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28th September 2010

Dear Margaret

G4S Utility Services (UK) Ltd (G4S) are pleased to have the opportunity to respond to the recently published Smart Metering Prospectus which we believe signifies a great stride towards the mass deployment of Smart Meters in the UK Domestic market. In recognition of this we are doubling our efforts to get involved at the core of the industry at this key time. This is demonstrated by our accession to the Community of Technical Experts and the dedication we have given to support the Association of Meter Operators (AMO) as their representative at the DCC Scope and Services Sub-group.

As the leading independent metering services company in the UK we are committed to the Smart Metering Implementation Programme and are already engaged in the delivery of Smart Metering Services directly and through provision of services to energy suppliers to the non-domestic sector and through energy suppliers to the domestic sector. As a provider of a comprehensive service from meter asset provision, through installation to data retrieval and industry data processing we believe we have a good insight into the challenges faced in delivering a programme of this scale. Our responses reflect both our history and our future. We are a recent entrant to the Meter Operations market but have extensive experience in the provision of Field based metering services through our meter reading activity. We retain a significant capacity in industry data processing and have sufficient experience from the opening of the metering markets and from our recent commencement in Meter Operations services.

We fully intend to provide a more comprehensive response to the bulk of questions in line with your October timeline and these responses will have the benefit of the most current inputs to our thinking resulting from the ever increasing level of engagement and discussion across the whole industry. This letter provides our thinking in relation to those more pressing subject areas highlighted within the Prospectus for earlier responses.

Please do not hesitate to contact me should you wish to discuss any of the issues we have outlined or if there are any other matters you consider relevant. We will of course be responding to the other questions next month.

Yours Sincerely

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G4S Utility Services



G4S Utility Services Responses to Questions in the Smart metering Prospectus

The Consumer Experience

Questions for September Response – Q3

G4S carry out services for all of the large suppliers in the UK to a high standard and with a keen eye on customer service. In a competitive market the energy suppliers need to have a way to differentiate their service and this can be done through their procedures on-site. This will no-doubt continue to be the case for Smart Meter deployment.

One of the base premises of the roll-out of Smart Meters in the UK domestic market is that it will be supplier led and so it would seem to be a consequence of this decision that there will be a variation in deployment processes and practices. It would also seem to be in everyone's interests, given the competitive market in the UK, that the consumer has a positive experience and this particular topic remains towards the top of the list for industry discussions. Negative public reaction would materially impact the ability to deliver a full (or near full) deployment in the suggested timescales if this was seen across the whole country rather than specific to a particular supplier.

G4S has a number of strict processes to ensure that we provide the best service to all of our clients. While tailored to meet specific contract requirements, some elements do not vary at all and we believe these should be considered for the full rollout given the number of newly recruited and trained operatives. These should include:

- All staff should be suitably screened (e.g. we subject all Meter installers to enhanced CRB checks)
- Doorstep protocols need to be adhered to:
 - Visible ID badge
 - Courteous staff
- All staff should be suitably trained with Health and Safety as the primary focus

We support the principle of established and minimum standards of performance which could be contained within a code of practice regarding the technical aspects of the Smart Meter deployment and welcome any initiative that removes barriers for suitably trained operatives to conduct metering activities without unnecessary delay. We also believe that there will be variation in what suppliers wish to be done on site with regard to education of customers in the utilisation of their Smart Metering solution. While this could be conducted by the meter installer it could also be conducted by a different person or process. It is, however, important for the meter worker to have a suitable knowledge of the metering equipment they are installing to prevent customer concern around competence. Whatever standards are set it is essential that every supplier and their agents adhere to them.

Other services could be delivered to create a more positive customer experience either before, after or instead of a Smart meter installation (i.e. delivery of services or advice to customers who may be at the tail end of the planned deployments). Managing completion rates is key to both efficiency and delivery of a positive customer experience and meter readers could be used to conduct light touch site surveys in a co-ordinated fashion ahead of the Smart programme. We have covered this issue in greater detail under our answers to Q6, Q7 and Q16.



Industry Roles and Responsibilities

Questions for September Response – Q6, Q7 and Q16

G4S operate a meter neutral approach to the provision of our services but have a firm understanding of the issues caused by not having a firm set of meter requirements (or functionality requirements) published. Therefore we strongly support the view that these meter requirements should be agreed up front.

It is essential for all involved in the industry to have a firm set of requirements agreed, documented and widely understood as the vacuum that is left without this certainty leads to greater risk of not completing the programme to the planned timescales. There are challenges to the completion of detailed specifications which we are confident can be resolved within the timescales specified. If timescale is a key factor we would caution that the programme should not be held up due to any difficulties in agreeing specifications; neither should the meter functionality be sufficiently heavy to detriment the cost benefit analysis. The metering system design and associated configuration of the metering system whether on site or remotely needs to be such that the time on site is minimised. This consideration also relates to the activities within DCC for initial connection to the metering system.

With regard to the co-ordination of the roll-out we understand the reasons to mandate a supplier-led deployment. Nowhere in the world is there a direct parallel with the UK in terms of its competitive landscape in energy supply and metering and to deploy on another basis would require a great deal of commercial activity to manage termination, novation or cancellation of existing agreements. As a national programme we believe the deployment should be clearly targeted.

The deployment of Smart meters as a stand-alone activity would be delivered at the lowest cost on a street by street basis but there are other costs and benefits to consider. Many of these considerations are internal to the supplier in question and we would be concerned that the introduction of external limiting factors or requirements could add significant cost into the process. In addition the co-ordination with other agencies could be managed through good programme management

We believe that there is great benefit in managing the deployment as a programme and using all possible customer contacts to ensure a smooth delivery. This could include:

- Pre-installation surveys to consider (with the aim to minimise aborted visits) using meter reading staff during the cyclic read visit immediately prior to the planned meter change. The type of data collected could include:
 - Meter installation (presence of timeswitch etc)
 - Meter box status (state of repair and physical dimensions)
 - Customer/property status
- Use of meter readers to arrange appointments for Smart install
- Post installation energy survey
- Energy survey in lieu of Smart



Implementation and Next Steps

Questions for September Response – Q17, Q18, Q19,Q20

The work to define the scope of services for the DCC is ongoing and there will hopefully be clear business cases to inform the decision as to the initial and evolved scope of the DCC. Furthermore different suppliers will have different views on the business case to lead or lag with regards to the installation of Smart.

The major factor in the go:wait decision facing suppliers today appears to be the fear of deploying high volumes of relatively expensive meter assets that will not be installed for their entire useful life because of non-conformance to the final specifications which are yet to be agreed. In order to prevent a potential delay we believe there may be benefit in seeking to agree a pragmatic position for the early adopters where the key benefits of Smart are delivered to the end consumer and the wider UK where, ultimately, meters may not meet the exact required specification. This would allow a greater volume to be installed between now and go-live of DCC thereby increasing the likelihood of the highest possible number of properties having Smart Meters by the earliest date possible.

Work to ascertain the resourcing requirement for the deployment is ongoing and we are supporting EU Skills and the National Skills Academy for Power (NSAP). Without second guessing the outcome of this detailed analysis it is obvious that the sooner we start the deployment of Smart Meters the earlier we will complete and the lower the increase (and subsequent decrease) of meter installers will be. On a macro scale the level of required resource will actually be a factor of the on-site and/or planning processes of the energy suppliers. It is important therefore that any analysis done needs to account for the efficiency rates of all meter installers.

Governance of the Smart Metering programme with regards to the Smart Energy Code and management of DCC appears to be comprehensive but there needs to be consideration of the interim period for both domestic and non-domestic meters. End consumers, whether domestic or non-domestic, should not be held to ransom by any party who provides limited or no access to their meter. Exclusion of the non-domestic sector leaves this population, who are often single sites or small businesses, without a voice and at risk of not being able to change metering services provider.