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**Ref: 6427.0.55.008 - Information paper: "Development in Producer Price Indexes for natural gas, Dec 2015"**

GDF Suez Australian Energy (GDFSAE) welcomes the opportunity to comment on the ABS initiative to develop producer price indexes (PPI) for natural gas.

GDFSAE considers the development and publication of a PPI for natural gas as a useful complement to existing electricity and gas sector information. Given that the ABS is an independent body not associated with the energy sector, the information is also valuable in informing the governments and industry participants.

GDFSAE appreciated the rationale and supports the structure of the index including the combination of the IOPC 07000050 (Coal seam gas) and IOPC 07000030 (Natural gas) into a single price index.

GDFSAE appreciated the difficulty when comparing contracts of different forms, durations and conditions. The suggested approach to cluster similar contracts together so that comparisons can be made between contracts of similar characteristics appears sound. While it is not immediately clear if the ABS intends to publish information about individual clusters, it would be useful to have this information also available in the spreadsheet provided to participants.

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GDFSABE considers the geographic separation and market differences of the East and West coast regions important, and suggests that a suitable formulation should be developed to overcome any commercial confidentiality concerns with the more granular approach sought.

GDFSABE views historical data as important and to the extent possible, the index should be calculated historically as far back as possible. The suggested one year history from the date of first production on the index is considered too short. A five-year history is considered more appropriate for this index notwithstanding annual caveats.

Finally, it would be helpful for the ABS to clearly indicate the project implementation timeframes and the targeted release date for the new PPI.

GDFSABE trusts that the comments provided in this response are of assistance to the ABS in its deliberations.