



Your ref:
Our ref: Ofgem/15/10/CJ

23rd October 2015

The Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

For the attention of Mr. B. Schoonbaert, Senior Manager, Consumers and Sustainability

Dear Bart,

Re. Consultation on Ofgem's Proposals: Smart prepayment for a smarter market

Thank you for the opportunity to provide our views on Ofgem's proposals: Smart prepayment for a smarter market and specifically on the phasing out of the traditional prepayment infrastructure.

We trust our views will be of interest to Ofgem, not only as the leading provider of prepayment electricity products, PPMIP services and PAYG solutions to the UK market, but also from the perspective of a global provider of AMI products, systems and services.

As the global market leader in Smart metering technologies, Itron understands the benefits that Smart meters can deliver in reducing carbon consumption, providing energy supply chain security and ultimately benefiting consumers through lower energy bills. We believe that Smart meters have the potential to enhance the experience for prepayment customers and will provide a platform to enable the provision of new and innovative products and services.

Itron is playing a key role in the development of Smart technologies within the UK market and we will continue to support this process by leveraging our experience of Smart technology deployments across the globe.

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Phasing out the traditional prepayment infrastructure

Itron is the leading provider of national PPMIP infrastructure, services and support to the UK electricity prepayment market. We have been providing the service since 2004 and our systems currently manage >3.5M consumers. Our service provision will remain in place for as long as required by the market and we continue to work closely with our customers, including large and small energy Suppliers, to understand future market evolution and requirements for Smart.

As widely noted the rollout of Smart meters in the UK will be challenging, but has the capacity to transform the energy supply market and provide many consumer and wider industry benefits. However, given the challenges of the rollout and the added complexities of prepayment, the introduction of new Smart solutions and phasing out of existing prepayment infrastructure needs careful consideration and forward planning, in order to avoid disruption of this very important consumer segment.

It is therefore vitally important that any new Smart prepayment solutions are robust and fully proven before being deployed at scale, in order to protect consumers and avoid reputational damage to the Smart rollout as a whole, particularly during its early stages. This is of particular relevance given that the functional benefits afforded by Smart are largely incremental to those currently provided by traditional systems, yet can only be fully realised through a fully deployed and reliable national infrastructure. With this in mind, a benefits-lead approach to the rollout of Smart prepayment should be given consideration.

We believe that the rollout of Smart will present significant opportunities to enhance the existing service provided to prepayment consumers, however it is essential that any new solutions provide a consumer experience that is at least as good as currently provided by traditional prepayment, for example:

- Providing continuity of service for consumers in no-WAN/no-HAN (e.g. manual UTRN entry) scenarios.
- The Change of Supplier process enables a consumer's remaining credit to be available for use with the new Supplier.
- Providing facilities to top-up from multiple payment channels including cash, or to obtain new tokens via the prepayment infrastructure.
- Providing access to emergency credit facilities, especially for Smart meters installed in difficult-to-reach locations.
- Friendly non-disconnect to avoid disconnection at unsocial times etc.

We recognise that this is a complex and evolving area, with multiple stakeholders and we would welcome the opportunity for further dialogue with Ofgem on this subject going forward.



About Itron

Itron Inc. is a leading technology provider to the global energy and water industries. Our company is the world's leading provider of intelligent metering, data collection and utility software solutions, with nearly 8,000 utilities worldwide relying on our technology to optimise the delivery and use of energy and water.

Our products include electricity, gas, water and heat meters, data collection and communication systems, including automated meter reading (AMR) and advanced metering infrastructure (AMI); meter data management and related software applications; as well as project management, installation, and consulting services.

Itron Inc. Key Metrics:

- \$2bn in total company revenues
- 8,000+ people
- Sales in 130 countries to 8,000+ customers
- 110M communication modules deployed

Itron in the UK

In the UK our combined organisation provides metering and software solutions, consultancy/implementation services and customer support.

We are the leading provider to utility companies for Managed Services Solutions in the UK, including our prepayment managed services solution for electricity PPMIP, which is used throughout the UK by many of the leading utilities.

Our UK headquarters is located in Felixstowe, Suffolk, with responsibility for the manufacture, sales and support of domestic and C&I electricity metering systems into the UK market. This site is also our Centre of Excellence for Systems Development, including AMR/AMI, prepayment and Pay-As-You-Go solutions.

Our UK Gas, Water and Heat metering business is located in Stretford, Manchester.

Further company information is available at www.itron.com

We would be more than happy to discuss our thoughts in more detail with Ofgem at your convenience, however in the meantime if you require further information or clarification of anything contained within our response, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read "Chris Johnston".

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Itron UK

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