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8 October 2015

Mr John Pierce  
Chairman  
Australian Energy Market Commission  
Level 6, 201 Elizabeth Street  
Sydney NSW 2000

Dear Mr Pierce

**GPR0002: Review of the Victorian Declared Wholesale Gas Market Discussion Paper**

Santos welcomes the opportunity to comment on the Australian Energy Market Commission's (**AEMC**) Review of the Victorian Declared Wholesale Gas Market Discussion Paper. The Eastern Australian wholesale market design has evolved from isolated state based systems to an interconnected system capable of transporting gas to and from each region within it.

The original ambition of the Declared Wholesale Gas Market (**DWGM**) was to enable participants the ability to trade imbalances and purchase wholesale gas to support full retail contestability and to encourage diversity of supply and upstream competition. To this end the DWGM has been a success, especially when considering that Victoria has twice as many gas retailers compared to other jurisdictions as well as multiple off-shore gas fields, processing plants and storage facilities.

Victoria is currently, and will continue to be, a major demand and supply source for all of southern Australia. COAG's current vision is broader than the original DWGM's objectives and Santos supports the Victorian Governments review of the DWGM to ensure it is still flexible enough to support and grow with the developments in the interconnected east coast gas market.

Santos is not a major participant of the DWGM, although does utilise the network to move gas to customers in other jurisdictions. Acknowledging Victoria's increasingly important role in the South Eastern Australia domestic supply equation, Santos' key concern is that any changes to the DWGM do not lessen the ability for gas to be transported to other connected regions. Victoria's abundant gas resources should be available to those who value them the highest, especially when there is surplus supply. Victoria's success will be Australia's

success - assisting the manufacturers, industrial users and those that rely on gas as a feedstock.

Santos is supportive of the initiatives outlined in the Discussion Paper, although we would encourage the AEMC remaining open on the optimal DWGM design until a clear path for the whole Eastern Australia market design is established. Choosing an outcome for Victoria that isn't compatible with the broader design vision will erode the benefits of this formative East Coast Wholesale Gas Markets and Pipeline Frameworks Review.

Santos looks forward to engaging with you further during the course of this Review

Should you have any questions in relation to this submission, please contact me at [matt.sherwell@santos.com](mailto:matt.sherwell@santos.com) or on (08) 8116 5824.

Yours sincerely

Matt Sherwell

**Strategy, Portfolio and Markets Manager  
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