

PRESS RELEASE

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New SmartReach consortium offers plan to reduce risk and accelerate Great Britain's smart meter programme

- Leading British companies BT, Arqiva and Detica officially launch SmartReach consortium
- Brings together proven expertise in building and operating secure, Critical National Infrastructure

BT Tower, London: BT, Arqiva and Detica today launched their smart metering consortium SmartReach, with a plan that could accelerate the delivery of a nationwide end-to-end solution. Due to be deployed to 26 million homes by 2020, the government's multi-billion pound smart meter initiative is designed to reduce energy costs and lower Great Britain's carbon dioxide emissions by 2.6 million tonnes per year.

SmartReach, with the backing of three trusted, world-class British companies — BT, Arqiva and Detica — offers unparalleled expertise delivering national communications solutions, secure systems, data services and running Critical National Infrastructure. Its end-to-end solution can be deployed rapidly, providing secure, nationwide coverage and connectivity to all households. SmartReach proposes a communications service that incorporates the highest standards of security and resilience that will embrace the learning and assets of interim solutions.

SmartReach has made the following recommendations in response to the Government's prospectus on Smart Metering delivery.

1. **A single network approach.** SmartReach believes that the adoption of a nationwide end-to-end solution based on a single network from day one would result in cost savings with a mixed portfolio of service provider contracts. Moreover, procuring a national network reduces the system integration risk associated with a programme of this scale.

2. **An alternative implementation timetable, based on parallel activity.** SmartReach recommends that the procurement of service provision should start in early 2011, which accelerates the commencement and conclusion of the service provider procurement process; furthermore, we reduce the risk of this process by allowing more time for the procurement development and testing of the services. The adoption of these measures would, according to the Impact Assessment, yield significant financial and carbon benefits.
3. **A nationwide network designed to reach all households in Great Britain.** SmartReach cautions that taking a fragmented approach to the communications network may achieve the first 70% of households satisfactorily, but risks leaving a potentially insurmountable commercial challenge of reaching the remaining 30%. Notwithstanding this recommendation, SmartReach recognises the need to take into account learning and assets from the interim solutions.
4. **Security must be built-in from the ground up.** The creation and storage of detailed data on household energy consumption patterns will generate a number of cyber security and data privacy challenges. SmartReach believes security and privacy must be at the core of the smart metering initiative for consumers to be satisfied that their data is adequately safeguarded. This requires a robust security framework and standards from day one. If initial meter deployments are made without this, retrofitting will be very expensive and less effective.
5. **Support for future smart grid applications.** While the initial focus is on Smart Meters for electricity and gas, the communications network should be also able to support both water meters and associated smart grid applications with minimal additional investment. Smart grid applications have the potential to help Great Britain meet rising energy demands with less investment in additional generation capacity and they need to be considered as part of the original investment in smart metering.
6. **A dedicated communications network for smart metering.** Smart meters and related smart grid applications are vital to the economic and environmental fabric of Great Britain. Its criticality leads SmartReach to recommend that this infrastructure is dedicated to the task and that it be classified as Critical National Infrastructure.

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Commenting on today's launch, Olivia Garfield, BT Group Strategy Director, said: "SmartReach believes that the programme to deliver smart meters to domestic and non-domestic consumers in Great Britain can be simultaneously accelerated and de-risked while delivering substantial financial and carbon benefits. Our analysis led us to conclude that a secure nationwide long range radio-based solution was the only technically and commercially viable way of ensuring that all consumers benefit from smart meters."

Steve Holebrook, Managing Director of Arqiva's Government, Mobile & Enterprise business unit added, "Our solution will deliver reliable, secure communications to virtually every meter in the country, even in those difficult to reach household locations such as understair cupboards. Moreover, our network has been designed to deliver a low cost solution for all homes with a lifespan of at least 15 years, matching the recovery period of the energy retailers' investment in smart meters."

Richard Watson, Director of Detica's Commercial Client Group added, "Smart metering is a project vital to the future of the Great Britain's critical national infrastructure. It needs to be protected as such. Our recommendation to the government is to have a central security governance authority set-up at the outset, dedicated to the protection of the smart metering system from cyber attacks and data privacy breaches."

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About BT

BT is one of the world's leading providers of communications solutions and services operating in more than 170 countries. Its principal activities include the provision of networked IT services globally; local, national and international telecommunications services to our customers for use at home, at work and on the move; broadband and internet products and services and converged fixed/mobile products and services. BT consists principally of four lines of business: BT Global Services, Openreach, BT Retail and BT Wholesale.

In the year ended 31 March 2010, BT Group's revenue was £20,911 million.

British Telecommunications plc (BT) is a wholly-owned subsidiary of BT Group plc and encompasses virtually all businesses and assets of the BT Group. BT Group plc is listed on stock exchanges in London and New York.

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About Arqiva

Arqiva, the communications infrastructure and media services company, operates at the heart of the broadcast, satellite and mobile communications markets.

The company is at the forefront of network solutions and services in the digital world. Arqiva provides much of the infrastructure behind television, radio, satellite and wireless communications in the UK and has a significant presence in Ireland, mainland Europe and the USA. Customers include major broadcasters such as the BBC, ITV, BSkyB and the independent radio groups, major telco providers including the UK's five mobile network operators, and the emergency services.

www.arqiva.com

About Detica

Detica specialises in collecting, managing and exploiting information to reveal actionable intelligence. We use this capability to help government and commercial clients reveal intelligence, maintain security and strengthen resilience in today's complex operating environment. We also use our skills to assist clients with other information-intensive problems such as achieving regulatory compliance and understanding customer behaviour.

Detica is a BAE Systems company. www.detica.com.

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