(deficit)	(32.4)	(40.1)	12.9	7.7	(351%)
Accumulated surplus/(deficit)	**15.7**	**4.9**	**48.1**	**10.8**	**(67%)**

Chart 10: Operating cost profile – Vic TNSP



In FY24 AEMO progressed early works on the VNI West project through it's subsidiary TCV.

In FY24, the February 2023 *National Electricity (Victoria) Act 2005* Order conferred functions on AEMO to progress early works on the VNI West project. AEMO will tender for a development partner to support the project to continue toward completion.

The May 2023 *National Electricity (Victoria) Act 2005* order conferred functions on AEMO to progress the Western Renewables Link (WRL) project based on an updated scope that included the construction of a new 500 kV double circuit transmission line from Sydenham to Bulgana. AEMO is working with AusNet as its development partner to deliver this project and as such will also incur management oversight costs for this asset.

Operating expenses in FY24 were below budget, reflecting lower operational costs associated with the VNI-West project but were higher compared to FY23 due to additional work on the WRL project.

Net revenue in FY24 was lower than budgeted and compared to FY23 revenue, primarily due to a return of a surplus accumulated in FY23 and a decline in settlement residue income caused by network congestion and outages in the southern region of New South Wales.

AEMO's future role in Victoria

The Victorian Government is progressing reforms to change the way transmission is planned and developed in Victoria. The Victorian Transmission Investment Framework reforms propose that all of AEMO's associated declared network functions will be transferred to VicGrid from AEMO. Legislation to enable this transfer is expected to be introduced to the Victorian Parliament in 2025.

AEMO Services

Purpose

AEMO Services is an evolving segment for AEMO. AEMO Services was established in 2022 to support the implementation of NSW Electricity Infrastructure Roadmap activities. More recently AEMO Services has been engaged by the Australian Government to support the roll out of the CIS.

NSW Electricity Infrastructure Roadmap activities include coordinating planning of long-term investment in generation and storage in NSW, designing and conducting competitive tenders to facilitate this investment, and undertaking authorisation of Renewable Energy Zone transmission infrastructure. These services are carried out in accordance with the obligations of the NSW Consumer Trustee role conferred on AEMO Services Limited by the NSW Government. This includes a duty to protect the long-term financial interests of NSW electricity consumers.

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

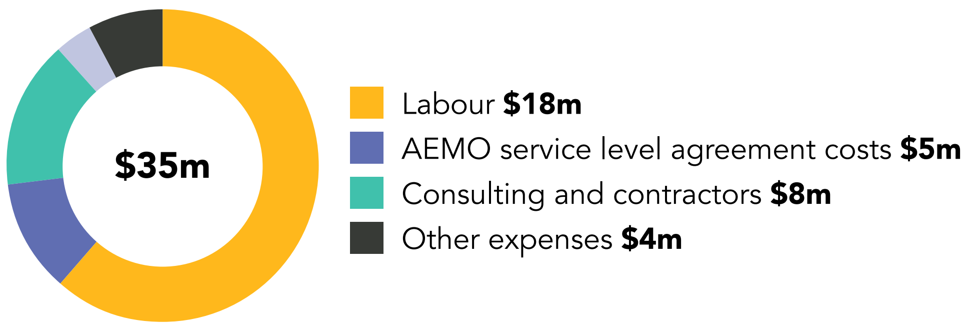
Who pays for these services

- NSW Electricity Infrastructure Roadmap: costs are recovered via the funding mechanism in the NSW Electricity Infrastructure Fund.
- CIS: cost recovery from the Australian Government.

Table 7: Profit and loss summary – AEMO Services

	FY24 actual $m	FY24 budget $m	FY23 actual $m	FY24 variance to budget $m	FY24 variance to FY23 %
Revenue	31.8	35.7	23.2	(3.9)	37%
Operating costs	34.5	38.4	27.6	(3.9)	25%
Annual surplus/(deficit)	(2.7)	(2.7)	(4.4)	-	(39%)
Accumulated surplus/(deficit) controlled by AEMO	**2.2**	**2.1**	**4.1**	**0.1**	**(47%)**
Non-controlling interest	**0.9**	**0.9**	**1.7**	**-**	**(47%)**

Chart 11: Operating cost profile AEMO Services



Over the past 12 months, AEMO Services has completed three tenders in its role as the NSW Consumer Trustee for the NSW Roadmap, as well as s fourth tender for an indicative 1 GW of Long Duration Storage and 3.98 GW of Access Rights in the South-West Renewable Energy Zone (REZ).

To date, AEMO Services has secured 2.45 GW of generation capacity and 574 MW of long-duration storage to meet NSW's minimum targets of 12 GW of renewable energy and 2 GW of long-duration storage.

Another significant milestone in the NSW Roadmap portfolio was the authorisation of the Central-West Orana REZ. The authorisation decision is one of the important consumer protections built into the NSW Roadmap and enables further development of a substantial pipeline of generation and storage infrastructure projects in the REZ.

In FY24, AEMO Services also launched the first Capacity Investment Scheme tender, seeking an indicative volume of 2,400 MWh of dispatchable capacity for South Australia-Victoria.

The FY24 operating costs were below budget reflecting efficiencies and process improvements gained in managing and running tenders. However, operating costs were higher compared to FY23 due to the AEMO's role in supporting the roll out of the CIS. While FY24 costs rose to accommodate expanded initiatives, these were offset by corresponding revenue growth.

FY24 investment program delivery

FY24 portfolio delivery focused on progressing and embedding market reforms to the NEM, WEM and East Coast Gas, as well as strengthening core digital platforms with cyber resilience and lifecycle investments and commencing the early stages of transforming operations and business technology. These activities are funded though investment expenditure as outlined in the table below.

Table 8: AEMO's FY24 investment expenditure[1]

	FY24 actual $m	FY24 budget $m	FY23 actual $m	FY24 variance to budget $m	FY24 variance to FY23 %
NEM and East Coast Gas reforms	48.9	54.6	39.7	(5.7)	23%
WEM reform	41.7	39.5	49.6	2.2	(15%)
Market operations systems modernisation	28.8	33.0	16.7	(4.2)	72%
Business systems modernisation	47.9	53.0	36.1	(5.1)	32%
Capital expenditure	167.3	180.1	142.1	(12.8)	17%
Project related operating costs	16.7	17.5	N/A[2]	(0.8)	100%
Total investment expenditure	**184.0**	**197.6**	**142.1**	**(13.0)**	**29%**

AEMO's investment budget is established for its four investment portfolios each year and is and published annually in the budget and fees document. An integrated delivery plan is maintained across the four investment portfolios, with work prioritised, sequenced and optimised by a Portfolio Leadership Team, chaired by the Enterprise Portfolio Office. Steering committees for each portfolio also meet monthly to review delivery and budget.

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 the delivery capacity and capability.

1. Excludes expenditure relating to the VNI West project being delivered in the Vic TNSP segment.
2. Project-related investment spend was not reported separately in FY23.

Portfolio	Scope	Delivered in FY24
NEM and East Coast Gas reforms	Delivery and implementation of reforms, including: • NEM Reform Program initiatives, as outlined in the *NEM Reform Implementation Roadmap* • East Coast Gas reforms • initiatives to enable reforms to be integrated and managed • regulatory reform initiatives outside the scope of the two programs above.	• Final stage of the Integrating Energy Storage Systems (full solution) project, which enabled battery and energy storage systems to participate more effectively in the NEM. • Introduction of very fast frequency response markets to enable AEMO to procure very fast response services to control power system frequency. • Delivery of Medium-Term Projected Assessment of System Adequacy procedural enhancements to enable AEMO access to better manage supply adequacy by improving visibility of scheduled generator availability. • Stage 1 of the Renewable Gases reform, which executed changes in the Victorian Declared Wholesale Gas Market and the Victorian Gas Retail Market and allowed for distribution connected facilities, such as hydrogen blending facilities, to participate in the wholesale gas market.
Western Australia reforms	• Delivery and implementation of a new wholesale electricity market to modernise the power system in Western Australia and lay the foundations for it to run on growing levels of renewables. • Enabling the integration of distributed (or consumer) energy resources and new technologies into the South West Interconnected System. • Delivering further reforms to improve the effectiveness of the Wholesale Energy Market.	• Delivered a new wholesale energy market, as planned, on 1 October 2023 without any disruption to the power system. Market outcomes have been monitored over the initial months and refinements are being made to the Essential Systems Services (ESS) framework to ensure that it is fit-for-purpose and delivering the intended benefits. • Completed the Project Symphony trial for the coordination of distributed (consumer) energy resources as a virtual power plant capable of market integration.
Operations technology	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.	• Uplifted tools and processes for AEMO's Operational Data Management Platform. • Upgraded the NEM Dashboard to improve real-time communication with market participants. • Implemented a function to enable solar and wind generators to easily notify AEMO of real-time energy availability for their semi-scheduled generating unit(s). • Integrated revised procedures for identifying whether a dispatch price is subject to review. • Updated our methodology and system for forecasting weather-influenced generation and demand to improve supply-demand assessments.
Business technology	• Modernisation of AEMO's business systems to ensure they are contemporary and support business efficiency, management and transparency. • Cyber security uplifts to address cyber risks and issues. • Digital lifecycle upgrades to ensure AEMO's business systems remain fit-for-purpose.	• Developed a framework and digital asset lifecycle plan to manage delivery of lifecycle upgrades and changes to AEMO's business technologies, which will maintain currency, supportability and reduce operating risk. • Enhanced AEMO's cyber posture and cyber awareness. • Completed business readiness and planning for the following projects: – Finance Enterprise Resource Planning – Governance, Risk and Compliance – Portfolio and Project Management.

Financing

AEMO's capital investments and short-term working capital requirements are facilitated through debt financing. Financing large capital projects with debt enables AEMO to recover capital costs from market participants through operating expenditure over a period of years (in line AEMO's accounting policy for property, plant and equipment), once the asset has started its expected useful life.

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

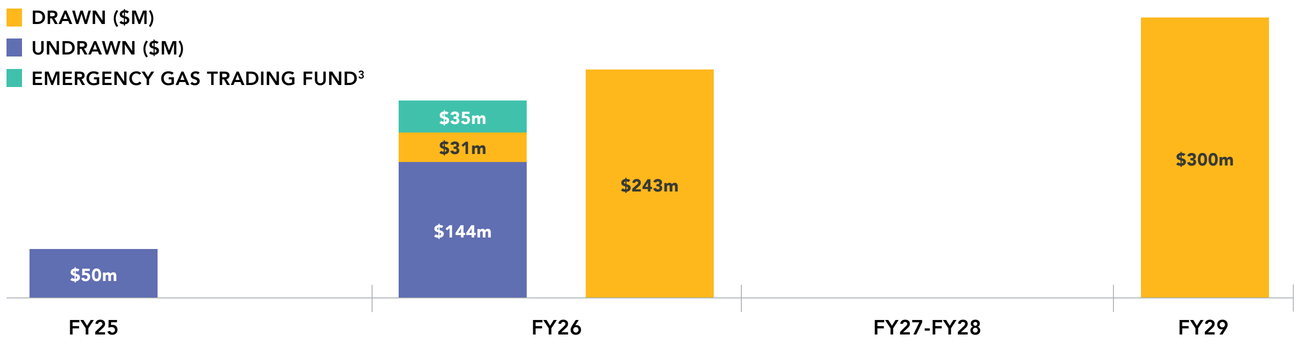
- ensuring adequate working capital and standby liquidity
- undertaking debt refinancing well in advance of maturity to provide optionality
- seeking to diversify tenor and funding sources
- where possible, seeking concessional debt facilities for specific initiatives.

Recognising the ongoing investment requirements to support the energy transition, in FY24 AEMO progressed plans to mature and diversify our debt portfolio. Moody's Credit Agency issued AEMO a Aa2/Stable credit rating on 17 November 2023. Following this, AEMO issued its inaugural five-year, fixed rate, $300m Australian Dollar Medium Term Note (A$MTN/Bond) on 6 December 2023. Consequently, AEMO rebalanced its borrowings to a mix of fixed and floating interest rates, and created cost-effective diversification of AEMO's capital structure.

At 30 June 2024, AEMO has a syndicated bank debt facility of $502.5m with National Australia Bank, Australia and New Zealand Banking Group, Commonwealth Bank of Australia, and Westpac Banking Corporation. The facility has a floating interest rate. During FY24, AEMO extended loan facility A of the bank debt facility for a further 12 months and repaid loan facility E ($250.0m) with proceeds from the Bond. Volumes and tenors at 30 June 2024 are set out below.

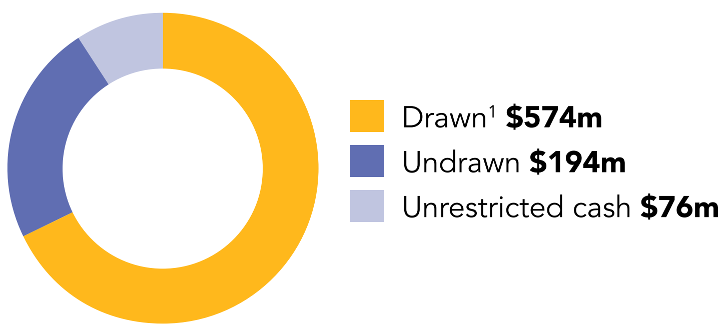
Chart 12: Debt maturities as at 30 June 2024[1,2]

The maturity profile of the total available debt of $803m at 30 June 2024 is as follows:



At 30 June 2024 AEMO has $270m available liquidity, comprising unrestricted cash and undrawn bank debt.

Chart 13: Financing and liquidity at 30 June 2024



Notes:
1. Excludes a loan agreement with Federal Treasury to fund the amended scope of the Consumer Data Right (CDR) program. The loan balance at 30 June 2024 was $4.8m, fully drawn.
2. Excludes a loan from the Clean Energy Finance Corporation to finance AEMO's early works on the VNI West project. The loan reached financial close after 30 June 2024.
3. AEMO is required by the National Gas Law to have funds available to trade in natural gas to maintain or improve the reliability or adequacy of gas supply in the East Coast Gas system. These funds are ringfenced.

Financial performance

Total income for AEMO in FY24 was $496.1 million, a decline of 6 per cent from FY23. The revenue decline reflected the return of surpluses accumulated in the East Coast Gas and Vic TNSP functions in FY23 and reduced revenue from other functions.

Total expenditure was $524.6 million, 19 per cent higher than the prior year. The increase in expenses relative to FY23 reflects the recovery of costs from new activities, higher depreciation and amortisation from prior year investment activities, and associated financing costs from prior year investment in new and enhanced digital infrastructure.

Further detail is provided in the discussion on operating performance earlier in the report on pages 34 to 37.

Table 9: AEMO consolidated profit and loss summary

	FY24 actual $m	FY23 actual $m	FY24 variance to FY23 $m	FY24 variance to FY23 %
Fees and charges	392.2	378.7	13.5	4%
Connections revenue	39.2	36.4	2.8	8%
Capacity certificate auctions	13.5	29.3	(15.8)	(54)%
Other revenue	41.7	15.3	26.4	173%
Total revenue	**486.6**	**459.7**	**26.9**	**6%**
Transmission Use of Systems	659.5	623.0	36.5	6%
Settlement residue revenue	17.9	59.1	(41.2)	(70)%
Negotiated services	59.7	54.4	5.3	10%
Network charges	(748.5)	(691.8)	(56.7)	8%
Net revenue	**475.2**	**504.4**	**(29.2)**	**(6)%**
Other income	20.9	23.4	(2.5)	(11)%
Total income	**496.1**	**527.8**	**(31.7)**	**(6)%**
Labour	269.7	221.5	48.2	22%
Consulting and contracting	67.1	66.0	1.1	2%
Information technology	66.2	65.4	0.8	1%
Other expenses	24.4	23.3	1.1	4%
Depreciation and amortisation	88.6	59.9	28.7	48%
Financing costs	8.6	5.1	3.5	69%
Total expenditure	**524.6**	**441.2**	**83.4**	**19%**
Annual surplus / (deficit)	**(28.5)**	**86.6**	**(115.1)**	**(133)%**
Accumulated surplus / (deficit)	**26.6**	**55.0**	**(28.5)**	**(52)%**

As a not-for-profit entity with a legislated right to full recovery of costs incurred, AEMO must establish fees and other charges are set, to recover the full operating expenditure (including Depreciation & Amortisation and Finance costs) for each function and segment it operates. AEMO engages with stakeholders on Corporate Plan priorities and the associated budget through various forums including the FCC.

Fee levels are set out in the annual Budget and Fees document that AEMO produces. From time to time, various factors may lead to a surplus or deficit in an individual function or segment.

To account for any accumulated surplus or deficit, AEMO may adjust its revenue requirement in a particular segment after careful consideration of any impacts on consumers or fee payers, and appropriate engagement and consultation.

Table 10: AEMO accumulated surplus/(deficit) by business segment

	End FY24 $m	End FY23 $m
NEM Core	(21.5)	(67.1)
NEM Functions	(20.2)	12.5
Electricity Full Retail Contestability (FRC)	(2.1)	0.4
National Transmission Planner (NTP)	3.0	2.5
Five Minute Settlements (5MS)	13.2	11.9
Distributed energy resources (DER)	(5.4)	1.2
SA planning functions (SAP)	3.0	3.4
Consumer Data Platform (CDP)	(0.6)	(0.5)
NEM Reform	(25.4)	(4.7)
Other	(5.9)	(1.7)
NEM Connections	0.4	-
East Coast Gas	55.9	54.1
Declared Wholesale Gas Market (DWGM)	44.4	41.7
Gas Full Retail Contestability (Gas FRC)	1.8	2.2
Short Term Trading Market (STTM)	8.2	9.2
Gas Supply Hub (GSH)	(1.9)	(2.6)
Gas Retail Business-to-Business (Gas B2B)	0.7	0.9
Gas Bulletin Board (GBB)	(0.2)	0.2
Gas Statement of Opportunities (GSOO)	(0.1)	0.6
Gas Capacity Training (GCT)	(2.8)	(2.1)
Day Ahead Auction (DAA)	6.2	3.4
Other	(0.4)	0.6
Western Australia	(7.9)	3.7
Western Australia Wholesale Electricity Market (SA WEM)	26.1	5.4
Western Australia Systems Management (WA SM)	(29.3)	(1.6)
Western Australia Gas Full Retail Contestability (WA GAS FRC)	-	0.2
Western Australia Gas Services Information (WA GSI)	0.8	0.7
WA DER	(5.5)	(1.0)
Victorian Transmission Network Service Provider (Vic TNSP)	15.7	48.1
Vic TNSP	16.0	48.3
Settlement Residue Auction (SRA)	(0.3)	(0.2)
AEMO Services[1]	3.1	5.8

1. Including non-controlling interest.

Financial position

AEMO's total asset value was greater than in FY23 as assets (primarily digital) were deployed and moved into their useful operating life. This included assets to enable market reform initiatives in the WEM and NEM. Property, plant and equipment increased also due to the progression of early works for the VNI West project within TCV.

Total liabilities increased from FY23, in part due to higher higher security deposits and prepayments received from market participants in accordance with prudential obligations to manage market trading exposures. These have a positive effect on cash flow but must be returned to participants through settlements.

Table 11: AEMO consolidated balance sheet

	FY24 actual $m	FY24 budget $m	FY23 actual $m	FY24 variance to budget $m	FY24 variance to FY23 %
Cash and cash equivalents	352.8	137.1	275.1	215.7	28%
Other current assets	159.8	149.8	149.4	10.0	7%
Non-current assets	600.4	657.4	493.4	(57.0)	22%
Total assets	**1,113.0**	**944.3**	**917.9**	**168.7**	**21%**
Current liabilities	447.6	313.2	370.7	134.4	21%
Borrowings	577.1	527.1	438.9	50.0	32%
Non-current liabilities	29.5	32.0	21.1	(2.5)	39%
Total liabilities	**1,054.2**	**872.3**	**830.7**	**181.9**	**27%**
Net assets	**58.8**	**72.0**	**87.2**	**(13.2)**	**(33)%**
Contributed capital	7.1	7.1	7.1	-	-
Participant Compensation Fund reserve	11.5	10.7	10.9	0.8	6%
Other reserves	12.7	12.8	12.5	-	2%
Accumulated surplus / (deficit)	26.6	41.4	55.0	(14.8)	(52)%
Non-controlling interest	0.9	-	1.7	0.9	(47)%
Total equity	**58.8**	**72.0**	**87.2**	**(13.2)**	**(33)%**

Cashflow

AEMO's net increase in cash available during FY24 relates to the increase in the need for security deposits and prepayments from market participants as collateral to trade on the respective markets. Payments for intangible assets and property, plant and equipment were below budget due to some deferrals of activities within the operations program.

Table 12: AEMO consolidated cashflow

	FY24 actual $m	FY24 budget $m	FY23 actual $m	FY24 variance to budget $m	FY24 variance to FY23 %
Receipts from customers and government grants	1,370.5	1,232.0	1,216.2	138.5	13%
Payments to suppliers and employees	(1,293.9)	(1,160.4)	(1,156.1)	(133.5)	12%
Net receipt / (payment) of participant security deposits	74.0	(5.3)	(942.1)	79.3	(108)%
Net cashflows from operating activities	**150.6**	**66.3**	**(882.0)**	**84.3**	**(117)%**
Net payments for intangible assets and property, plant and equipment	(174.8)	(200.4)	(129.6)	25.6	35%
Net cashflows from investing activities	**(174.8)**	**(200.4)**	**(129.6)**	**25.6**	**35%**
Net borrowings drawn down	138.2	65.1	5.7	73.1	2,325%
Net interest and finance costs paid	(26.5)	(6.8)	(9.9)	(19.7)	169%
Repayments of lease liabilities	(9.8)	(5.4)	(5.8)	(4.4)	68%
Net cashflows from financing activities	**101.9**	**52.9**	**(10.0)**	**49.0**	**(1,119)%**
Net increase / (decrease) cash held	**77.7**	**(81.2)**	**(1,021.6)**	**158.9**	**(108)%**

Governance and risk

Corporate governance

Robust corporate governance arrangements encourage the Board and management to pursue objectives that are in the interests of AEMO, its members and stakeholders. There is a clear correlation between a culture focused on achieving and maintaining high standards of corporate governance and the creation of value for the broader community.

AEMO is committed to ensuring an effective corporate governance framework is in place and has continued to refine its approach to corporate governance, informed by the ASX *Corporate Governance Principles and Recommendations*, Australian Institute of Company Directors' *Not-for-Profit Good Governance Principles* and overseas trends, adapting as required to AEMO's corporate structure and constitution.

AEMO's corporate governance framework and key governance documents, including charters and policies, are available on AEMO's website.

Role of the Board

The Board is accountable to members for the performance of AEMO. The Board's primary roles are to demonstrate leadership and provide overall strategic guidance for AEMO and effective oversight of management in implementing AEMO's strategic priorities in accordance with company values.

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

Composition of the Board

The Board is structured to ensure that it is comprised of individuals with appropriate skills, knowledge, experience and diversity to develop and support AEMO's strategy and enable it to discharge its responsibilities and add value. Based on the Board skills matrix, collectively, the Board possesses the skills and experience prescribed in AEMO's Constitution and those necessary to face challenges from a sector undergoing rapid and challenging transformation.

In accordance with AEMO's constitution, the chair of the Board and the majority of directors must be independent.

The Board of Directors of AEMO during FY24 are set out in the Directors' Report, including those directors who served for part of the year. As at 30 June 2024, the AEMO had 10 board directors, comprising an independent chair, the managing director and chief executive officer and eight non-executive directors. Based on a review of director interests, positions and relationships, six directors (including the chair) are considered to be independent.

Board succession

In accordance with the Board's succession planning, and following the announcement in FY23 of then independent chair Drew Clarke's retirement, an orderly transition of the Board independent chair role was achieved in FY24. On 1 March 2024 the Energy & Climate Change Ministerial Council approved the appointment of Mary O'Kane as independent chair of the AEMO Board. Former chair Drew Clarke shared his intent to retire in April 2023, and upon confirmation of the new chair appointment, retired on 1 April 2024.

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

AEMO's members (government and industry) must endorse the Independent Energy Appointments Selection Panel's recommendations before they are submitted to federal and state energy ministers for approval.

Directors are eligible for reappointment for a term of up to four years. Director reappointments are recommended by the chair to AEMO's members at the annual general meeting. Subject to members' approval, a formal request for the reappointment/s is submitted to federal and state energy ministers for their approval.

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

Board responsibilities

AEMO's Constitution and Board charter set out the full role and responsibilities of the Board. Its key responsibilities include:

- Instilling AEMO values and monitoring AEMO culture.
- Approving corporate strategies, capital investment, annual plan and budget and monitoring of organisational performance in delivering associated objectives and goals.
- Appointing and assessing the performance of the CEO and overseeing executive leadership succession plans.
- Monitoring the integrity of AEMO's accounting and financial reporting.
- Reviewing emerging and identified risks and ensuring appropriate controls, monitoring and reporting mechanisms are in place.
- Monitoring compliance with ethical, legislative and regulatory requirements including occupational health and safety, equal opportunity, environmental, corporate governance and reporting obligations.
- Ensuring that AEMO's governance systems and practices are effective.

In performing their role, directors may access:

- Any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- Management personnel, to seek further information.
- Auditors, both internal and external, to seek explanations and information from them without management presence.
- Organisational records in accordance with the *Deed of Access, Indemnity and Insurance.*
- The AEMO Group and/or AEMO company secretary about any matter related to their role as director.
- Independent professional advice, at AEMO's expense, to help them carry out their duties, provided they have the prior approval of the chair, which will not be unreasonably withheld.

Board development

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

During FY24, an external, independent review of the Board's performance reviewed the Board's culture and effectiveness to identify strengths and areas for development.

The review confirmed a cohesive and effective Board strongly aligned to vision and values, effective in its decision-making and collaboration, and which had adapted to the pace, scale and urgency of issues associated with the energy transition.

Key areas of increasing focus for the future include governance and risk management associated new roles and associated funding models, as well as longer range considerations of the energy transition and AEMO's evolving role.

Risk management

Appropriate risk management governance settings, embedded into core organisational processes, are essential for an organisation's resilience and sustainability, and support delivery of business priorities.

Risk management at AEMO is centred around the organisation's strategic priorities of operating today's systems and markets, navigating the energy transition, engaging stakeholders and evolving the way we work. AEMO is committed to fostering a proactive, outcomes-focused and robust risk culture where every employee understands and manages risk.

The *Enterprise Risk Management Framework* sets out AEMO's risk management approach, and is aligned to the *ISO 31000: 2018 Risk Management* standard.

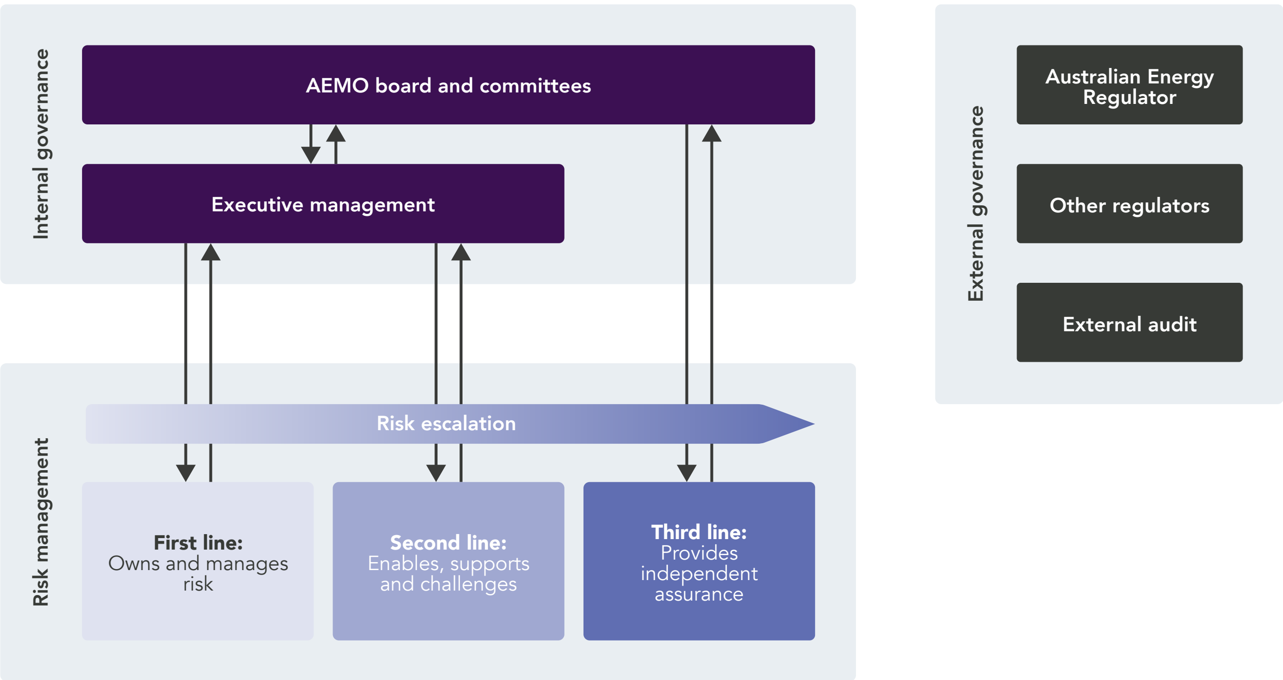
The framework seeks to embed risk identification and management into business activities, decisions, functions and processes. The framework and associated risk policy and risk appetite statement are overseen by the Board and the Finance, Risk and Audit Committee, and actively managed by the executive and senior leaders.

During FY24 AEMO refreshed its framework, policy and appetite statement, to more clearly distinguish between the high risk and increasingly complex role of operating the power system and markets, and the more innovative approach needed to navigate the energy transition.

AEMO's top risks for the organisation were updated to reflect AEMO's more dynamic operating conditions, in particular highlighting the cyber threat and AEMO's responsibilities as a provider of critical infrastructure, as well as recognising the challenges of navigating a significant program of reform delivery and embedment into our real-time operations.

As the energy industry, threat landscape and stakeholder expectations evolve, we will continue to enhance our focus on new and emerging risks. This will involve expanding our understanding of key risk drivers through further scenario analysis, enhancing the use of our key risk indicators and analytics to drive decision-making, and improving our risk technology capabilities.

AEMO's risk management framework



AEMO's top risks

1 Operating today's systems and markets

System and market security and reliability: Increasing supply/demand volatility, extreme weather events, and rapid changes to the energy system and market.

Cyber security: Evolving cyber threats against Australia's critical energy infrastructure.

2 Navigating the energy future

Energy system transition: Inherent complexities and uncertainty in planning for Australia's energy transition.

Market and regulatory reform: Policy and regulatory complexity, market transformation required to support operations and enable the transition.

Transformation and change: Increasing volume and complexity of large scale change programs.

3 Engaging our stakeholders

Stakeholder trust and confidence: Rapidly evolving stakeholder expectations across consumers, market participants, industry groups and government.

4 Evolving the way we work

Right capabilities and talent: Changing skill and capability mix required, now and into the future.

Technology, systems, processes and data: Addressing technical debt and increasing operational requirements.

Financial sustainability: Complexity in financial governance and funding arrangements.

Workplace health and safety: Changing safety risk profile as AEMO's role and functions evolve.

Sustainability

Australia's energy transition to enable a net zero economy, as committed by Australian federal, state and territory governments, is well underway. Recent additions to the statutory objectives in the energy laws also now require AEMO to have regard to the achievement of governments' emission-reduction targets in carrying out its functions.

AEMO's vision is for a secure, reliable, low-cost pathway to a net-zero energy system that aligns with Australia's targets for renewable power generation, in a way that maximises the benefits to all Australians. AEMO has a central role in enabling the transition through its four core functions: operating the power system; operating the energy markets; planning and enabling the future power system; and supporting new investment.

On the pathway to net zero, the mix of power generation and changing levels of electricity demand are making the task of operating the power system increasingly complex. AEMO's control rooms are responding in real time to keep the lights on, as well as providing insights into emerging issues to be solved across the industry as more renewable assets join the power grid.

The way the energy markets operate is also changing because of the energy transition. AEMO is consulting with stakeholders to inform and support governments in the design of energy market reform to ensure the energy transition is an efficient and low-cost pathway to a net zero emissions future.

In AEMO's role planning the future power systems, initiatives from NEM and SWIS engineering roadmaps are being implemented to ensure the power systems can operate securely at times when there is 100 per cent renewable generation. More recently, AEMO has been appointed by the Australian Government as the delivery partner for the CIS, which underpins investment in renewable generation and associated infrastructure to realise a net zero future.

At a corporate level, AEMO has a number of initiatives in place, and more in development, to strengthen its corporate position with respect to sustainability and Environment, Social, Governance (ESG) matters.

Current activities include reductions to AEMO's carbon footprint through a move to green-star rated offices where possible, and carbon offsets on airline travel. During FY24 AEMO moved its corporate head office to a 7-star efficiency rated building in Melbourne.

Also during the year, AEMO implemented its Reflect Reconciliation Action Plan, which sets out 38 actions which we believe lay foundations for AEMO to create lasting impact as allies in advancing reconciliation in Australia. AEMO is privileged to work in a range of locations across Australia, and our action plan commits to increasing understanding, value and recognition of Aboriginal and Torres Strait Islander cultures, histories, and rights in the communities in which we work.

AEMO, via its subsidiary TCV Pty Ltd, is working closely with communities, First Nations organisations and landholders, to engage and consult deeply on the planned new transmission line (VNI West project).

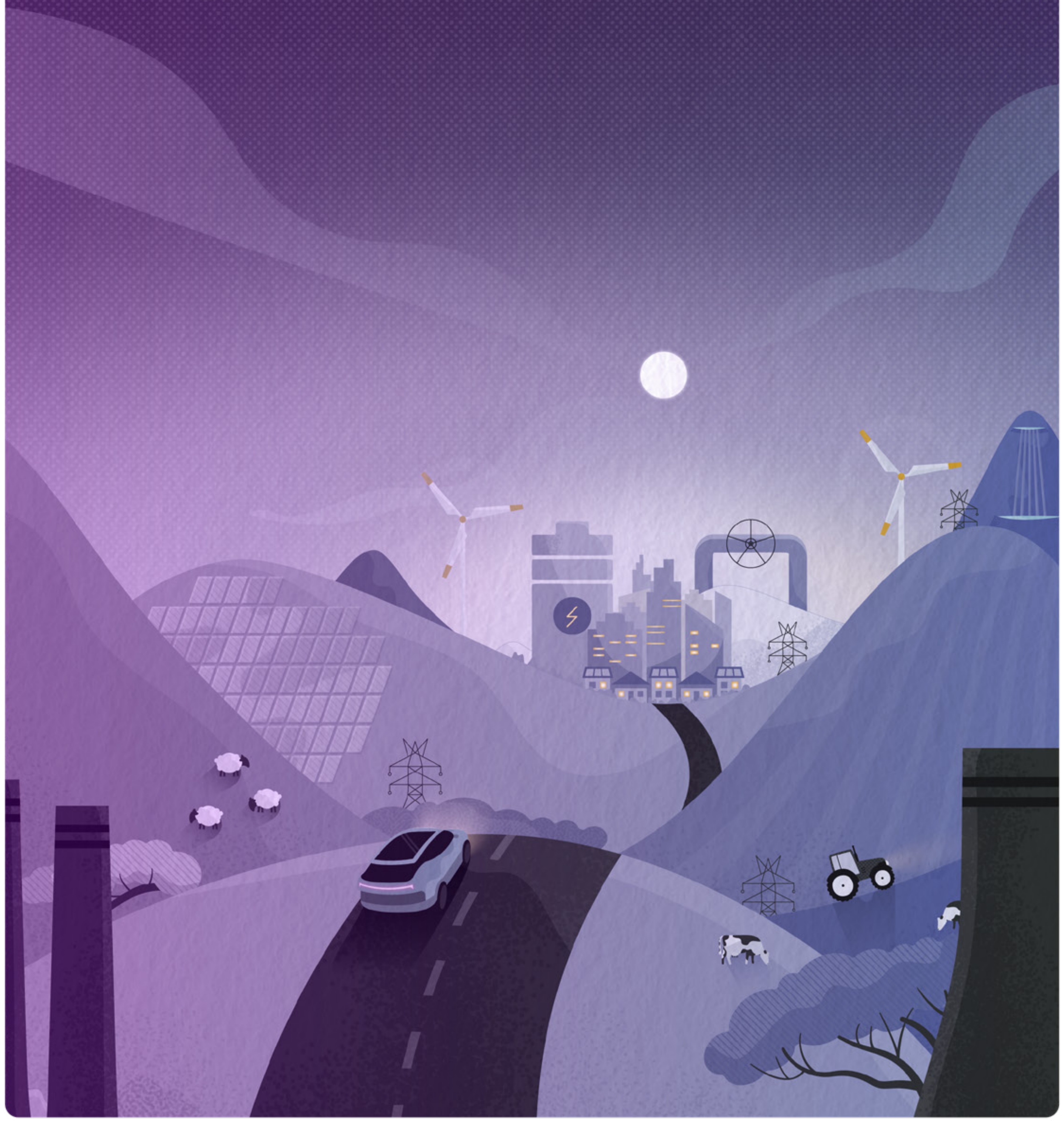
Building up on AEMO's strong corporate governance settings, governance arrangements across AEMO, particularly for new functions, have been streamlined, and oversight of key risks, including cyber resilience, has been strengthened.

Development of AEMO's ESG strategy and associated climate-risk reporting required for FY26 has started. In accordance with the *Australian Sustainability Reporting Standards*, AEMO is considering our climate-rated risks and opportunities, assessing the materiality of these risks and calculating our corporate greenhouse gas emissions footprint.

AEMO's future sustainability report and climate-related disclosures will enhance transparency to stakeholders on corporate ESG matters.

Directors' report

For the financial year ended 30 June 2024



The directors present their report on the consolidated entity consisting of the Australian Energy Market Operator Limited (AEMO or the Company) and the entities it controlled at the end of, or during, the financial year ended 30 June 2024. Throughout the report, the consolidated entity is referred to as the group.

AEMO is a not-for-profit public company limited by guarantee, incorporated under the *Corporations Act 2001*. AEMO's membership structure is comprised of state and federal governments (60 per cent) and energy industry participants (40 per cent). Registered energy market participants are eligible to become industry members of AEMO.

AEMO has a statutory right to recover its costs.

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

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

At 30 June 2024, the total maximum amount that members of the Company are liable to contribute under the Constitution if AEMO is wound up is $95.

The year in review

A review of AEMO's objectives, strategy, principal activities and performance measures for the year is on pages 10 to 33 of this report. Further details of AEMO's operations are provided in the Financial Statements in this report.

Directors

The following directors form AEMO's Board during FY24 and up to the date of this report, unless otherwise stated.

Professor Mary O'Kane AC, BSc (Qld), PhD (ANU)

Non-executive Independent Chair
Member, People and Remuneration Committee
Member, Technical, Markets and Systems Committee
Participant, Other Board Committees ex officio
Director, AEMO Services Ltd Board

Tenure: 3 months

Chair, Sydney Health Partners Board; Chair, Mary O'Kane & Associates Pty Ltd; Chair, Australian Centre for Excellence in Antarctic Science Advisory Board; Chair, University of Tasmania Institute of Marine & Antarctic Studies Advisory Board; Chair, Australian Antarctic Science Council; Member, FFG - Austrian Research Promotion Agency COMET Panel; Chair, Board of Museums of History NSW; Member of Advisory Board, NSW Reconstruction Authority; Chair, Business Events Sydney.

Mary O'Kane was the Chair of the NSW Independent Planning Commission from 2018-2024, NSW Chief Scientist and Engineer from 2008-2018, and Vice-Chancellor of the University of Adelaide from 1996-2001. For the last 25 years, Mary has served on many Australian and overseas boards and committees in the public and private sectors, especially related to research, engineering, ICT, energy, and international development.

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

Managing Director and CEO
Director, AEMO Services Ltd
Director, Transmission Company Victoria Pty Ltd

Tenure: 3 years and 2 months

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

Under Daniel's leadership, AEMO has ensured a secure and reliable supply of electricity and gas for customers through increasingly complex operations across Australia's energy grids, and developed a trusted set of roadmaps to transition these grids as the nation's coal-fired generators retire from service.

Internally, AEMO has built a purpose-led and values-based culture, with strong uplifts in employee engagement, diversity and inclusion, and financial performance. AEMO is a trusted partner of both industry and governments. Prior to joining AEMO, Daniel held a variety of senior executive roles with London-listed electricity and gas utility, National Grid PLC, after an earlier career with McKinsey & Company and Ford Motor Company.

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

Andrew (Drew) Clarke AO PSM, MSc, BAppSc, FTSE, MAICD

Non-executive Independent Chair
Member, People and Remuneration Committee
Member, Technical, Markets and Systems Committee

Tenure: 6 years and 8 months

Drew Clarke was AEMO Chair until April 2024. Drew has served in energy policy leadership roles since 2003, including a term as Secretary of the Australian Department of Resources and Energy. He led the Australian Government's actions in the creation of the National Energy Market Rules and the three NEM market bodies, served as Chair of the Senior Committee of Officials under the Council of Australian Governments (COAG) Ministerial Council on Energy, led the establishment of the Australian Renewable Energy Agency (ARENA) and the Global Carbon Capture and Storage Institute, and was Australia's member on the Governing Board of the International Energy Agency.

Julieanne Alroe BEcon, MAICD

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

Tenure: 3 years and 1 month

Chair, Queensland Ballet; Chair, Urban Utilities Water 2032 and Beyond Advocacy Committee; Member, University of Queensland Senate; Director, Gardior Pty Ltd; Member, Committee for Brisbane Advisory Board; Member, Queensland Business Hall of Fame Advisory Committee.

Julieanne Alroe is a professional non-executive director. She retired in June 2018 from Brisbane Airport Corporation (BAC) where she had held the position of CEO and Managing Director since 1 July 2009. She was the Chair of ERM Power Ltd from 2018 until it was sold to Shell in late 2019. She was also the Chair of Infrastructure Australia for five years until August 2021.

Julieanne was granted an Honorary Doctorate from Griffith University (honoris causa) in December 2016. She is a Fellow of the Queensland Academy of Arts and Sciences and a member of the Chief Executive Woman (CEW).

Anthony (Tony) Concannon BSc (Hons), FAICD, FIMechE, AMIET

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

Tenure: 7 years and 2 months

CEO and ownership interest, Reach Solar Energy (and related development companies); Member, Clean Energy Finance Corporation, Rewiring the Nation Advisory Committee.

Tony Concannon has more than 35 years' experience in the power sector, and is a chartered power engineer with international experience in governance, investor relations, operations management, finance, and risk management. He was an Executive Director of International Power plc (2004-11), CEO for IPR Australia and CEO Asia Pacific region for GDF SUEZ Energy until Q1 2014, and is a previous Chairman of the Electricity Supply Association of Australia (now known as the Energy Council of Australia).

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

Elizabeth (Betsy) Donaghey BSc, Msor

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

Tenure: 7 years and 2 months

Director, Cooper Energy Limited; Director, Ampol Ltd.

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

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

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

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

Tenure: 5 years and 5 months

Director, APA Group Limited; Director, APA Infrastructure Limited; Member, Deakin University Council; Co-Founder and Director, TasRex; Director, Transurban Queensland.

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

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

Anne Nolan B. Econ(Hons), M. Econ

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

Tenure: 5 years and 5 months

Director, Fremantle Ports Authority; Director, Western Australia Symphony Orchestra; Director, Western Australia Venues & Events.

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

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

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

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

Tenure: 1 year and 6 months

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

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

She had over 20 years' experience in ASX Top 200 listed oil and gas company Beach Energy as the CFO/Company Secretary, where she directed large financing transactions, major capital raising and a number of mergers and acquisitions.

Christine Williams MA LLB, GAICD

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

Tenure: 1 year and 6 months

Non-Executive Director, Queensland Airports Limited (QAL) Finance Pty Ltd, Gold Coast Airport Pty Limited, Townsville Airport Pty Ltd, Mount Isa Airport Pty Ltd, QAL Property Pty Ltd, QAL Property No. 2 Pty Ltd, Piggabeen Land Company Pty Ltd, QAL Management Services Pty Ltd, Longreach Airport Pty Ltd, QAL Services Pty Ltd, Australian Airports Pty Ltd; Chair, Port of Newcastle Property Trust Group; Director, St Andrews Cathedral School Foundation Limited; Chair, Sydney Chamber Opera Inc; Director, Housing All Australians Limited.

Christine Williams is a professional lawyer, General Counsel and business executive with over two decades of experience. Christine has extensive experience as an mergers and acquisitions and funds management lawyer and senior business executive in the infrastructure, property, and financial services industries.

Christine was General Counsel for BT Asset Management Property Group and, until recently, an Executive Director and Global General Counsel for the Macquarie Group infrastructure and real asset funds management division for 21 years. Her responsibilities at Macquarie included transactional, investment and risk management activities in electricity generation and electricity and gas transmission and distribution in Australia.

Christine is also currently a non-executive director of not-for-profit organisations supporting indigenous education, the performing arts and affordable housing.

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

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

Tenure: 3 years and 1 month

Managing Director, E-Centric Innovations Pty Ltd; Director, Carsales.Com (ASX: CAR); Non-Executive Director, Walter Eliza Hall Institute: ANU Centre for Asian-Australian Leadership Advisory Board; Member, Swinburne University Technology, Innovation and Value Creation Committee; Member, Victorian Government Ministerial Advisory Council on International Education; Member, Victorian Department of Transport Ministerial Innovation Taskforce and Transform Reform Board; Member, VicTrack Strategic Innovation Advisory Group; Director, Nomura Research Institute Australia & New Zealand; Director, Australian Business Growth Fund.

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

He joined IBM in 1994 as a senior executive running part of its e-business group in the Asia Pacific region, including Australia and New Zealand. In 1999, he founded e-Centric Innovations, an IT/Management consulting firm, and went on to establish several businesses. As adviser to the Victorian Government, Kee helped develop an R&D venture which resulted in a new global joint venture between Xerox and VicTrack to commercialise new technology that will remotely monitor the structural health of bridges.

Amongst previous Board positions, he was also Chairman of the Australian Information Industry Association (AIIA), a Deputy Chairman of Asialink and a Director of LaunchVic.

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

Company secretaries

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

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

Meetings of directors

Table 1: Number of meetings of the company's Board of Directors and Board committees and the number of meetings attended by each director in FY24

	Board meetings		People & Remuneration meetings		Finance, Risk & Audit meetings		Technical, Markets & Systems meetings		Special Board meetings	
	A	B	A	B	A	B	A	B	A	B
Mary O'Kane	2	2	1	1	—	—	1	1	NA	NA
Drew Clarke	6	6	3	4	—	—	3	3	NA	NA
Julieanne Alroe	8	8	—	—	4	4	4	4	NA	NA
Tony Concannon	8	8	3	3	2	2	4	4	NA	NA
Betsy Donaghey	8	8	5	5	—	—	3	4	NA	NA
Nino Ficca	8	8	2	2	2	2	4	4	NA	NA
Anne Nolan	8	8	—	—	4	4	4	4	NA	NA
Kathryn Presser	8	8	—	—	4	4	4	4	NA	NA
Daniel Westerman	8	8	—	—	—	—	4	4	NA	NA
Christine Williams	8	8	3	3	2	2	4	4	NA	NA
Kee Wong	7	8	4	5	—	—	4	4	NA	NA

A = Number of meetings attended.
B = Number of meetings held during the time the director held office or was a member of the committee during the year which they were eligible to attend.
— = Not a member of this committee, but may attend ex officio.

The Board held eight scheduled meetings during the financial year.

All directors are members of the Technical, Markets and Systems Committee. The Chair, and the Managing Director and CEO, attend all committee meetings ex officio, unless specified otherwise. When a director is unable to attend a meeting, they endeavour to provide written comments prior to the meeting.

Remuneration

Non-executive director remuneration

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

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

Table 2: Non-executive director and committee member remuneration in FY24

Role	Number of roles	FY24 $'000	FY23 $'000
Board Chair	1	240	227
Board Member	8	105	101
Finance, Risk & Audit Committee Chair	1	25	24
Finance, Risk & Audit Committee Member	4	12	12
People & Remuneration Committee Chair	1	21	20
People & Remuneration Committee Member	3	10	10
Technical, Markets & Systems Committee Chair	1	21	20
Technical, Markets & Systems Committee Member	8	11	10
Information Exchange Committee Chair	1	60	57

Table 3: Non-executive director remuneration in FY24

Remuneration expense	FY24 $'000	FY23 $'000
Short-term benefits	1,267	1,109
Post tenure benefits	131	117
Other long-term benefits	-	-
Termination benefits	-	-
Total	**1,398**	**1,226**

Executive key management personnel

Executive key management personnel includes persons, whether on an interim basis or for the full financial year, who fulfil the Chief Executive Officer and other key management roles, which are determined by the Board and outlined in the table below.

Table 4: FY24 executive personnel

Name	Title	Period of appointment
Daniel Westerman	Managing Director and Chief Executive Officer	17 May 2021–present
Michael Gatt	EGM – Operations	17 Aug 2020–present
Kate Ryan	EGM – WA & Strategy	2 Feb 2022–20 September 2024
Vanessa Hannan	EGM – Finance & Governance	25 Feb 2022–present
Merryn York	EGM – System Design	14 Mar 2022–present

Remuneration of executive key management personnel

Remuneration for executive key management personnel is made up of:

- a fixed annual reward (base salary plus superannuation)
- a variable short-term per centage of the fixed annual reward.

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

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

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

AEMO's short-term incentive framework is designed to incentivise AEMO's executive personnel to deliver outcomes aligned to the delivery of AEMO's corporate plan. Short-term incentives are subject to meeting annual performance targets, as agreed between the executive personnel and Chief Executive Officer, or between the Managing Director and Chief Executive Officer and the Board.

The short-term incentive is set between 40 per cent and 60 per cent of the executive key management personnel's fixed annual reward, and is based on annual targets across two areas, which are equally weighted:

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

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

Based on their performance against their annual targets in FY24, AEMO key management personnel received short-term incentive payments of an average 87.3 per cent of the maximum opportunity of 60 per cent of their fixed pay.

Remuneration of Executive Key Management Personnel for FY24 performance is set out below. For privacy, individual remuneration is aggregated.

Table 5: FY24 executive key management personnel remuneration by pay band

Remuneration range	Executive key management personnel	Short-term employee	Post employee benefits	Other long-term benefits	Termination benefits	Total
$'000	Number	$'000	$'000	$'000	$'000	$'000
$0 - $1,000	4	2,995	110	350	-	**3,435**
> $1,000	1	1,589	27	169	-	**1,785**
Total	**5**	**4,584**	**137**	**499**	**-**	**5,220**

Table 6: FY23 executive key management personnel remuneration by pay band

Remuneration range	Executive key management personnel	Short-term employee	Post employee benefits	Other long-term benefits	Termination benefits	Total
$'000	Number	$'000	$'000	$'000	$'000	$'000
$0 - $1,000	4	2,271	225	197	-	**2,693**
> $1,000	1	1,369	25	103	-	**1,497**
Total	**5**	**3,640**	**250**	**300**	**-**	**4,190**

Events since the end of the financial year

In July 2024, the Group financially closed a $120 million fixed rate concessional loan with the Clean Energy Finance Corporation (CEFC). This loan is to fund the early works costs for the Victoria – New South Wales Interconnector West project (VNI West).

Auditor independence

PricewaterhouseCoopers is AEMO Group's external auditor and continues in office in accordance with Section 327 of the *Corporations Act 2001*. The Board of Directors is satisfied that the provision of non-audit services by PricewaterhouseCoopers is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 78.

Rounding of amounts

The Group is of a kind referred to in the Australian Securities & Investment Commission (ASIC) Legislative Instrument 2016/191, relating to the 'rounding off' of amounts. As a result, amounts have been rounded to the nearest one hundred thousand dollars.

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

Mary O'Kane
AEMO Chair
23 September 2024

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Australian Energy Market Operator Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Energy Market Operator Limited and the entities it controlled during the period.

Matthew Probert
Partner
PricewaterhouseCoopers

Melbourne
23 September 2024

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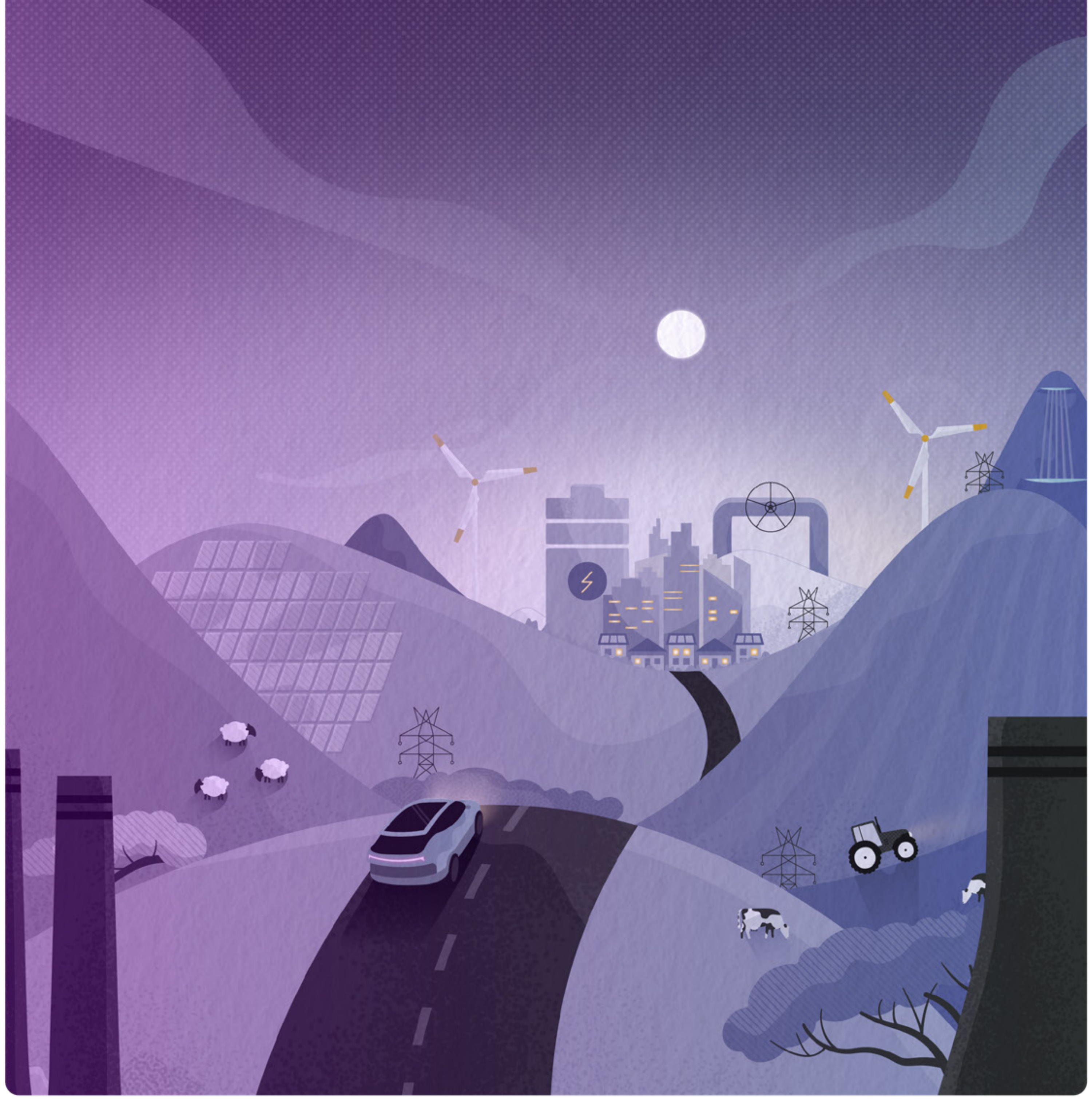
Consolidated financial statements

For the financial year ended 30 June 2024

Australian Energy Market Operator Limited
ABN 94 072 010 327



Contents

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2024.

	Notes	2024 $m	2023 $m
Income			
Revenue from contracts with customers	4	1,223.7	1,196.2
Network charges	6(a)	(748.5)	(691.8)
Net revenue		475.2	504.4
Other income	5	20.9	23.4
Total income		496.1	527.8
Operating expenses			
Consulting and contracting	6(b)	67.1	66.0
Employee benefits and related costs	6(c)	269.7	221.5
Impairment expense	6(d)	3.0	-
Information technology	6(e)	66.2	65.4
Insurance		3.4	3.8
Liquification and storage services		7.9	5.0
Other expenses	6(f)	10.1	14.5
Total operating expenses		427.4	376.2
Operating surplus		68.7	151.6
Depreciation and amortisation	6(g)	(88.6)	(59.9)
Net finance expense	6(h)	(8.6)	(5.1)
(Deficit) / surplus before income tax		(28.5)	86.6
Income tax expense		-	-
(Deficit) / surplus for the year		(28.5)	86.6
(Deficit) / surplus for the year is attributable to:			
Members of the Group		(27.7)	87.9
Non-controlling interest		(0.8)	(1.3)
(Deficit) / surplus for the year		(28.5)	86.6
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit		0.1	(0.7)
Other comprehensive income for the year, net of tax		0.1	(0.7)
Total comprehensive income for the year		(28.4)	85.9
Total comprehensive income for the year is attributable to:			
Members of the Group		(27.6)	87.2
Non-controlling interest	24(b)	(0.8)	(1.3)
Total comprehensive income for the year		(28.4)	85.9

The consolidated statement of profit or loss and other comprehensive income should be read with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2024.

	Notes	2024 $m	2023 $m
Assets			
Current assets			
Cash and cash equivalents	7	352.8	275.1
Receivables	8	155.0	142.2
Inventory	9	4.8	7.2
Total current assets		512.6	424.5
Non-current assets			
Property, plant and equipment	10	123.2	68.0
Intangible assets	11	473.7	422.1
Defined benefit superannuation		3.5	3.3
Total non-current assets		600.4	493.4
Total assets		1,113.0	917.9
Liabilities			
Current liabilities			
Payables	12	282.0	228.4
Borrowings	13	0.9	0.9
Prepaid settlements and deposits	14	93.4	78.8
Lease liabilities	15(a)	6.4	6.1
Employee provisions	16	45.6	37.9
Other provisions and liabilities	17	20.2	19.5
Total current liabilities		448.5	371.6
Non-current liabilities			
Borrowings	13	576.2	438.0
Lease liabilities	15(a)	19.9	14.2
Employee provisions	16	5.4	4.1
Other provisions and liabilities	17	4.2	2.8
Total non-current liabilities		605.7	459.1
Total liabilities		1,054.2	830.7
Net assets		58.8	87.2
Equity			
Contributed capital	18(a)	7.1	7.1
Reserves	18(b)	24.2	23.4
Accumulated surplus		26.6	55.0
Non-controlling interest	24(b)	0.9	1.7
Total equity		58.8	87.2

The consolidated statement of financial position should be read with the accompanying notes.

Consolidated statement of changes in equity

As at 30 June 2024.

	Note	Contributed capital $m	Reserves $m	Accumulated surplus $m	Total $m	Non-controlling Interest $m	Total Equity $m
Balance at 1 July 2022		7.1	23.0	(31.8)	(1.7)	3.0	1.3
Surplus for the year		-	-	87.9	87.9	(1.3)	86.6
Other comprehensive income		-	-	(0.7)	(0.7)	-	(0.7)
Total comprehensive income for the year		-	-	87.2	87.2	(1.3)	85.9
Transfer to / (from) reserves	18(b)	-	0.4	(0.4)	-	-	-
Balance as at 30 June 2023		7.1	23.4	55.0	85.5	1.7	87.2
Balance at 1 July 2023		7.1	23.4	55.0	85.5	1.7	87.2
Deficit for the year		-	-	(27.7)	(27.7)	(0.8)	(28.5)
Other comprehensive income		-	-	0.1	0.1	-	0.1
Total comprehensive income for the year		-	-	(27.6)	(27.6)	(0.8)	(28.4)
Transfer to / (from) reserves	18(b)	-	0.8	(0.8)	-	-	-
Balance as at 30 June 2024		7.1	24.2	26.6	57.9	0.9	58.8

The consolidated statement of changes in equity should be read with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2024.

	Notes	2024 $m	2023 $m
Cash flows from operating activities			
Receipts from customers		559.3	454.1
Receipts from customers - Victorian TNSP function		811.2	753.1
Receipts from government grants		-	9.0
Payments to suppliers and employees		(470.6)	(395.1)
Payments for network charges		(823.3)	(761.0)
Net receipts / (payments) prepaid settlements		74.0	(942.1)
Net cash inflows / (outflows) from operating activities	7(a)	150.6	(882.0)
Cash flows from investing activities			
Payments for property, plant and equipment		(59.3)	(17.0)
Payments for intangible assets		(115.5)	(112.6)
Net cash outflows from investing activities		(174.8)	(129.6)
Cash flows from financing activities			
Net interest and other finance costs paid		(26.5)	(9.9)
Proceeds from borrowings		439.0	6.2
Repayment of borrowings		(300.8)	(0.5)
Principal elements of lease payments		(9.8)	(5.8)
Net cash inflows / (outflows) from financing activities		101.9	(10.0)
Net increase / (decrease) in cash and cash equivalents		77.7	(1,021.6)
Cash and cash equivalents at the beginning of the financial year		275.1	1,296.7
Cash and cash equivalents at the end of the financial year	7	352.8	275.1

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Corporate information and key events

The consolidated entity ('The Group') consists of the Australian Energy Market Operator Limited (AEMO) and its subsidiaries, AEMO Services Limited and Transmission Company Victoria Pty Ltd ('Subsidiaries').

AEMO is the independent energy market and system operator for the National Electricity Market (NEM), the Western Australia Wholesale Electricity Market (WEM) and national transmission planner for the NEM. It also operates gas markets and systems. It is a not-for-profit public company limited by guarantee, incorporated and based in Australia, with a membership of State and Federal Governments (with 60% of the voting power) and energy industry members (with 40% of the voting power).

AEMO Services Limited provides advisory services to Governments and AEMO. AEMO Services Limited is a not-for-profit company limited by guarantee and its membership comprises AEMO (with 70 per cent of the voting power) and the New South Wales (NSW) State Government (with 30 per cent of the voting power).

In 2022 the NSW Government conferred the role of the NSW Consumer Trustee onto AEMO Services Limited under the *NSW Electricity Infrastructure Investment Act 2020* (EII Act). The role of NSW Consumer Trustee supports the delivery of the NSW Electricity Infrastructure Roadmap.

In 2023 AEMO was engaged to support the roll-out of the Australian Government's Capacity Investment Scheme (CIS) as tender delivery partner. AEMO is the head contractor with the Commonwealth, and there is a sub-contract with AEMO Services Limited in relation to the delivery of the CIS services.

Transmission Company Victoria Pty Ltd (TCV) was incorporated on 24 February 2023. It is wholly owned by AEMO and is a for-profit company limited by shares. TCV is undertaking early works for the Victorian segment of the Victoria – NSW Interconnector West (VNI West) project.

The address of the Group's registered office is Level 12, 171 Collins Street, Melbourne, VIC 3000. The consolidated financial statements of the Group for the year ended 30 June 2024 were authorised for issue by the Directors on 23 September 2024. The Directors have the power to amend and reissue the financial statements.

2. Basis of preparation

This note provides a list of potentially material accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in other notes. These policies have been consistently applied to all the years presented, unless otherwise stated. The presentation of comparative amounts has been restated where applicable, to conform to the current year presentation.

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The following principles and policies have been applied:

- Accruals basis: assets, liabilities, equity, income, and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.
- Historical cost convention: except for the defined benefit pension plan which is measured at fair value, the consolidated financial statements have been prepared on a historical cost basis.
- Presentation of foreign currency: Australian Dollars, which is the Group's functional currency.
- Transactions and balances in foreign currency: translated into the functional currency using the exchange rates at the dates of the transactions. All foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within other expenses.
- Rounding: the Group is of a kind referred to in the Australian Securities & Investment Commission Legislative Instrument 2016/191, relating to the 'rounding off' of amounts. As a result, amounts have been rounded to the nearest one hundred thousand dollars, or in certain cases, to the nearest dollar.

- Income tax: both AEMO and AEMO Services Limited individually are not subject to income tax, as they are treated as public authorities under Australian law. AEMO was granted an income tax exemption for 10 years from 1 July 2018 to 30 June 2028, and AEMO Services Limited was granted an income tax exemption for 5 years from 1 July 2021 to 30 June 2026. TCV is subject to income tax.
- Goods and Services Tax (GST): transactions are recognised net of GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. The net amount of GST recoverable from, or payable to, the taxation authority is included within receivables or payables in the consolidated statement of financial position. Operating cash flows are presented on a GST gross basis where applicable. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority, are separately presented as an operating cash flow.
- Classification between current and non-current: in the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over or settled within the next 12 months, being the Group's operational cycle.
- Impairment of assets: property plant and equipment, and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped into categories with similar asset attributes and future benefits to the Group. In some cases, these categories correlate to business segments. Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through the consolidated statement of profit or loss and other comprehensive income.

Impairment testing methodology

The Group is subject to several external forces that will impact the life of its assets. This includes external regulatory and social factors that and technology change. To respond to the range of potential outcomes that can result from these factors, where impairment indicators are present, the Group has adopted a scenario analysis approach to determining the recoverable amount of its assets.

New and amended standards adopted by the Group

Accounting policies are selected and applied in a way that ensures the resulting financial information satisfies the concepts of relevance and reliability.

The Group has applied the following mandatory new amendments for its annual reporting period commencing 1 July 2023. The application of these accounting standards / pronouncements has no material impact on the amounts recognised in prior periods.

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2)
- AASB 2023-3 *Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (AASB 112)
- AASB 2023-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*.

Consolidation

The consolidated financial statements comprise the financial statements of AEMO (the parent) and its subsidiaries over which the Group has the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date control is obtained by the Group and cease to be consolidated from the date the Group ceases to have control.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits or losses resulting from intragroup transactions have been eliminated in full.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

Critical accounting estimates and assumptions

Control assessment of the Scheme Financial Vehicle

The Scheme Financial Vehicle serves as a contractual counterparty of NSW Roadmap energy service agreements. The Group does not control any of the operations of the Scheme Financial Vehicle as there is no evidence of the Group having the ability to direct any relevant business activities. It is on this basis that the Scheme Financial Vehicle is not consolidated into the financial statements of the Group as at 30 June 2024.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities, and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group has an accumulated surplus of $26.6 million (2023: $55.0 million). In assessing the appropriateness of the going concern assumption, the Directors have considered:

- The Group has cash balances of $352.8 million (FY23: $275.1 million) of which $76.1 million is unrestricted (FY23: $86.1 million).
- The Group's statutory powers to recover all costs associated with its specific legislative functions from relevant participants, as well as any under recoveries in the next financial year or subsequent financial years. The Group achieves cost recovery by including surpluses or deficits in future budgets and applying these to future fee recoveries for specific AEMO functions.
- The Group had $63.8 million net current assets at 30 June 2024 (FY23: $52.4 million)
- The Group had $229.3 million of undrawn debt facilities at 30 June 2024 (FY23: $319.3 million)

Critical accounting estimates

Preparation of the consolidated financial statements requires the use of certain critical accounting estimates and requires the Group to exercise judgement in the application of the accounting standards and the Group's accounting policies. All judgements, estimates and assumptions are based on most current facts and circumstances and are reassessed on an ongoing basis. Actual results may differ for these estimates under different assumptions and conditions. This may affect financial results and the carrying amount of assets and liabilities to be reported in the next and future periods.

Significant judgements and key estimates and assumptions in applying accounting standards and the Group's accounting policies are set out in the respective notes to the consolidated financial statements.

3. Segment information[1]

2024 $m	NEM Core	NEM Functions	NEM Connections	East Coast Gas	WA	Vic TNSP	AEMO Services[2]	Total segments
Income	214.9	87.7	24.3	55.5	58.8	19.2[3]	31.8	492.2
Operating expenses	(165.7)	(95.3)	(23.9)	(53.5)	(49.5)	(51.1)	(34.5)	(473.5)
Operating surplus / (deficit)	**49.2**	**(7.6)**	**0.4**	**2.0**	**9.3**	**(31.9)**	**(2.7)**	**18.7**
Depreciation / amortisation	(4.2)	(25.0)	-	(3.3)	(21.3)	(0.5)	(0.2)	(54.5)
Net finance (expense) / income	0.6	(0.1)	-	3.1	0.4	-	0.2	4.2
Annual surplus / (deficit)	**45.6**	**(32.7)**	**0.4**	**1.8**	**(11.6)**	**(32.4)**	**(2.7)**	**(31.6)**

2023 $m	NEM Core	NEM Functions	NEM Connections	East Coast Gas	WA	Vic TNSP	AEMO Services[2]	Total segments
Income	203.2	87.0	24.0	83.0	44.5	62.4[3]	23.2	527.3
Expenses[4]	(162.7)	(80.0)	(24.0)	(49.7)	(47.6)	(49.5)	(27.6)	(441.1)
Annual surplus / (deficit)	**40.5**	**7.0**	**-**	**33.3**	**(3.1)**	**12.9**	**(4.4)**	**86.2**

1. Refer to the Financial Performance Report section for further information for each business segment. There are minor differences between the mapping used for management and financial reporting for income / expenses.
2. AEMO Services segment represents AEMO Services Limited in its capacity as the Consumer Trustee and also the role AEMO and AEMO Services Limited have in the delivery of the CIS.
3. Net income includes network charges of $748.5 million (2023: $691.8 million).
4. Depreciation and amortisation and net finance expense for the prior reporting period were managed on a group basis and were not provided to the ELT at the business segment level. Therefore, a disaggregation of these expenses has not been presented.

$m	2024 Total segment result	2024 Adjustments / eliminations[5]	2024 Consolidated Profit or Loss	2023 Total segment result	2023 Adjustments / eliminations[5]	2023 Consolidated Profit or Loss
Income	492.2	3.9	496.1	527.3	0.5	527.8
Expenses	(523.8)	(0.8)	(524.6)	(441.1)	(0.1)	(441.2)
Annual surplus / (deficit)	(31.6)	3.1	(28.5)	86.2	0.4	86.6

5. Inter-segment transactions are eliminated upon consolidation and reflected in the "adjustments / eliminations" column. This category also includes the operations of the Corporate (head office) function, which does not constitute an individual business segment.

The Group's Executive Leadership Team (ELT), consisting of the Managing Director and Chief Executive Officer, and the Executive General Managers, examines the Group's performance by differentiating how the Group recovers its costs from relevant participants. The ELT primarily uses a measure of surplus / (deficit) to assess the performance of the business segments. Refer to the Financial Performance Report for an analysis of the performance of each business segment.

The Group has identified seven reportable business segments:

1. National Electricity Market (NEM Core)

Managing power system security and reliability, market operations and systems, wholesale metering, settlements and prudential supervision, near-term energy forecasting and planning services.

2. NEM Functions

National transmission planning, management of five-minute settlements, trading in the Settlements Residue Auction, management of the NEM2025 Reform Program, facilitation of retail market competition, provision of a consumer data platform, integrating distributed energy resources into the NEM.

The FY24 increase in expenditure is due to an increase in depreciation and amortisation costs, and net finance expense due to large debt-financed capital projects.

3. NEM Connections

NEM Connections covers AEMO's connections, registrations and onboarding activities within the NEM.

4. East Coast Gas

The Group performs several functions in East Coast Gas, including operating the Victorian Declared Wholesale Gas Market (DWGM), facilitating the Short-Term Trading Market (STTM) and day ahead auctions, facilitating retail market competition, developing the *Gas Statement of Opportunities*, operating the Gas Supply Hub and Capacity Trading Platform and administering change proposals for the *Operational Transportation Service Code*.

5. Western Australia Electricity and Gas (WA)

A range of functions are performed for the Western Australia wholesale electricity and gas markets, including operating and settling the Reserve Capacity Mechanism and managing the buying and selling of electricity in the STTM, Load Following Ancillary Service Market and Balancing Market. In addition, WA has responsibilities for operating the Southwest Interconnected System, working alongside the network operator (Western Power), and generation facility owners. The Group also has several functions under the Gas Services Information rules.

6. Victorian Transmission Network Service Provider (Vic TNSP)

AEMO has declared network functions in Victoria, including planning the declared shared network. TCV was established to progress early works for the
VNI West project, a proposed new transmission line between the states of Victoria and NSW.

AEMO's Transmission Use of System (TUoS) charges recover the costs for providing shared prescribed transmission network services in Victoria. The TUoS revenue requirement and its allocation to each prescribed service category is determined in accordance with the National Electricity Rules (NER), *AEMO's Revenue Methodology* and *AEMO's Pricing Methodology*.

TCV has been undertaking pre-planning and early works on the VNI West project. AEMO will tender for a development partner to enable the project to continue towards completion.

7. AEMO Services

AEMO Services is a key partner in the implementation of the *NSW Electricity Infrastructure Roadmap* through its role as the NSW Consumer Trustee.

In FY24 AEMO was contracted by the Australian Government to deliver tender services for the CIS. AEMO Services' expertise in tender delivery services is being leveraged to deliver key aspects of the CIS.

4. Revenue from contracts with customers

The Group derives revenue in the following major revenue streams:

	2024 $m	2024 $m	2023 $m	2023 $m
Fees and tariffs		392.2		378.7
Connections revenue		39.2		36.4
Managed services revenue		13.8		7.7
Other revenue		18.6		7.6
Cost recoveries from Government		9.3		-
Capacity certificate auctions		13.5		29.3
Vic TNSP recoveries:				
TUoS	659.5		623.0	
Negotiated services	59.7		54.4	
Settlement residue	17.9		59.1	
		737.1		736.5
Total revenue from contracts with customers		1,223.7		1,196.2

Revenue recognised over time is $1,097.5 million (2023: $1,083.4 million) and revenue recognised at a point of time is $126.2 million (2023: $112.8 million).

Fees and tariffs

Operating on a cost-recovery basis, electricity and gas markets revenue is received through fees and charges levied to relevant participants. Each fee is limited to recovering the costs of providing that service, with over or under recoveries in a particular year able to be recovered prospectively. Revenue is recognised over time with the exception to registration fees which is recognised at a point in time.

Connections revenue

Received for the provision of assessment and other services to new market entrants based upon published rates. Revenue is recognised at a point in time when the service is provided.

Managed services revenue

Recognised at a point in time under the terms of the engagement. The Group does not have an enforceable right to payment for performance completed to date. Fees for these services are variable consideration based on performance and are dependent upon the nature of the services being provided.

Other revenue

Other revenue includes ad hoc payments such as voluntary payments relating to frequency control ancillary services and other miscellaneous services. Participant Compensation Fund (PCF) contributions are also recognised within other revenue in accordance with the NER and National Gas Rules (NGR). Upon reaching the maximum allowable contributions, the fund will cease to increase until such time that a triggering event occurs, and participants claim compensation from the relevant fund. Other revenue is recognised at a point in time when the service is provided.

Cost recoveries from government

Generally received for the provision of advisory services. Revenue is recognised at a point in time when the service is provided.

Capacity certificate auctions

Under the NGR, the Group manages the sale of certificates through an auction process and retains the auction proceeds as revenue. A certificate allows its owner priority shipping when there is a congestion in the gas pipelines. An auction only occurs when the Group is notified of excess capacity within the market. Revenue from capacity certificate auctions is recognised at a point in time when an auction occurs.

Vic TNSP recoveries

TUoS charges recover the costs for providing shared transmission network services in Victoria. TUoS prices are calculated in accordance with the NER, the revenue methodology and the approved pricing methodology.

Negotiated services revenue represents underwriting charges for grid connection augmentation services and transmission charges for particular generators. This represents a direct pass-through of costs, where the Group facilitates the arrangements between the connecting party (generator) and declared transmission service provider for specific connections. Negotiated services revenue is recognised over time throughout the period.

Settlement residue income arises in the NEM when the amount paid by market participants to the Group for spot transactions differs from the amount paid by the Group to other market participants due to transmission losses, representing unavoidable physical losses of transporting electricity. Settlement residue surpluses received during the financial year are returned to Victorian participants the following year through the TUoS settlement process. Settlement residue revenue is recognised over time, with the exception of revenue from settlement residue auctions which is recognised at a point in time.

5. Other income

	2024 $m	2023 $m
Government grant income	-	8.2
Electricity Infrastructure Fund income	19.7	14.6
Rental income (Note 15(b))	1.2	0.6
Total other income	20.9	23.4

Government grant income / Electricity Infrastructure Fund income

AEMO Services received grant funding of $8.2 million in 2023 for undertaking its role as the NSW Consumer Trustee, and this was recognised upon receipt. The grant was replaced in February 2023 with funding from the Electricity Infrastructure Fund in accordance with the EII Act. This funding represents a reimbursement of costs incurred while enacting in the capacity of the NSW Consumer Trustee.

Rental income

Represents sublease income of one of AEMO Group's State offices. Lease contracts include consumer price index increases, but there are no other variable lease payments that depend on an index or rate. Rental income from operating leases where the Group is a lessor is recognised on a straight-line basis over the lease term.

6. Expenses

a. Network charges

	2024 $m	2023 $m
Transmission charges	491.8	459.4
Easement Tax	252.3	221.2
Victorian National Transmission planning	4.4	4.4
Inter-Regional TUoS	-	6.8
Total network charges	748.5	691.8

Transmission charges

Represents the use of shared transmission network services in the performance of the Groups declared network functions in Victoria. These charges are paid to declared transmission system operators for use of their transmission network.

Easement tax

Relates to amounts levied by the State Revenue Office on AusNet Services Ltd and are passed through to the Group, and then to Victorian TNSP participants through the TUoS mechanism.

Victorian National Transmission planning

Recovery of the Victorian component of national transmission planner costs.

Inter-regional TUoS

Relates to net Modified Load Export Charges. TNSPs recover from neighbouring regions, the costs associated with the use of assets considered to support inter-regional flows. The Group coordinates between TNSPs and market participants. Charges are determined each year and takes previous year net charges into consideration. This can be in a net payable or receivable position, and if the latter, is recovered within the TUoS mechanism.Consulting and contracting

	2024 $m	2023 $m
Contractors	30.5	24.7
Consulting	28.3	34.1
Legal fees	8.3	7.2
Total consulting and contracting	67.1	66.0

b. Employee benefits and related costs

	2024 $m	2023 $m
Wages and salaries	245.0	193.7
Other employee benefits and entitlements expense	55.3	58.0
Less: labour capitalised	(36.8)	(35.5)
Other employee related costs	6.2	5.3
Total employee benefits and related costs	269.7	221.5

Employee benefits are recorded in the consolidated statement of profit or loss and other comprehensive income net of capitalised labour costs. Capitalised labour occurs when employees are working on the installation of property, plant and equipment and projects developing intangible assets. It includes all costs related to employment including salaries and wages inclusive of performance incentives, taxes, leave entitlements, and worker compensation premiums.

c. Impairment expense

	Note	2024 $m	2023 $m
Trade receivables	19(b)	(0.4)	-
Property, plant and equipment	10	0.8	-
Intangible assets	11	2.6	-
Total impairment expense		3.0	-

d. Information technology

	2024 $m	2023 $m
Asset maintenance	8.2	6.6
Software support	31.6	27.1
Cloud services	23.9	29.4
Telecommunications	2.5	2.3
Total information technology	66.2	65.4

e. Other expenses

	2024 $m	2023 $m
Directors' fees	2.2	2.0
Repairs and maintenance	1.3	1.7
Subscriptions	2.4	1.5
Training and conferences	2.1	2.0
Other	2.1	7.3
Total other expenses	10.1	14.5

f. Depreciation and amortisation

	Notes	2024 $m	2023 $m
Depreciation	10	19.6	14.2
Amortisation	11	69.0	45.7
Total depreciation and amortisation		88.6	59.9

g. Net finance expense

	Notes	2024 $m	2023 $m
Interest income		(7.7)	(7.6)
Total interest income		(7.7)	(7.6)
Borrowing costs		24.7	17.4
Lease interest expense	15(b)	0.9	0.8
Less: interest capitalised		(9.3)	(5.5)
Total finance expenses		16.3	12.7
Total net finance expense		8.6	5.1

Interest income is calculated by applying the effective interest rate to the gross carrying amount of cash and cash equivalents monthly. Interest income is presented as net finance income when it is earned.

Borrowing costs consist of interest and other costs that the Group incurs in connection with borrowing activities. Borrowing costs are recognised as expenses in the period in which they are incurred, except to the extent that they are primarily related to the production of property, plant and equipment and intangible assets, when they are capitalised during the period that is required to complete and prepare the asset for its intended use.

7. Cash and cash equivalents

Current assets	2024 $m	2023 $m
Unrestricted cash and cash equivalents		
Cash at bank	76.1	86.1
Restricted cash and cash equivalents		
Cash at bank	11.4	2.8
Grant funding	1.0	14.7
Security deposits and early settlement proceeds	253.0	160.7
Participant Compensation Fund (PCF)	11.3	10.8
Total cash and cash equivalents	352.8	275.1

Unrestricted cash at bank represents the Group's operating funds. Restricted cash and cash equivalents represent:

- Amounts held on behalf of market participants
- Settlement accounts to operate the market
- Funding received from grantors that must be used for the purpose for which it was intended. Grant funding represents the funding provided by the Government for specific energy industry projects
- Security deposits and early settlement proceeds received from market participants and are held in accordance with the relevant market rules.
- Participant compensation funds are collected under the NEM, DWGM and STTM for compensation to affected participants arising from scheduling errors.

a. Reconciliation of (deficit) / surplus to net cash flows from operating activities

	Notes	2024 $m	2023 $m
(Deficit) / surplus for the year		(28.5)	86.6
Impairment expense	6(d)	3.3	-
Depreciation and amortisation	6(g)	88.6	59.9
Net finance expense	6(h)	8.6	5.1
Non-cash defined benefit expense		0.1	(0.7)
Change in operating assets and liabilities			
Decrease / (increase) in inventory		2.4	(6.6)
(Increase) in defined benefit asset		(0.2)	(1.6)
(Increase) in receivables		(12.8)	(13.7)
Increase / (decrease) in payables		56.5	(918.7)
Increase in other provisions and liabilities		9.2	4.6
Increase / (decrease) in prepaid settlements and deposits		14.6	(100.8)
Increase in employee provisions		8.8	3.9
Net cash inflows / (outflows) provided by operating activities		150.6	(882.0)

8. Receivables

Current assets	2024 $m	2024 $m	2023 $m	2023 $m
Trade receivables from contracts with customers	10.7		12.4	
Allowance for expected credit loss (note 19(b))	(0.8)		(1.2)	
		9.9		11.2
GST receivable		-		8.8
Accrued revenue		119.8		105.8
Prepayments and other receivables		25.3		16.4
Total current receivables		155.0		142.2

Trade receivables largely comprise wholesale market settlement transactions that have occurred but are yet to be settled, and TUoS fees which are billed to transmission network users one month in arrears. They are due for settlement within 30-90 days and are therefore all classified as current. Trade receivables are recognised at the amount of consideration that is unconditional, with only the passage of time required before payment is due. The Group holds trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Accrued revenue is recognised where the Group has provided services to the customer but has yet to invoice the customer at reporting date.

Prepayments and other receivables represent payments made for services to be provided or consumed in future months.

Critical accounting estimates and assumptions

Accrued revenue

The Group recognises revenue once the core services to participants in the markets have consumed the benefits in line with the Group performing its obligations. The Group estimates customer consumption between the last invoice date and the end of the reporting period when determining revenue for the financial period. Various assumptions and financial models are used to determine the estimated consumption. The key assumptions and estimates include:

- Electricity consumption and fees of electricity consumed.
- Gas consumption and fees of gas consumed.

Fair value of receivables

Due to the short-term nature of current receivables, their carrying amount is the same as their fair value, less any allowance for expected credit losses (loss allowance). Collectability of receivables is reviewed on an ongoing basis. A specific expected loss allowance is recognised when there is objective evidence that an individual trade receivable is impaired. Debts that are known to be uncollectable are written off.

Impairment and risk exposure

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due. Expected credit losses on trade receivables are presented as impairment losses within the consolidated statement of profit or loss and other comprehensive income.

Subsequent recoveries of amounts previously written off are credited against the same line item. Refer to Note 19(b) for further information.

9. Inventory

Current assets	2024 $m	2023 $m
Inventory	4.8	7.2
Total inventory	4.8	7.2

Under the NGR, AEMO was conferred the role of supplier of last resort within the DWGM and as such, is required to store liquified natural gas (LNG). The gas is recognised at the lower of cost and net realisable value, which is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

10. Property, plant and equipment

Non-current assets ($m)	Technology infrastructure	Leasehold improvements	Land and buildings	Assets under construction	Right-of-use assets	Total
At 1 July 2022						
Cost	64.4	25.9	20.5	13.4	40.4	164.6
Accumulated depreciation	(58.9)	(18.8)	(7.6)	-	(20.9)	(106.2)
Net book amount	5.5	7.1	12.9	13.4	19.5	58.4
Year ended 30 June 2023						
Opening net book amount	5.5	7.1	12.9	13.4	19.5	58.4
Additions	-	-	-	17.0	6.8	23.8
Transfers	1.7	2.9	-	(4.6)	-	-
Depreciation (Note 6(g))	(3.8)	(1.8)	(0.4)	-	(8.2)	(14.2)
Closing net book amount	3.4	8.2	12.5	25.8	18.1	68.0
At 30 June 2023						
Cost	66.1	28.8	20.5	25.8	47.2	188.4
Accumulated depreciation	(62.7)	(20.6)	(8.0)	-	(29.1)	(120.4)
Net book amount	3.4	8.2	12.5	25.8	18.1	68.0
Year ended 30 June 2024						
Opening net book amount	3.4	8.2	12.5	25.8	18.1	68.0
Additions	-	-	2.6	56.8	16.2	75.6
Transfers	44.9	3.9	-	(48.8)	-	-
Impairment (Note 6(d))	(0.1)	(0.7)	-	-	-	(0.8)
Depreciation (Note 6(g))	(7.9)	(2.3)	(0.5)	-	(8.9)	(19.6)
Closing net book amount	40.3	9.1	14.6	33.8	25.4	123.2
At 30 June 2024						
Cost[1]	59.1	32.0	23.1	33.8	63.4	211.4
Accumulated depreciation[1]	(18.8)	(22.9)	(8.5)	-	(38.0)	(88.2)
Net book amount	40.3	9.1	14.6	33.8	25.4	123.2

1. During the reporting period assets with a nil net book amount were written off as they were no longer in use. This impacted the technology infrastructure and leasehold improvements classifications.

Property, plant and equipment captures physical technology infrastructure and hardware components including servers, storage, and network equipment relating to the Group's wholesale, retail, and corporate systems.

The land and buildings asset category incorporates the land and building the Group owns and the fit-out costs of our state offices.

The right of use assets reflects the Group's leased state offices and land easement agreements with landlords which own land that the Group needs to access. Rental contracts are typically made for fixed periods but may have extension options.

Accounting policy

- **Property, plant and equipment measurement:** stated at historical cost, net of accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

- Right-of-use assets measurement: measured at cost, comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date, less any lease incentives received, and any initial direct costs.
- Carrying value: an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The residual values and useful lives are reviewed and adjusted if appropriate, at each financial year end. An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of profit or loss and other comprehensive income.
- Depreciation methods and useful lives: depreciation of assets is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over its expected useful life. Land is not depreciated. Estimates of remaining useful life are made on a regular basis for all assets, with reassessments for major items where warranted. Depreciation is charged to the consolidated profit or loss and other comprehensive income from the month the asset commences service. Expected useful lives are as follows:
  - IT systems hardware: 3-7 years
  - Building: 30 years
  - Furniture and equipment: 3-5 years
  - Building fit-out: aligned with lease agreement
  - Office and technology infrastructure: 10 years
  - Right-of-use assets: aligned with lease agreement.

Refer to Note 2 for the Group's policy regarding impairment of assets.

Critical accounting estimates and assumptions

Useful lives and residual values of property, plant and equipment

The Group reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of these assets.

Judgement is applied to estimate service lives and residual values of our assets, and these are reviewed annually. If useful lives or residual values need to be modified, the depreciation expense changes as from the date of reassessment until the end of the revised useful life (for both the current and future years).

11. Intangible assets

Non-current assets ($m)	Market software Electricity	Market software Gas	Other technology	Assets under construction	Total
At 1 July 2022					
Cost	179.1	52.2	257.5	155.4	644.2
Accumulated amortisation	(156.0)	(46.8)	(96.6)	-	(299.4)
Net book amount	23.1	5.4	160.9	155.4	344.8
Year ended 30 June 2023					
Opening net book amount	23.1	5.4	160.9	155.4	344.8
Additions	-	-	-	123.0	123.0
Transfers	3.9	-	53.7	(57.6)	-
Amortisation (Note 6(g))	(10.6)	(2.0)	(33.1)	-	(45.7)
Closing net book amount	16.4	3.4	181.5	220.8	422.1
At 30 June 2023					
Cost	183.0	52.2	311.2	220.8	767.2
Accumulated amortisation	(166.6)	(48.8)	(129.7)	-	(345.1)
Net book amount	16.4	3.4	181.5	220.8	422.1
Year ended 30 June 2024					
Opening net book amount	16.4	3.4	181.5	220.8	422.1
Additions	-	-	-	123.2	123.2
Transfers	114.5	8.0	137.4	(259.9)	-
Impairment (Note 6(d))	-	-	(2.6)	-	(2.6)
Amortisation (Note 6(g))	(18.4)	(2.9)	(47.7)	-	(69.0)
Closing net book amount	112.5	8.5	268.6	84.1	473.7
At 30 June 2024					
Cost[1]	172.3	41.0	366.4	84.1	633.8
Accumulated amortisation[1]	(59.8)	(32.5)	(97.8)	-	(190.1)
Net book amount	112.5	8.5	268.6	84.1	473.7

1. During the reporting period assets with a nil net book amount were written off as they were no longer in use. This impacted the market software and other technology asset classifications.

Delivery of the Group's core functions requires significant investment in internally generated intangible assets, which the Group classifies as software developed assets. This investment expenditure is largely related to the energy transition that has resulted in a need to refresh and enhance current systems to carry out large regulatory-directed programs. The main areas of intangible asset investments in the current year include:

- Modernisation of technology platforms within the gas and electricity systems and databases; and
- Development and implementation of regulatory rule changes related to energy market reform (includes Gas Reform, WEM Reform Program, WEM Distributed Energy Resources and NEM 2025)

Accounting policy

- **Measurement:** only costs that are directly attributable to a project's development phase and meet the requirements of AASB 138 *Intangible Assets* are recognised as intangible assets. Development costs not meeting these criteria are expensed to the consolidated statement of profit or loss and other comprehensive income as incurred. Following the initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Costs associated with maintaining software applications or technical support, are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group are recognised as intangible assets. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

- Carrying value: The fair value of intangible assets reflects market participants' expectations at the acquisition date about the probability that the expected future economic benefits embodied in the asset will flow to the Group. As the Group has the right to recover, the carrying value does not differ materially to the fair value. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.
- Amortisation methods and useful lives: amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in the consolidated profit or loss and other comprehensive income from the month the asset commences service. Expected useful lives are as follows:
  - Market Systems including Gas, Electricity and STTM: 5-10 years
  - Other technology:

    Infrastructure software: 3-7 years

    Business applications software: 5-7 years

Refer to Note 2 for the Group's policy regarding impairment of assets.

Critical accounting estimates and assumptions

Useful lives and residual values of intangible assets

The Group reviews its estimate of the useful lives and residual values of assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of these assets.

Judgement is applied to estimate service lives and residual values of our assets, and these are reviewed annually. If useful lives or residual values need to be modified, the amortisation expense changes as from the date of reassessment until the end of the revised useful life (for both the current and future years).

12. Payables

Current liabilities	2024 $m	2023 $m
Trade payables	15.6	41.8
Accrued network charges	57.7	53.2
Participant security deposits and prepayments	133.1	73.6
GST payable	3.8	-
Capital project accruals	10.6	13.4
Other creditors and accruals	61.2	46.4
Total payables	282.0	228.4

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments. The amounts are unsecured and are usually paid within 30 to 90 days of recognition.

Accrued network charges represent network charges that have become due but are not yet paid.

Participant security deposits relate to credit support provided by the NEM and Gas Supply Hub participants and are repayable on demand. Electricity settlement prepayments relate to NEM weekly settlements and are early receipts from the NEM market participants.

Other creditors and accruals represent goods and services received from suppliers which have yet to be invoiced at the end of the reporting period.

The carrying amounts of payables are considered to be the same as their fair values, due to their short-term nature.

13. Borrowings

Unsecured	2024 Current $m		2024 Non-current $m	2024 Total $m	2023 Current $m	2023 Non-current $m	2023 Total $m
Federal Treasury loan	0.9		3.9	4.8	0.9	4.8	5.7
Syndicated bank loan	-		273.2	273.2	-	433.2	433.2
A$MTN					-	-	-
Drawn		300.0					
Less: transaction costs		(0.9)					
	-		299.1	299.1	-	-	-
Total borrowings	0.9		576.2	577.1	0.9	438.0	438.9

Nature and classification of borrowings

The Federal Treasury loan is a concessional loan that was provided by the Department of Treasury and Finance specifically to finance the development of a Consumer Data Right portal which provides Australian consumers with a choice on how their energy data is used and shared.

The Group has access to a $502.5 million Syndicated Facility Agreement (SFA) and a $300.0 million Australian Dollar Medium Term Note (A$MTN), which are available for general corporate purposes. The SFA is a revolving facility with multiple tranches split across varying tenors.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Accounting policy

Borrowings are initially recognised at fair value and subsequently recognised at amortised cost. Any difference between the initial cost and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest rate method. Fees paid upon the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the loan agreement is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party, and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss and other comprehensive income as net finance expense.

Fair value

The fair values of borrowings are not materially different from their carrying amounts, since either:

- the interest payable on those borrowings is close to current market rates, or
- the borrowings are of a short-term nature.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate.

14. Prepaid settlements and deposits

Current liabilities	2024 $m	2023 $m
Declared Wholesale Gas Market (DWGM)	47.5	32.8
Short Term Trading Market (STTM)	44.8	34.4
Western Australia Wholesale Electricity Market (WEM)	1.1	11.6
Total prepaid settlements and deposits	93.4	78.8

Prepaid settlements and deposits relate to gross pre-paid settlement payments received in advance from DWGM, STTM and WEM market participants, voluntarily to mitigate against the risk of breaching their credit limits. This enables them to continue trading in their respective markets in accordance with their respective market rules. Market participants can elect to apply their prepayment against their upcoming settlements or rollover the prepayment to the next period. Once the physical cash has been received, a corresponding liability is recognised in the consolidated statement of financial position.

15. Lease liabilities

a. Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts in relation to leases:

Lease liabilities	2024 $m	2023 $m
Current	6.4	6.1
Non-current	19.9	14.2
Total lease liabilities	26.3	20.3

The total cash outflows for leases in 2024 was $9.8 million (2023 – $5.8 million).

b. Amounts recognised in the consolidated statement of profit or lossand other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Notes	2024 $m	2023 $m
Rental income from the subleasing of right-of-use assets	5	1.2	0.6
Interest expense (included in net finance expense)	6(h)	(0.9)	(0.8)

Accounting policy for lessee accounting

The Group assesses whether a contract is or contains a lease at inception of the contract. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are allocated between principal and finance expense. The finance expense is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease payments are discounted using the interest rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever there is a change in the lease term, payment or there are lease modifications.

Payments associated with short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss and other comprehensive income over the term of the lease.

Accounting policy for lessor accounting

The Group has entered into a lease agreement (head lease) for a property, with a part of this property being sublet to an external party. As the risks and rewards of ownership of the head lease right-of-use asset have not transferred to the sublessee, the sublease is deemed an operating lease. Rental income is recognised on a straight-line basis across the life of the sublease agreement. Costs related to the head lease right-of-use asset, such as depreciation, finance expense and impairment, continue to be recognised by the Group as a finance lease.

Critical accounting estimates and assumptions

Lease term

Where lease arrangements contain options to extend the term or terminate the contract, the Group assesses whether it is 'reasonably certain' that the option to extend or terminate the contract will be made. Consideration is given to the prevalence of other contractual arrangements and or the economic circumstances relevant to the lease contract, which may indicate the likelihood of the option being exercised. Lease liabilities and right-of-use assets are measured using the reasonably certain contract term.

Lease discount rates

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The discount rate is established on lease commencement and is not changed during the lease term unless there has been a modification to the lease that impacts the remaining lease payments

16. Employee provisions

Current liabilities	2024 $m	2023 $m
Annual leave	21.1	17.1
Long service leave	24.5	20.8
Total current employee provisions	**45.6**	**37.9**
Non-current liabilities		
Long service leave	5.4	4.1
Total non-current employee provisions	**5.4**	**4.1**
Total employee provisions	**51.0**	**42.0**

Accounting policy

Liabilities for annual leave and long service leave (LSL), including on-costs (payroll tax, superannuation and workers compensation), that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period. These are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

The Group also has liabilities for LSL that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the discount rates on the website of the Department of Treasury and Finance at the end of the reporting period.

Remeasurements because of experience adjustments and changes in assumptions are recognised in the consolidated statement of profit or loss and other comprehensive income.

The provisions are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Critical accounting estimates and assumptions

Long service leave provisions

LSL provisions involve assumptions based on the expected tenure of existing staff, patterns of leave claims and payout, future salary movements and future discount rates, and are subject to ongoing assessment by the Group.

17. Other liabilities and provisions

Current liabilities	2024 $m	2023 $m
Government grants received in advance for capital projects	1.0	9.5
Prepaid revenue	19.0	9.7
Other liabilities and provisions	0.2	0.3
Total current other liabilities and provisions	20.2	19.5
Non-current liabilities		
Other liabilities and provisions	4.2	2.8
Total non-current other liabilities and provisions	4.2	2.8
Total other liabilities and provisions	24.4	22.3

Prepaid revenue represents cash that the Group has received from market participants in advance of the Group performing their obligations. The carrying values of other liabilities and provisions are a reasonable approximation of fair value.

18. Capital and reserves

a. Capital contributions

The company was originally incorporated as the National Electricity Market Management Company Limited (NEMMCO™) on 10 May 1996 to operate the National Electricity Market.

As part of the establishment of a single, industry-funded national energy market operator, NEMMCO was renamed Australian Energy Market Operator Limited and various functions of the Victorian Energy Networks Corporation (VENCorp), the Electricity Supply Industry Planning Council (ESIPC), the Gas Market Company (GMC), the Gas Retail Market Operator (GRMO) and Australian Energy Market Operator (Transitional) (AEMO(T)) were transferred, under legislation, to AEMO on 1 July 2009. Amendments were also made to the Constitution of AEMO effective 1 July 2010, changing the membership structure of AEMO such that the Government members hold 60 per cent of the voting power and industry members hold 40 per cent.

b. Reserves

$m	PCF reserve	Land reserve	Business combination reserve	Total
At 1 July 2022	10.7	3.6	8.7	23.0
Transfer from accumulated surplus	0.2	0.2	-	0.4
As at 30 June 2023	10.9	3.8	8.7	23.4
Transfer from accumulated surplus	0.6	0.2	-	0.8
As at 30 June 2024	11.5	4.0	8.7	24.2

PCF reserve

Under the NER, the Group is required to pay compensation to market participants for scheduling errors. The funds received from market participants each year is segregated within a participant compensation fund (PCF) reserve. The balances for all PCFs, except the National Electricity Market PCF, have reached the funding requirements under the relevant rules. No further PCF fees will be charged for these markets unless there is a claim against the funds, however interest will continue to be earned on these funds.

Land reserve

The Land Reserve has been established to recover the cost of the purchase of the Norwest land from participants over a 30-year period.

Business combination reserve

The assets and liabilities of VENCorp, which was responsible for the operation of the principal gas transmission network and the development and operation of the Victorian gas 'spot' market, were transferred for nil purchase consideration. It was determined that this transfer did not give rise to a contribution from owners and was therefore accounted for as a business combination. This reserve is a non-distributable business combination reserve.

19. Financial risk and capital management

The Group's risk management is predominantly controlled by the Group policies approved by the Board of Directors, which identify and evaluate financial risks. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk and credit risk

Risk	Exposure arising from	Measurement	Management of risk
Market risk	• Long-term borrowings at variable rates	• Sensitivity analysis	• Forecast debt positions • Refinancing • Renewals of existing positions • Combination of fixed and floating interest rates
Credit risk	• Cash and cash equivalents • Trade receivables • Accrued revenue	• Aging analysis • Credit ratings	• Cash investments being held only in tier one Australian banks
Liquidity risk	• Borrowings • Other liabilities	• Rolling cash flow forecasts	• Availability of committed credit lines and borrowing facilities

a. Market risk

The Group holds long-term syndicated bank debt facilities with a floating rate, which are denominated in Australian dollars and are held within Australia's largest financial institutions. Currently the Group has 47% of its borrowings exposed to floating interest rates (2023: 99%). The introduction of the fixed-rate A$MTN in December 2023 reduced the Groups exposure to interest rate risk during the reporting period. The Group's borrowings and receivables are carried at amortised cost.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates of the borrowings at the end of the reporting period are as follows:

	Note	2024 $m	2024 %	2023 $m	2023 %
Variable rate borrowings		273.2	47%	433.2	99%
Fixed rate borrowings – maturity dates					
Less than 1 year		0.9	-%	5.7	1%
1 – 5 years		303.0	53%	-	-%
Borrowings	13	577.1	100%	438.9	100%

An analysis by maturities is provided in Note 19(c) below. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

The consolidated statement of profit or loss and other comprehensive income is sensitive to higher or lower interest income from cash and cash equivalents, and net finance expense from variable rate borrowings because of changes in interest rates. A 100 basis points (100 bps) increase / decrease* is used (2023: 100 bps), and represents the Group's assessment of the changes in interest rates over the short term:

		Carrying amount		Impact on post-tax result *			
$m	Note	2024	2023	+ 100 bps 2024	- 100 bps 2024	+ 100 bps 2023	- 100 bps 2023
Cash and cash equivalents	7	352.8	275.1	3.5	(3.5)	2.8	(2.8)
Borrowings	13	(577.1)	(438.9)	(5.8)	5.8	(4.4)	4.4
Net exposure		(224.3)	(163.8)	(2.3)	2.3	(1.6)	1.6

* Holding all other variables constant

b. Credit risk

Credit is managed on a Group basis by adopting the policy of dealing with creditworthy counterparties and / or obtaining sufficient collateral or bank guarantees where appropriate as a means of mitigating the risk of loss. For conducting investments and financial instrument activities, the Group policy is to only transact with counterparties that have credit rating of AA- (of Standard & Poor's) or Aa3 (Moody's), or higher. Ongoing credit evaluation is performed on the financial condition of participants and, where appropriate, an allowance for expected loss is raised. The Group does not have any significant credit risk exposure to any single customer or any group of customers.

Security and guarantees

For market participants, the Group obtains security in the form of either guarantees or physical cash that is held by the Group in a term deposit on their behalf. These can be called upon in appropriate circumstances if the market participant is in default under the relevant rules / agreement.

Impairment of financial assets

The Group has trade receivables from the provision of services for Connections participants that are subject to the expected credit loss model. Whilst cash and cash equivalents are also subject to the impairment requirements of AASB 9 *Financial Instruments* (AASB 9), there was no identified loss.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all applicable trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles of participants and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. There is minimal credit risk exposure on energy market transactions because the Group holds deposits and bank guarantees that can be drawn upon if a market participant defaults on a payment. On that basis, the loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows for trade receivables:

2024			Past due ($m):				
	Note	Not past due	0 – 30 days	31 – 60 days	61 – 90 days	Past 90 days	Total
Expected loss rate		-	-	-	-	40.0%	
Gross carrying amount – trade receivables	8	6.6	1.7	0.3	0.2	1.9	10.7
Loss allowance	8	-	-	-	-	0.8	0.8

2023			Past due ($m):				
	Note	Not past due	0 – 30 days	31 – 60 days	61 – 90 days	Past 90 days	Total
Expected loss rate		-	-	-	-	75.0%	
Gross carrying amount – trade receivables	8	4.0	3.1	2.3	1.3	1.6	12.3
Loss allowance	8	-	-	-	-	1.2	1.2

The loss allowance for trade receivables as at 30 June reconciles to the opening loss allowance as follows:

	Note	2024 $m	2023 $m
Opening loss allowance as at 1 July	8	1.2	1.2
Increase in loss allowance recognised in profit or loss during the year	6(d)	0.8	-
Unused amount reversed	6(d)	(1.2)	-
Closing loss allowance at 30 June	8	0.8	1.2

Critical accounting estimates and assumptions

Expected credit loss on trade receivables

The Group applies the simplified approach described within AASB 9 for measuring expected credit losses, which uses a lifetime of expected loss allowance for trade receivables. The expected loss rates are based on the payment profiles of market participants and proponents over historical periods, and the corresponding historical credit losses experienced. Factors to estimate the loss rate are based on a risk assessment performed for each customer segment, and macroeconomic factors affecting the ability of customers to settle.

c. Liquidity risk

Liquidity risk is managed by maintaining adequate cash reserves and banking facilities, by monitoring and forecasting cash flow and where possible by arranging liabilities with longer maturities and by investing surplus funds in highly liquid markets. At the end of the reporting period, the Group held deposits at call of $11.3 million, that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

The Group monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities noted below) and cash and cash equivalents (Note 7) on the basis of expected cash flows. These take into consideration the level of liquid assets necessary to meet operational and capital needs throughout the reporting period. The Group also monitor liquidity ratios and maintain the debt financing arrangements.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	Facility limit $m	Tenor (years)	Maturity	Drawn 2024 $m	Undrawn 2024 $m	Drawn 2023 $m	Undrawn 2023 $m
Floating rate							
Syndicated loans							
Facility A[1]	50.0	1	18/05/2025	-	50.0	-	50.0
Facility C	242.5	5	18/05/2026	242.5	-	220.0	22.5
Facility D[2]	210.0	3	15/07/2025	30.7	179.3	-	210.0
Facility E[3]	250.0	2	20/06/2025	-	-	213.2	36.8
Fixed rate							
Federal Treasury loan[4]	6.2	6	30/06/2029	4.8	-	5.7	-
A$MTN [5]	300.0	4	06/12/2028	300.0	-	-	-
Total				578.0	229.3	438.9	319.3

1. $50.0 million was refinanced in May 2024 (1 year tenor).
2. Includes $35 million (undrawn), as required by the National Gas Law, to enable to trade in natural gas to maintain, or improve the reliability or adequacy of gas supply in the East Coast Gas system.
3. $250.0 million was repaid and cancelled from the proceeds of the A$MTN in December 2023.
4. $0.8 million was repaid in June 2024.
5. $300.0 million proceeds were received in December 2023. Transaction costs equating to $0.9 million (15 bps) were repaid upon initial drawdown.

Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Note	< 1 year $m	1–5 years $m	> 5 years $m	Total $m
30 June 2024					
Payables	12	282.0	-	-	282.0
Borrowings	13	0.9	576.2	-	577.1
Lease liabilities		6.6	19.6	-	26.2
Total financial liabilities		289.5	595.8	-	885.3
30 June 2023					
Payables	12	228.4	-	-	228.4
Borrowings	13	0.9	438.0	-	438.9
Lease liabilities		7.9	25.3	0.9	34.1
Total financial liabilities		237.2	463.3	0.9	701.4

d. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and maintain an optimal capital structure to reduce the cost of debt.

Under the terms of the syndicated loan, the Group is required to comply with the reporting requirement of a liquidity ratio greater than 0.5 at the end of each annual reporting period. The Group has complied with the reporting requirements throughout the reporting period, the liquidity ratio was 1.14 (2023: 1.14)

20. Related party transactions

a. Subsidiaries

Interests in subsidiaries are set out in Note 24.

b. Key management personnel compensation

The key management personnel (KMP) were determined to be all Directors, the Managing Director and Chief Executive Officer, along with operational Executive General Management personnel, in a consistent manner to the prior year. Refer to the Directors report for a list of the KMP of the Group during the financial year ended 30 June 2024.

	2024 $	2023 $
Short-term employee benefits	5,850,620	4,748,869
Post-employment benefits	267,706	367,474
Other long-term benefits	499,172	299,716
Total key management personnel compensation	6,617,498	5,416,059

The short-term benefits disclosed above include $1,260,000 (2023: $1,380,869) of bonuses payable under a short-term incentive scheme which were unpaid at year end and are included in other creditors and accruals. The leave obligations disclosed in Note 16 include obligations payable to KMP of $499,172 (2023: $299,905). Detailed remuneration disclosures are provided in the remuneration section of the Directors' Report.

c. Related parties

There were no related party transactions with KMP and their close family members during the reporting year other than normal course of business relating to employee benefits as disclosed in these financial statements.

21. Commitments

Commitments at balance date represent contractual arrangements for the Group's:

- major investment programs; and
- operational arrangements required under the National Gas Rules; and
- capital leases for office buildings.

At 30 June 2024 the Group had the following commitments:

	2024 $m	2023 $m
Not later than one year	67.5	61.4
Later than one year but not later than five years	10.5	10.4
Total commitments	78.0	71.8

22. Contingent assets and liabilities

The Company has no contingent assets or liabilities as at 30 June 2024 (2023: nil).

23. Parent company financial information

a. Summary financial information

The individual financial statements for AEMO show the following aggregate amounts:

Summarised Statement of Financial Position	Notes	2024 $m	2023 $m
Assets			
Current assets		532.7	414.1
Non-current assets		575.9	493.9
Total assets		1,108.6	908.0
Liabilities			
Current liabilities		447.6	367.2
Non-current liabilities		605.3	459.0
Total liabilities		1,052.9	826.2
Net assets		55.7	81.8
Equity			
Capital contribution	18(a)	7.1	7.1
Reserves	18(b)	24.2	23.4
Accumulated surplus		24.4	51.3
Total equity		55.7	81.8
(Deficit) / surplus for the year		(26.1)	91.1
Total comprehensive income		(26.1)	90.4

b. Contingent liabilities of AEMO

AEMO did not have any contingent liabilities as at 30 June 2024 (2023: nil).

c. Contractual commitments of AEMO

Commitments at balance date represent contractual arrangements for AEMO:

- major investment programs
- operational arrangements required under the National Gas Rules; and
- capital leases for office buildings.

At 30 June 2024, AEMO had the following commitments:

	2024 $m	2023 $m
Not later than one year	67.5	61.0
Later than one year but not later than five years	10.5	10.4
Total commitments	78.0	71.4

d. Determining the parent company financial information

The financial information for the Parent Company has been prepared on the same basis as the consolidated financial statements except for accounting for investments in subsidiaries, which are accounted for at cost in the financial statements of AEMO.

24. Investment in subsidiaries

a. Summary financial information

The Group's principal subsidiaries at reporting date are set out below. The countries of incorporation are also their principal place of business:

Name	Country of Incorporation	Ownership interest and voting power held (%)		Ownership interest held by non-controlling interests %)	
		2024	2023	2024	2023
AEMO Services Limited	Australia	70	70	30	30
Transmission Company Victoria Pty Ltd	Australia	100	100	n/a	n/a

b. Non-controlling interest

Set out below is summarised financial information for AEMO Services Limited, which is the only subsidiary that has a non-controlling interest. The amounts disclosed are before intercompany eliminations.

Summarised statement of financial position	2024 $m	2023 $m
Current assets	10.8	11.3
Current liabilities	(7.4)	(5.5)
Current net assets	3.4	5.8
Non-current assets	0.6	0.8
Non-current liabilities	(0.9)	(0.8)
Non-current net (liabilities) / assets	(0.3)	-
Net assets	3.1	5.8
Accumulated non-controlling interest	0.9	1.7

Summarised statement of profit or loss and other comprehensive income	2024 $m	2023 $m
Income	31.8	23.2
Expenses	(34.5)	(27.6)
Deficit for the year	(2.7)	(4.4)
Other comprehensive income	-	-
Total comprehensive income	(2.7)	(4.4)
Deficit allocated to non-controlling interest	(0.8)	(1.3)

Summarised statement of cash flows	2024 $m	2023 $m
Net cash outflows from operating activities	(1.0)	(0.8)
Net cash inflows / (outflows) from investing activities	-	-
Net cash inflows from financing activities	-	0.2
Net decrease in cash and cash equivalents	(1.0)	(0.6)

25. Remuneration of auditors

During the year, the following fees were paid or payable to the auditor of the Group, PricewaterhouseCoopers (PwC).

	2024 $	2023 $
Audit of financial reports	392,500	292,700
Other assurance services	1,167,075	1,063,541
Other non-audit services	20,000	1,909,672
Total services provided by PwC	1,579,575	3,265,913

Other assurance services relates to the statutory energy market audit under the National Electricity Rules, which commenced prior to PwC's appointment as Group auditor.

26. Events occurring after balance date

In July 2024, the Group reached financial close on a $120.0 million fixed rate concessional loan with the Clean Energy Finance Corporation. This loan is to fund the costs of early works for the Victoria to New South Wales Interconnector West (VNI-West) project, which are being carried out by TCV.

Consolidated entity disclosure statement

As at 30 June 2024.

Entity name	Entity type	Country of Incorporation	% of share capital held	Tax residency
Australian Energy Market Operator Limited	Body Corporate	Australia	N/A	Australian[1]
AEMO Services Limited	Body Corporate	Australia	N/A[2]	Australian[3]
Transmission Company Victoria Pty Ltd	Body Corporate	Australia	100%	Australian
Zema Scholarship Fund[4]	Trust	N/A	N/A	Australian[5]

Notes:

1. Australian Energy Market Operator Limited was granted an income tax exemption for 10 years from 1 July 2018 to 30 June 2028.
2. Voting rights are apportioned 70% to Australian Energy Market Operator Limited but this does not represent share capital held.
3. AEMO Services Limited was granted an income tax exemption for five years from 1 July 2021 to 30 June 2026.
4. Australian Energy Market Operator Limited is the Trustee to the Zema Scholarship Fund. The Zema Scholarship Fund is not consolidated into the consolidated finncial statements of Australian Energy Market Operator Limited on the grounds of immateriality.
5. The Zema Scholarship Fund is a charity endorsed to access an income tax exemption.

Directors' declaration

The directors of Australian Energy Market Operator Limited declare that:

1. The consolidated financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, and accompanying notes on pages 78 to 109, are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards as described in Note 2 to the financial statements and the *Corporations Regulations 2001*; and

    b. give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. In the directors' opinion, the consolidated entity disclosure statement is true and correct.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Mary O'Kane
AEMO Chair
23 September 2024

Independent auditor's report

To the members of Australian Energy Market Operator Limited

Our opinion

In our opinion:

The accompanying financial report of Australian Energy Market Operator Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated statement of financial position as at 30 June 2024
- the consolidated statement of changes in equity for the year then ended
- the consolidated cash flow statement for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2024
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

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pwc

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Pricewaterhouse Coopers

PricewaterhouseCoopers

Matthew Probert
Partner

Melbourne
23 September 2024

Australian Energy Market Operator Limited

ABN 94 072 010 327

www.aemo.com.au