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Date: 26th October 2010

Dear Ms. Coaster

Response to Ofgem's Consultation on
"Smart Metering Implementation Programme"

UK Broadband Group (UKB) welcomes the opportunity to respond to this consultation (the "Consultation").

We strongly believe that Smart Metering and Smart Grids will advance energy security and sustainability for the UK and that a central Data Communications Company (DCC) will accelerate the establishment of these key technologies.

As the UK's largest commercial wireless spectrum holder we wish to highlight that in many circumstances wireless offers cost, flexibility and performance benefits over fixed connections and can be a key enabler for cost effective Smart Metering and Smart Grid services. We do not believe there is a "one size fits all" connectivity solution for the DCC and anticipate the final network will be a hybrid of multiple wireless and fixed connectivity.

We are already engaged with several Smart Meter and Smart Grid stakeholders, who will no doubt be responding individually to this important Consultation, and wish to highlight to Ofgem our willingness to make our spectrum and solutions available via partners in order to enable the optimal architecture for the Smart Grid and Smart Metering. In particular, we would be very happy to take part in any pilot or trial system deployment.

Our consultation response is restricted to the issue of how spectrum and wireless technologies can help the DCC deliver cost-effective connectivity. As you will see from the table below, UK Broadband holds over 2,400 MHz of spectrum, a significant portfolio which could have multiple applications within the overall DCC connectivity solution.

Figure 1. UK Broadband's national spectrum holdings and possible DCC application

Band	Allocation	Example Use in DCC
1800 MHz	7 MHz (2x 3.5 MHz)	Low power GSM, limited use
3.5 GHz	40 MHz (2x 20 MHz)	Access via 4G network
3.6 GHz	84 MHz	Access via 4G network
3.9 GHz	84 MHz	Access or long reach transmission
28 GHz	224 MHz (2x 112 MHz)	High capacity transmission
42 GHz	2 GHz (2x 1 GHz)	Short haul fibre replacement

We also believe there is an important linkage between broadband delivery and the enablement of Smart Meters and the Smart Grid.

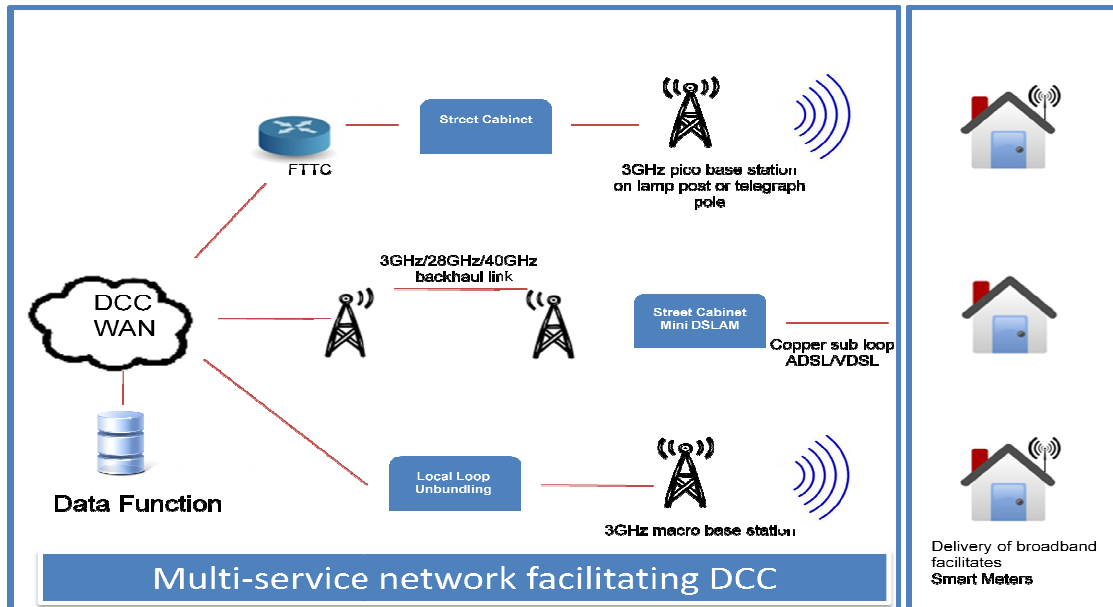
The Digital Britain report estimates that more than 1 in 10 households cannot receive at least 2Mbps. The distribution of line lengths means that this is a very sensitive variable and we feel 1 in 10 is the best case and may not include provision for cross-talk interference and aged copper. UKB's own analysis indicates that this figure is likely to be closer to 2 in 10 households. According to analysis conducted by BIS broadband "not-spots" and "slow-spots" are distributed throughout the UK in urban, suburban, rural and remote areas where a pure copper or fibre solution may not be cost effective.

Our work in this area also demonstrates how cost effective and quick to market wireless solutions – 4G and high capacity backhaul transmission – can be compared to other technology solutions. Finally, it is UKB's intention, commencing in 2011, to deploy "true 4G" as recently formally defined by the ITU. True 4G must offer 1 Gbps to a stationary device and 100Mbps to mobility device under optimum coverage circumstances. Such capability, linked to much lower costs and much easier and quicker deployment, further positions wireless as having a real role to play in both future broadband and Smart Meter solutions in the UK.

The Government recently announced a significant funding package for rural broadband over the next 5 years targeted specifically at areas that cannot economically sustain a broadband access network.

Given the high cost of networks in these areas, and the fortunate similar timing of the rural broadband and Smart Meter programmes, we believe there is an opportunity in many locations to meet the technical requirements of both solutions with a single multi-service network. For this to be most cost effective however this joint opportunity should be developed at the initial stage of any BDUK funded initiative in each community. We would recommend discussions on this opportunity take place soon with BDUK.

Figure 2. High level multi-service broadband network supporting rural not spots and smart meter applications



About UK Broadband Group

UKB is a wholly owned subsidiary of PCCW, an integrated telecommunications provider offering fixed, mobile, internet and pay TV services to consumers and businesses in Hong Kong. It is one of Asia's leading Information and Communication Technologies (ICT) companies and through its Global division covers more than 1,000 cities and 100 countries across the world with the latest IP, fiber, and satellite transmission technologies.

Our investors are convinced that demand for convenient low cost wireless access to the Internet will continue to grow significantly and that, despite advances in 4G technologies, this remains a 'spectrum driven' economic model. We believe that with 124MHz of spectrum available for broadband access in the 3400 to 3800 MHz bands we are able to offer a significant cost of capacity advantage to UK consumers and businesses.

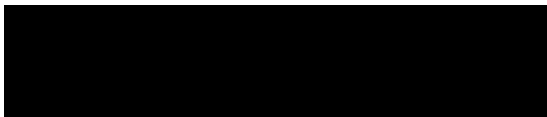
We have already begun to solve rural broadband problems with a 4G solution utilising our spectrum. During 2010 we have signed up more than 10 Resellers who are able to access our 4G expertise, equipment, radio planning and appropriate spectrum to address rural and 'not-spot' connectivity problems. These solutions include both the 4G solution to the home and a

high speed, high capacity wireless backhaul solution too. We currently have deployments underway in Clackmannanshire and Telford with multiple trials and genuine interest from many more communities. We have also engaged heavily with BDUK to offer the full range of our services to help achieve their goals.

We have also been developing our investment plans for urban areas and are keen to include participation in Smart Meter activities utilising our fibre capabilities alongside other partners in both cities and rural areas.

We would like to thank you for the opportunity to respond to this strategically important Consultation and offer our support to Ofgem as it determines the best and most economic network architecture for DCC. If you have any questions on the issues discussed in this response, please do not hesitate to contact us.

Yours sincerely



UK Broadband Group