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Santos

We have the energy.

6 November 2015

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

Dear Mr Pierce

GPR0003: Information Provision – GBB cost allocation methodology

Santos welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) Information Provision with regard to the current cost allocation methodology for the Gas Bulletin Board (**GBB**).

Santos notes that the current cost allocation methodology for the GBB is prescribed directly into the National Gas Rules (**NGR**) (Division 9, Part 18). It is unclear why this cost allocation methodology is in the NGR, although as a result, any changes to the methodology requires a rule change and the governance that surrounds this process.

The GBB fees are allocated through AEMO, similarly to other gas market fees. However methodology changes of these other gas market fees fall within the remit of AEMO governance processes, with the GBB cost allocation being the anomaly, requiring a formal rule change to the NGR. This rule change process also hampers any flexibility that may be required to keep pace with the evolving market and does not allow AEMO to consider a further consolidation of gas market fees where appropriate.

Santos recommends the removal of the GBB cost allocation methodology from the NGR as a first step to potential further reforms in the structure of the cost allocation methodology for the GBB. If this occurs we are willing to work with AEMO in the future to assist in the further development of the fee structures for the GBB and other gas market fees.

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

Yours sincerely

Matt Sherwell

Policy and Regulatory Affairs Manager
Santos Ltd