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9 October 2015

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

Dear Mr Pierce

EMO0030: Strategic Priorities for Energy Market Development Discussion Paper

Santos welcomes the opportunity to comment on the Australian Energy Market Commission's (**AEMC**) Strategic Priorities for Energy Market Development Discussion Paper. The Eastern Australian wholesale gas market is going through a fundamental change, transitioning from domestic isolated state based systems to an interconnected system capable of transporting gas to and from each region and now a major gas exporter. Each of these phases have different challenges and it is important to ensure that the correct regulatory and market structures are in place to facilitate this demand growth as well as minimising major impediments to enable new supply to be brought on when needed.

As a proudly Australian company, Santos is a leader of the Australian natural gas industry, with more than 60 years of responsible gas exploration and production across the nation. Santos is one of Australia's largest domestic gas producers, supplying natural gas to all mainland Australian states and territories, ethane to Sydney and oil and other liquids to domestic and international customers.

Santos strongly supports the AEMC in identifying gas as a priority in the 2015 Strategic Priorities for Energy Market Development. The current East Coast Wholesale Gas Market and Pipeline review is due to deliver its draft report to COAG in December 2015, then the final report early in 2016. The next phase of this important process will be to convert this review into actionable policy, requiring additional research and consultation then possible rule changes. The current review is designed to deliver the road map, however there is much additional work required to progress from this significant review, which warrants it being identified as a priority.

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 or on (08) 8116 5824.

Yours sincerely

Matt Sherwell

**Strategy, Portfolio and Markets Manager
Santos Ltd**