17 September 2010

Our ref: RJH/201104131

Liz Chester
Social Policy Manager
9 Millbank
London
SW1P 3GE
United Kingdom

Dear Liz

Logica Response to Smart Metering Spring Package

Logica welcomes the opportunity to comment on the consumer protection issues raised in the Spring Package. Many of the questions in the package are related to licence obligations that may be placed on suppliers and we have in general not commented on these. We have, however, commented where we believe the operation of our existing managed service, Logica Smart Data Services, provides us with particularly insight.

Prepayment

Question 6: Do you consider it necessary to explicitly require suppliers to provide the ability to top-up by cash where payment is made through a prepayment meter?

Suppliers and consumer groups are better placed to answer this question, but we do believe it will be important to retain the ability for customers to be able to top-up using cash payments, especially for customers with pre-payment meters.

As an IT service provider we can comment on how the ability to top-up by cash payment methods can be enabled.

Logica Smart Data Services already supports smart prepayment cash payments being made at PayPoint and Payzone. We have not been yet been asked by suppliers to support payment via post offices or bank ATM machines but believe it would be straightforward to do so should a supplier require it. PayPoint and Payzone both allow payment via the web and SMS message but customers have to pre-register a debit or credit card to use this form of payment.

Commercial Interoperability

Question 16: Do you have any views on the appropriateness of an obligation to offer terms for use of communications services as part of the Spring Package, and the timeframe for any such obligation?

Logica strongly supports the inclusion of communications and head end, or data services, in the obligation to offer terms to new suppliers.

Meter protocols are not as yet standardised and there is considerable effort in connecting a head end, be it that of a service provider or one operated internally by a supplier, to a new meter

type. This work, should a supplier be required to do it, has a considerable cost and a lead time of several months. This makes it impractical for a supplier to interface to all smart meters that they gain during COS. As a result the new supplier should have the option of accessing the meter via head end to which the meter is connected.

Logica currently operate a multi-supplier head end and has data service contracts with several suppliers. We are already processing hundreds of change of suppliers a month. Where the new supplier is not a customer of Logica Smart Data Services or does not want to operate the meter as a smart meter it becomes dumb. Some suppliers are already actively supporting gained smart meters.

Once the obligations in the Spring Package are in place, if the new supplier chooses the option to novate the communications and head end contract from the old supplier, we envisage offering suitable terms to new suppliers for smart data services to the meters. In many cases the new supplier will already be an existing user of Logica Smart Data Services and it will be beneficial and cost effective to merely add the new meter to their own contract.

We fully support this approach but believe that there will be issues where only one of a pair of dual fuel meters changes supplier:

- Until the DCC owns the communications hubs, there is no mechanism for the installing supplier, or the MAP, to charge the new supplier for the shared use of the communications hub. We would encourage suppliers to make the communications hub available free of charge but with no warranty or service level guarantees. This approach however may cause issues when the new supplier is sharing the communications hub to operate a PP meter. In this case the new supplier would need to be able to guarantee a minimum service to support the prepayment meter. The installing supplier, if they were receiving no revenue might be reluctant to offer such a guarantee.

- It may be difficult for the old supplier to apportion the communication costs. The communication invoice is at connection, ie communication hub level, and may not contain the granularity necessary to split the costs to meter level between the two suppliers.

To make this process operate smoothly a small number of industry changes are needed. Registration systems must record that a meter is smart so that suppliers can initiate the appropriate discussions and processes as early as possible in the COS process. This could be done by introducing new meter types or, in electricity, meter time switch codes and the data could be updated by suppliers, meter operators (again in the case of electricity) or head end providers. The registration systems should also identify the head end and communications providers. As a multi supplier data services provider we have all this data and would be happy to update registration systems. We feel that this is the best way to maintain this data but there is as yet no mechanism to do so.

Data services and communication providers have no way of knowing when there is a change of supplier. At the moment Logica's Smart Data Service is dependent on the old supplier notifying us of any loss. As the old supplier is the party with whom we have a contract we will not support a COS process without this initial notification.

Question 17: Do you have any comments on our proposed approach for dealing with prepayment?

The Spring Package focuses on the need to maintain communications with smart prepayment meters and suggests that meters should have a mechanism to allow the entry of unique transaction reference numbers, UTRNs, post COS where these communications are not available.

Even if such a manual method of entering UTRNs was available, and it is safe to assume that it will be, the UTRNs still need to be generated and this is the harder part of the process. Providing data and communications services to the meter is the same as for credit meters. The issuing of a prepayment administration number, PAN, an associated id card for use at physical payment agents, and the generation of UTRNs are the prepayment specific complications and all have to

be done in order for the customer to have anything to enter into the meter. Any solution that relies on new suppliers being able to operate smart prepayment meters that they have gained must either generate UTRNs for them on request, or release the appropriate keys and algorithms to allow them to generate them themselves.

Logica's Smart Data Service is already capable of supporting COS on prepayment meters and have done so at low volumes. Our service generates the UTRNs, on behalf of suppliers. This means that we can continue to do this on change of supplier.

Where an existing prepayment meter changes supplier and we have no contract with the new supplier, Logica Smart Data Services ensures that the meter is switched to credit mode on COS as the customer will have no way to purchase energy.

We would be happy to discuss any of these issues with you in more detail if this would be of use.

Yours sincerely,

Richard Hampshire
M +44 (0) 7711 035 899
rich.hampshire@logica.com | www.logica.co.uk/we-work-in/utilities/suceeding-in-competitive-markets