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AEMC Statement of Intent 2025-26

1. Introduction and Context

On 19 September 2022, the Australian Energy Market Commission (AEMC) received a Statement of Expectations from Energy Ministers. The Statement of Expectations communicates Energy Ministers' expectations for the operation and performance of the AEMC that is consistent with the AEMC's independent statutory role for rule-making and market development for the majority of the Australian energy market as detailed in the *Australian Energy Market Commission Establishment Act 2004 (South Australia)* (the Act). The issuing of a Statement of Expectations is regulatory best practice and outlines Energy Ministers' views on improving governance, transparency, collaboration and outcomes from all market bodies.

The AEMC is required to develop an annual Statement of Intent in response to the Statement of Expectations. This is the AEMC's third Statement of Intent for the current Statement of Expectations.

The Statement of Intent focuses on:

- How the AEMC intends to achieve the requirements of the Statement of Expectations.
- The AEMC's role in delivering on its key statutory requirements.
- The AEMC's approach to best practice stakeholder engagement and collaboration with governments, market bodies, market participants, energy consumers and investors.
- A set of outcomes-focused performance indicators, as well as metrics for the operation of the AEMC.

The AEMC is an independent statutory body that works for Australia's future productivity and living standards by contributing to a decarbonising, affordable and reliable energy system for consumers. We listen, make practical rule changes and provide expert advice in a rapidly changing world. We lead, collaborate, adapt and influence in making and amending rules for the National Electricity Market, elements of the natural gas market and related retail markets, and provide strategic and operational advice on energy issues to the Energy and Climate Change Ministerial Council and to governments.

The AEMC does this in accordance with processes set out in the national energy laws, the central focus of which is to act in the long-term interests of consumers. The AEMC also monitors, reviews and reports on the safety, security and reliability of the national electricity system through the reliability panel.

2. AEMC Strategic Challenges and Objectives

In 2024-25 we commenced work on a strategic refresh to reflect how we can make a greater impact in delivering our responsibilities. Work has progressed across five key workstreams, including the publication of our strategic narrative in late 2024.

The AEMC's Strategic Narrative outlines our vision for a consumer focused net zero energy system. In developing our vision we consulted and reflected carefully on the factors most likely to require ongoing effort from policymakers, regulators and stakeholders, and identified eight challenges or opportunities:

- equitable energy outcomes across households
- energy system security and reliability
- cross-portfolio coordination of relevant energy and net zero policies
- levels of social trust that will support change
- delivery of capital, labour and other resources

- meeting community and environmental needs alongside infrastructure requirements
- accessible data that supports the evolving energy system
- transition planning for the role of gas.

We also identified four broader focus areas that will be nested within our work program. The development of our understanding across these focus areas will support our priorities as we address the opportunities and challenges over time, including:

- consumer behaviours and preferences to empower choice in a way that supports the energy system and benefits consumers individually and as a collective
- ways to foster the rapid, efficient, effective electrification of the consumer-focused transport sector
- how the regulatory framework for gas supports consumers and the electricity system as we transition to a net zero system
- the impact of climate change on the reliability, resilience and security of the energy system.

We recognise the need to contribute to the energy transition at pace and amid rapid changes, while still taking a far-reaching view of our role to support the transition through to 2050 and beyond.

The intent is for these key challenges and opportunities, and the four focus areas also identified in our strategic narrative, to guide our near-term activities in order to support the longer-term contextual view of what is required to support a successful transition to a consumer focused net zero energy system.

The AEMC will continue to work with market bodies, governments, industries, consumers, First Nations people and communities of all kinds, to achieve our vision.

We will use our suite of existing tools and approaches to progress this work, including reviews, rule changes, forward-thinking projects, collaborating with others, providing expert advice to governments and advocating for change. Importantly, we will continue to test and adopt new and innovative ways of working that increase the pace, quality and impact of our work and decisions. We recognise that to do this we need to consider opportunities to match our decision making processes with the impact of the intended outcome and find ways to keep up with contemporaneous information in a fast-moving technology and market environment.

Our objective remains to deliver effective outcomes for consumers through practical rule changes and expert advice, and improve the energy market through more forward-thinking action and decisions.

We recognise that to progress our vision we must evolve with the energy system. We will continue to improve how we work, including proactively embarking on initiatives outside of our traditional rule-change processes to better collaborate, engage, lead and influence.

Work on the other strategic refresh workstreams, including evolving our way of working to support greater throughput of our core rule change and review work, will conclude in mid-2025 with the outputs of the process to inform a new strategic plan for 2025-28. We will consult with stakeholders, including jurisdictions, as we develop our 2025-28 strategic plan.

3. AEMC priorities and response to Statement of Expectations

The Commission acknowledges and accepts the Energy Ministers' 2022 Statement of Expectations. The AEMC will continue to provide strategic and operational advice to Energy Ministers and meet the expectations outlined in the 2022 Statement of Expectations to achieve the objectives of the Strategic Energy Plan (SEP).

The Commission notes that some elements of the Strategic Energy Plan (SEP) have evolved including the development of the National Energy Transformation Partnership (NETP) and the wrap-up of the Energy Security Board (ESB) and transition to the Energy Advisory Panel (EAP). The AEMC will continue to work with jurisdictional governments to contribute to achieving their reform priorities.

The AEMC will:

1. perform its roles and functions as defined in the Act and in accordance with requirements in the legislation and agreements listed in Schedule 1 of the Statement of Intent
2. support, through its work, the achievement of:
    a) the National Electricity Objective, the National Gas Objective, and the National Energy Retail Objective
    b) the outcomes and objectives of the SEP
3. manage the rule change process and consult and decide on rule change requests made by others, in accordance with processes set out in the law, with a central focus on the long-term interests of consumers
4. undertake reviews and provide advice to Commonwealth, State and Territory governments on improvements to regulatory and energy market arrangements
5. ensure its rule change and review processes that contemplate regulatory change have regard to the principles of best practice regulation set out in the Regulatory Impact Analysis Guide for Ministers' Meetings and National Standard Setting Bodies (2024), including by:
    a) ensuring establishment of a case for action before addressing a problem, and ensuring there is an acceptable level of evidence
    b) improving the quality of regulation impact analysis through the use, where possible and appropriate, of cost benefit analysis
    c) ensuring the regulatory impact of any proposed regulatory change is made fully transparent to the public as soon as possible and to relevant decision makers in advance of decisions being made
6. act independently and objectively in performing its functions and exercising its power, in accordance with the requirements of the Act and the national energy laws, and in accordance with best regulatory practice and good corporate governance
7. understand the impact on the energy sector of policies outside the energy market portfolio – such as emissions reduction policies – and promote integrated and consistent policy outcomes
8. provide advice on future reforms to regulatory frameworks that improve the timely and efficient delivery of the infrastructure and services required to support the transformation of the sector.

Annual priorities

As outlined above, the challenges, opportunities and focus areas identified in our strategic narrative will be a contextual guide for our priorities over the longer term. However, we will continue to consult on and set annual rule change and review priorities in order to be transparent with our stakeholders and rule-change proponents about the rule change, review and reform work the Commission will progress.

Our priorities for 2025-26 will include:

1. **Consumers and CER:** *Delivering improved consumer outcomes and enabling better CER integration.*

    This priority's intent is to progress work relating to the efficient integration of new technologies into the system and market, to support improved consumer choice and outcomes.
2. **Gas transition:** *Clarifying the future roles of gas in the net zero transition.*

    This priority's intent is to progress work relating to the coordinated and transparent role of gas as the energy system transitions.

3. **Future markets design:** *Getting markets design right for secure and reliable changing energy systems.*

   This priority's intent is to progress work relating to the settings, services and signals that will support the future net zero system.

4. **Network regulation:** *Updating network regulation to support improved consumer outcomes.*

   This priority's intent is to progress work relating to the cost-effective and efficient delivery of the network infrastructure and services required for the future net zero system.

Effective work program prioritisation is key to ensuring we apply our resources to the work that matters most, and has the most impact.

To be effective the AEMC needs to balance its work on urgent rule changes, advice to Ministers and critically its own independent forward-looking assessments of how the rules and sector need to evolve to continue to meet the needs of customers.

Each year we compete an annual stocktake to determine our forward work program. The 2025-26 stocktake will commence shortly and run between April and June, and include consultation with stakeholders (both jurisdictions and industry). Our final program for 2025-26 will be published on our website and shared with stakeholders in early July 2025.

4. Stakeholder Engagement and Communication

Collaboration and effective engagement with stakeholders are fundamental to our ability to successfully meet our statutory objectives. This requires building and maintaining relationships with stakeholders, including new stakeholder groups, to help increase our understanding of the key energy issues and concerns affecting the community.

A key priority we have identified is adapting the way that we collaborate with all our stakeholders so that our engagement is truly two-way and ongoing.

We do this through our core work in rulemaking and undertaking reviews with an open, transparent and collaborative approach to stakeholder input. In addition to our regular consultation practices, we have regular annual forums to connect with stakeholders across the sector and the community including:

- Investor roundtables
- Consumer strategy group
- Consumer priorities forum
- Innovator roundtables
- research@AEMC academic mini-conferences.

We also have a dedicated engagement function with regular dialogue involving energy market participants, peak body organisations and industry and consumer groups.

We track and test the success of our engagement approach through a biennial stakeholder engagement survey. The 2024-25 survey is currently in progress and the outcomes will be published on our website and included in our key performance indicators reporting.

4.1 Relationship with Energy Ministers

To enable the AEMC to undertake its core rulemaking and review functions, the relationship between Energy Ministers and the AEMC is essential.

The AEMC Chair, Commissioners and members of the executive leadership team have regular meetings with Energy Ministers and Senior Officials from each jurisdiction. The AEMC uses a number of channels to engage with Ministers to understand their issues and priorities.

We also facilitate a weekly forum for jurisdictions to provide a briefing on upcoming publications from market bodies. Energy Ministers can expect the AEMC will continue to support them by providing high quality and evidence-based advice on:

1. developing issues and required market and regulatory changes relevant to the Energy Ministers' priorities, including growing and developing energy markets so consumers benefit from more efficiently operating markets
2. other issues as requested by Energy Ministers
3. clear communications on how the AEMC's work program of rule change requests and reviews support Energy Ministers
4. clear and timely communications on any other relevant matters
5. clear and transparent reporting on projects, budgets, and other matters as required
6. an annual Statement of Intent, in response to a Statement of Expectations, which will include, measurable and quantifiable outcomes-based performance measures.

4.2 Relationship with Market Bodies

The AEMC is one of several institutions established to govern the Australian electricity and gas markets. We are the statutory rule-maker and play an important role in market development and provision of advice to Energy Ministers.

A key element of the AEMC's Strategic Plan is ongoing effective collaboration with the other market bodies.

The AEMC has developed joint engagement protocols with the Australian Energy Market Operator (AEMO) and the Australian Energy Regulator (AER) to continue to improve collaboration and interaction between market bodies, leading to better long-term outcomes for energy consumers.

The AEMC has also continued to support market body collaboration through the former Energy Security Board (ESB), and now the Energy Advisory Panel (EAP). In particular, the AEMC supported the operation of the EAP by assuming Chair and secretariat responsibilities for the first annual rotation and continuing to participate as a member for subsequent rotations.

4.3 Relationship with Consumers

Consumers are at the heart of everything we do at the AEMC. We remain focused on effectively engaging with consumers and their representatives so their views can inform our work program.

We strive to be accessible and transparent by facilitating effective two-way communication with consumer representatives.

We enhance our understanding of consumer needs by conducting surveys, focus groups and forums to deepen consultation with consumer group leaders on their strategic priorities for energy market development.

This provides open communication beyond project-specific consultation and responds to requests by consumer stakeholders for more strategic engagement on market-wide issues. We engage regularly with consumer groups to continually gain insight into consumer needs and to keep them informed of our work streams.

We embrace partnerships with consumer groups, such as our recent partnership with Energy Consumers Australia to develop a communications campaign to support the accelerated rollout of smart meters.

Finally, we ensure our documents and online materials are clear and user-friendly and our consultation processes are engaging and transparent.

We remain agile to consumer feedback and continue to focus on delivering for consumers in the long-term.

4.4 Relationship with Market Participants

We maintain open and active dialogue with industry and business peak bodies to fully understand the implications of our decisions and ensure the advice we provide to Energy Ministers reflects real-world and real-time information.

Our stakeholder base is widening in the wake of market and technological change, with a growing number of renewable generation and battery participants, and innovators coming on board.

We engage frequently with industry through stakeholder reference groups, forums, workshops and meetings around specific rule changes and reviews and at Commissioner and senior management level.

Outside of project-specific engagement, we seek out stakeholders through initiatives such as investor forums and an innovators forum to ensure we are communicating with a varied list of industry stakeholders and market participants on broad themes.

Industry representatives are also part of the Reliability Panel, along with AEMO, network & consumer representatives. This panel was established by the AEMC under the National Electricity Law to monitor and provide advice about the safety, security and reliability of the national electricity system.

4.5 Relationship with the South Australian Minister

The AEMC was established by the South Australian parliament under the *Australian Energy Market Commission Establishment Act 2004* and is therefore accountable to the South Australian Minister for Energy and Mining.

The AEMC carries out its work in accordance with the Act and other relevant national energy legislation, rules and agreements.

The AEMC Chair, Commissioners and members of the executive leadership team meet regularly with the Minister and the South Australian Energy Senior Official to discuss key industry and organisational matters.

5. Reporting

5.1 Financial reporting

The AEMC continues to implement a robust and transparent financial management program on which we report quarterly to the South Australian Minister for Energy and Mining.

The AEMC's finance department regularly coordinates with the Government of South Australia and the Auditor-General's Department to ensure all information is delivered in a thorough and efficient manner.

5.2 Other reporting requirements

In addition to the relationship with the South Australian Minister, the AEMC recognises that it is accountable to all Energy Ministers and will provide a bi-annual report against the metrics outlined in this Statement of Intent as well as an Annual Report.

Consistent with correspondence received from Energy Senior Officials in February 2025 the AEMC will now provide one verbal and one written report to Energy Ministers in 2025-26.

Apart from the reporting requirements under the Act and National Energy Laws, the AEMC is required to comply with a number of South Australian, New South Wales and Commonwealth laws relating to such matters as record keeping, information disclosure, financial reporting and employment.

6. Key Performance Indicators

The AEMC performance indicators for the Statement of Intent are aimed at measuring performance of the AEMC in line with the issued Statement of Expectations.

We have made four key changes to our proposed KPIs for 2025-26, including:

- formalising our self-imposed throughput metric;
- introducing a quantitative metric to reduce the number of rule change requests aged 12 months or older;
- removing the previous metric on initiation of 75% of projects within four months; and
- removing the metric relating to our internal brevity framework, as it is now embedded in our business-as-usual workflows.

As outlined in our 2024 funding submission to jurisdictions, the AEMC introduced a self-imposed throughput metric to complete 25 rule changes and 5 reviews in 2024-25. As at April 2025, we are on track to achieve that target, reflecting approximately a 30% increase in rule change throughput over the past two years. We have sought to formalise and continue that metric in 2025-26 with the proposed target of at least 25 rule changes and five reviews, reflecting our intent to sustain and consolidate the increased throughput of our core work. We have supplemented the rule change throughput metric, with a quantitative metric to significantly reduce the number of rule change requests older than 12 months. We believe the addition of the two throughput metrics in place of the former initiation metric is a more direct measure of the AEMC's productivity and reflects our ambition to sustain increased performance without compromising the quality of our work. Accordingly, we have removed the 75% of projects within 4 months KPI as it is not an accurate reflection of the speed at which AEMC initiates and prioritises rule changes and is easily misinterpreted. Our proposed KPIs for 2025-26 are outlined below.

Practical rule changes and advice

Report on progress of rule changes and reviews against key market reform priorities, inlcuding: *CER and Consumers, Gas transition, Future markets design, Network regulation.*

Track progress of the outcomes of rule changes that have been recently implemented.

**note these are all qualitative metrics.*

Being collaborative - engaging with stakeholders

Stakeholder survey **overall reputation score of >60%** (ie. 60% of respondents provide a score of 7 out of 10)

Stakeholder survey collaboration **with other market bodies score of 60%**

Survey stakeholders on 20% of AEMC projects per financial year**. Score of 60% for the average of three quantitative questions.**

Investing in our people

Turnover of our people at <25% (+5%)

Overall score from staff engagement survey at 70% or above

Delivering our work efficiently

Sustain increased rule change throughput by completing **a minimum of 25 rule changes** and **5 reviews** in 2025-26.

H**alve the number of uncommenced rule changes aged 12 months or older** by the end of 2025-26*.

Actual expenditure tracks budget (+/- 5%)

**As at 1 July 2025, we will have 17 rule changes aged 12 months or older.*

The metrics will be reviewed next year to ensure they remain fit-for-purpose, align with our new strategic plan and appropriately capture the evolving nature of our work responding to the transformation of the sector. We report on these metrics as part of the AEMC's annual report and reporting to energy ministers, and all information is made available on our website.