



Commercial Interoperability

Proposals in respect of managing domestic customer switching where meters with advanced functionality are installed

Logica's response to questions

Logica is a business and technology service company, employing 41,000 people. It provides business consulting, systems integration and outsourcing to clients around the world, including many of Europe's largest businesses.

Logica creates value for clients by successfully integrating people, business and technology. It is committed to long term collaboration, applying insight to create innovative answers to clients' business needs.

Logica is listed on both the London Stock Exchange and Euronext (Amsterdam) (LSE: LOG; Euronext: LOG).



More information is available at
www.logica.com



Copyright statement:

This document contains information which is confidential and of value to Logica. It may be used only for the agreed purpose for which it has been provided. Logica's prior written consent is required before any part is reproduced. Except where indicated otherwise, all names, trademarks, and service marks referred to in this document are the property of a company in the Logica group or its licensors.

Response to Questions

- Question 1: Do you agree that suppliers should be required to inform the customer of any potential loss of services before a switch takes place? 5
- Question 2: Do you agree that the old supplier should be required to disable any misleading information prior to the switch taking place? 5
- Question 3: Do you agree that the old supplier should be prohibited from removing historic consumption data from the meter? 6
- Question 4: Do you agree that suppliers should not be allowed to charge customers for the replacement of a prepayment ADM in these circumstances? 6
- Question 5: Do you agree that the old supplier must make available to the new supplier all the information they would need to help maintain the provision of services based on ADM functionality? 6
- Question 6: What kind of information would the new supplier need access to in order to ascertain whether they can maintain advanced services? 7
- Question 7: Do you agree that a large supplier should make available on request all services that a new supplier would reasonably require to maintain some or all of the services relating to ADM functionality? 7
- Question 8: Do you consider that the proposed volume thresholds are appropriate? If not, please suggest what would be more appropriate thresholds. 8



Question 9: What costs do you consider suppliers will need to incur to ensure compliance with the proposed licence conditions? 8

Question 10: Do you consider that additional incentives are necessary for suppliers to avoid ADM meter exchanges on a change of supplier where possible? 9

Question 11: Do you consider that the measure outlined here places appropriate incentives on the installing supplier in respect of the costs of a meter exchange? 9

Question 12: Do you consider that £60 represents an appropriate proxy for the cost of a meter replacement in these circumstances? If not, what would you consider to be a more appropriate amount? 9

Question 13: How long a lead time do you consider is appropriate for enabling suppliers to be compliant with the proposed licence conditions? 9

Question 1: Do you agree that suppliers should be required to inform the customer of any potential loss of services before a switch takes place?

We agree that suppliers should be required to inform customers of any potential loss of services prior to switching. Clearly, this requires a mechanism by which the new supplier can determine the current level of service and their ability to support it.

In our experience, the level of service available from a smart meter is defined by three parameters, namely: the meter model; the firmware version and the data service provider (data service providers may not support all available functionality). We believe that these key parameters should be stored in an appropriate industry structure (e.g. meter technical details, ECOES etc.) to ensure that it is maintained and available to the new supplier. These parameters could then be used by the new supplier to access an industry-maintained lookup table of smart metering functionality, which could be derived from the Industry Draft Technical Specification.

We see this lookup table as analogous to the CoP Compliance and Protocol Approval List

(http://www.elexon.co.uk/ELEXON%20Documents/cop_compliance_and_protocol_approvals_v35.0.pdf)

maintained by ELEXON. In order to allow the new supplier to decide whether or not to operate the meter via the installing supplier, we believe that it will also be necessary to store data relating to the communications service provider and the applicable tariffs. This could be done using some kind of communication reference which allows the details to be accessed from a look-up table that is similar to the meter lookup.

We are already providing data and communication services to multiple suppliers. We would be happy to make the meter and communications data available to all suppliers via a GUI and/or web service. To do this, we will need the permission of our existing clients and will be discussing the possibility of providing this service with them in the near future. This, of course, will only provide data relating to meters where we are the data service provider; suppliers, who do not currently use our data service, would need to be made aware of this service.

Question 2: Do you agree that the old supplier should be required to disable any misleading information prior to the switch taking place?

We agree that no misleading information should be presented to the customer following a switch.

The obligation on the old supplier to remove misleading information should only apply if the new supplier does not intend to re-configure the meter and, hence, overwrite any information relating to the old supplier. This is only likely to happen in the case where the meter is allowed to "go dumb" as a new supplier intending to operate the meter as an ADM is likely to reconfigure the meter with its own tariff information and operating mode (i.e. prepayment/credit). In the event of the smart meter going dumb, we believe that the old supplier should have an obligation to ensure that the meter is in credit mode and the pricing on the meter set to zero.

In addition the old supplier should be responsible for ensuring that the configuration of the meter matches that held by the MPAS and NHHDC. For example, if the old supplier has been billing the customer on a two-rate tariff but settling the meter on an unrestricted standard settlement configuration, the meter should be reconfigured to reflect the one rate settlement configuration. This issue may arise as suppliers experiment with TOU tariffs during Foundation but choose not to change settlement configurations.

Question 3: Do you agree that the old supplier should be prohibited from removing historic consumption data from the meter?

We agree that the old supplier should be prohibited from deleting historical consumption data from the meter. These data belong to the customer and are important in enabling the customer to monitor their consumption over time and the effect of any interventions that they may have made to reduce consumption.

As an interim data service provider, we enforce role and participant ID access control which means that we can and do prevent new suppliers from accessing data that precedes their period of supply.

Question 4: Do you agree that suppliers should not be allowed to charge customers for the replacement of a prepayment ADM in these circumstances?

We agree that the new supplier should not be allowed to charge a customer for the replacement of a prepayment ADM in the event that they are unable to support prepayment functionality on the customer's existing ADM.

We believe, however, that keeping a prepayment ADM smart following a switch, at least for core prepayment functions, is not difficult and, therefore, the need to replace an ADM under these circumstances should be rare. By "core prepayment functions", we mean the functions that allow a customer to purchase energy in advance via recognised outlets (e.g. PayPoint, Payzone etc.). It may be that the industry decides that some non-core prepayment functionality (e.g. the collection of outstanding debt via the prepayment ADM) may be too difficult to manage during the Foundation Stage.

Question 5: Do you agree that the old supplier must make available to the new supplier all the information they would need to help maintain the provision of services based on ADM functionality?

We agree that the old supplier should make available to the new supplier all the information they would need to maintain the provision of services based on ADM functionality. We have outlined in our response to question 1 the information that we believe should be made available and the mechanisms by which this could be done. This assumes that the data service provider does not change as a result of the switch (i.e. there is no change of head-end).

If and when the industry decides to support a change of data service provider during Foundation Stage, further information would need to be made available (e.g. meter technical details, security keys etc.) in order for the new data service provider to take on support of the ADM. This process is likely to be complex and may not be operationally robust, especially for ADMs that are not fully compliant. From our experience of providing data services during Foundation, we are aware that the change of head-end process is dependent on the type of meter involved and the communications technology that it uses (for example, the change of head-end process varies significantly between meters using SMS and GPRS communications technology). Therefore, providing ubiquitous support for a change of head-end will require all data service providers to support every combination of meter type and communications technology which is unlikely to be practical.

Question 6: What kind of information would the new supplier need access to in order to ascertain whether they can maintain advanced services?

As outlined in our response to question 1, we believe that the meter model, firmware version and data service provider ID should be sufficient information for the new supplier to determine whether they are capable of maintaining advanced services. This information could be provided to the new supplier by the old supplier directly or could be accessed by the new supplier from an established industry source such as ECOES/SGOES.

We are happy to make this data available to all suppliers and assume that other data service providers will be equally willing to do so. If this data is provided directly by data service providers, suppliers will, however, need to know to which data service provider to go to in order to source the data. This favours the use of a central established industry source such as ECOES/SGOES.

This information could then be used by the new supplier to determine the advanced services supported by the ADM by accessing an industry-maintained lookup table (analogous to the CoP Compliance and Protocol Approval List maintained by ELEXON). In addition, we recognise that the new supplier may also require details of the existing communications contract associated with the ADM in order to determine whether to operate the ADM via their own data service provider or utilise the installing supplier's service.

Question 7: Do you agree that a large supplier should make available on request all services that a new supplier would reasonably require to maintain some or all of the services relating to ADM functionality?

We agree that a large supplier should make available on request all services that a new supplier would reasonably require in order to maintain some or all of the services relating to ADM functionality. The most pragmatic and cost-effective mechanism for doing this is likely to be for the new supplier to use the services of the installing supplier following the switch.

As an interim data service provider, we currently offer a change of supplier service where both the losing and gaining suppliers are existing Logica Smart Data Service customers as both the old and new suppliers use our services to communicate with the ADM.

The question specifically asked about maintaining services. The meter may be capable of offering more services than the installing supplier has been using; the best example being prepayment. In this case, it may only be possible for the installing supplier to offer prepayment services if they are providing a prepayment service, themselves. It is probably necessary to distinguish between services that the installing supplier is using, or is capable of using for a given meter type etc., and services that the meter is capable of delivering. We believe that the installing supplier should only be obliged to offer the former.

Question 8: Do you consider that the proposed volume thresholds are appropriate? If not, please suggest what would be more appropriate thresholds.

We consider that the proposed volume thresholds are appropriate. Under these thresholds, two of our existing Logica Smart Data Service customers (both "big six" suppliers) would fall under the proposed Interim Interoperability obligations. None of the smaller, non-"big six" suppliers that we support would be affected by these thresholds.

Question 9: What costs do you consider suppliers will need to incur to ensure compliance with the proposed licence conditions?

We do not believe that the costs that suppliers will need to incur to ensure compliance with the proposed licence conditions are excessive. We are currently in discussions with our Logica Smart Data Service customers to determine how we can best help them comply with these obligations whilst minimising the impact on their back office processes and systems. We are hoping to reach a consensus amongst our customers on a single approach to achieving compliancy which can then be implemented on behalf of all of them, thus sharing the cost. At this point in time, we do not yet have a view of the costs.

We recognise that the majority of the cost to suppliers of meeting these obligations is likely to be in changes to their back office systems rather than in the impact on us as a data service provider. The degree of impact on suppliers' back office systems is, therefore, a key evaluation criterion in determining our proposed joint approach to achieving compliance. We are also looking to offer a COS bureau service which will further reduce the impact of these necessary obligations on our customers, allowing them to focus on preparing for the enduring arrangements.

We believe it is important to consider materiality when deciding on Foundation interoperability processes to ensure that the impact of these processes is proportionate to the number of customers who will use them.

Question 10: Do you consider that additional incentives are necessary for suppliers to avoid ADM meter exchanges on a change of supplier where possible?

We do not consider that additional incentives are necessary for suppliers to avoid ADM meter exchanges on a change of supplier. We believe that a workable interim change of supplier process is deliverable for the majority of meters and that the impact of this on suppliers' back office systems and processes can be sufficiently reduced to remove the need for further incentives for its adoption.

Question 11: Do you consider that the measure outlined here places appropriate incentives on the installing supplier in respect of the costs of a meter exchange?

Based on an assumption of 4 million meters installed during foundation, a 10% churn rate, the assumption that customers churn equally between the big six suppliers and that 16% of these are prepayment customers, we can expect each big 6 supplier to gain a little over 10,000 prepayment ADMs during the Foundation Stage. Replacement of all these ADMs would incur a cost of approximately £640k on the installing supplier; however, it is extremely unlikely that all would need to be replaced. Whether these costs are sufficient to incentivise installing suppliers to offer acceptable terms as an operating supplier is debatable. However, we firmly believe that the cost and impact of avoiding a meter exchange is sufficiently small so as to negate the need for this incentive.

Question 12: Do you consider that £60 represents an appropriate proxy for the cost of a meter replacement in these circumstances? If not, what would you consider to be a more appropriate amount?

We do not have an opinion on whether £60 is an appropriate proxy for the cost of a meter replacement.

Question 13: How long a lead time do you consider is appropriate for enabling suppliers to be compliant with the proposed licence conditions?

Whilst we are not in a position to comment on the lead time for suppliers to make the necessary changes to their back office systems and processes to comply with the proposed licence conditions, we can comment on our anticipated lead time for putting in place the single, standard mechanism within our Logica Smart Data Service for supporting compliance which is six months. As with most industry change, we anticipate that the majority of this time will be spent achieving consensus amongst our customers and designing the solution. We anticipate putting in place our COS bureau service in a similar timeframe.

LOGICA PLC / 250 BROOK DRIVE / GREEN PARK / READING RG2 6UA / TEL: 020 7637 9111
www.logica.com

The company is a public company incorporated and domiciled in the UK. The address of its registered office is 250 Brook Drive, Green Park, Reading RG2 6UA, United Kingdom.
