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5 March 2018

John Pierce  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235

Dear Mr Pierce

**Re: Submission on Scoping Paper: *Biennial review into liquidity in wholesale gas and pipeline trading markets.***

The AER welcomes the opportunity to respond to the AEMC's Scoping Paper: Biennial review into liquidity in wholesale gas and pipeline trading markets.

As indicated in the COAG Energy Council's Terms of Reference: Biennial review into the growth in liquidity in wholesale gas and pipeline trading markets, the AEMC recommended in its final report on the Eastern Australian Wholesale Gas Market and Pipelines Framework Review that the AER publish a range of quantitative liquidity metrics on an ongoing basis.

We would welcome the opportunity to publish the quantitative liquidity metrics as outlined in the Scoping Paper, which aligns well with our formal responsibility to publish performance reports into the operation of the markets, retailer performance and the performance of the network businesses. We also include the results of such analysis in our State of the Energy Market Reports. Collection and publication of metrics like those recommended in the Scoping Paper improves the transparency of the competitive markets and aligns well with our role as articulated in our Strategic Statement. We believe we are well placed to gather and publish the information to assist us in understanding and reporting on the effectiveness of the operation of the energy markets.

In accordance with the Energy Council's Terms of Reference, as part of the AEMC's initial review we will prioritise publishing the liquidity metrics relating to the Gas Supply Hubs. In broad terms we agree with the high level methodologies for the development of the metrics as proposed by the AEMC in its Scoping Paper and look forward to working with the AEMC, AEMO and industry on a more detailed design.

In the future, as our monitoring and reporting of the effectiveness of the energy markets develop, we will undoubtedly develop a broader range of metrics and indicators - we look forward to working with the AEMC and AEMO on this.

Please contact Adam Rae on (03) 9290 1410 or Scott Hall on (08) 8213 3425 if you would like to discuss any aspect of this submission.

Yours sincerely



Paula Conboy  
Chair  
Australian Energy Regulator