

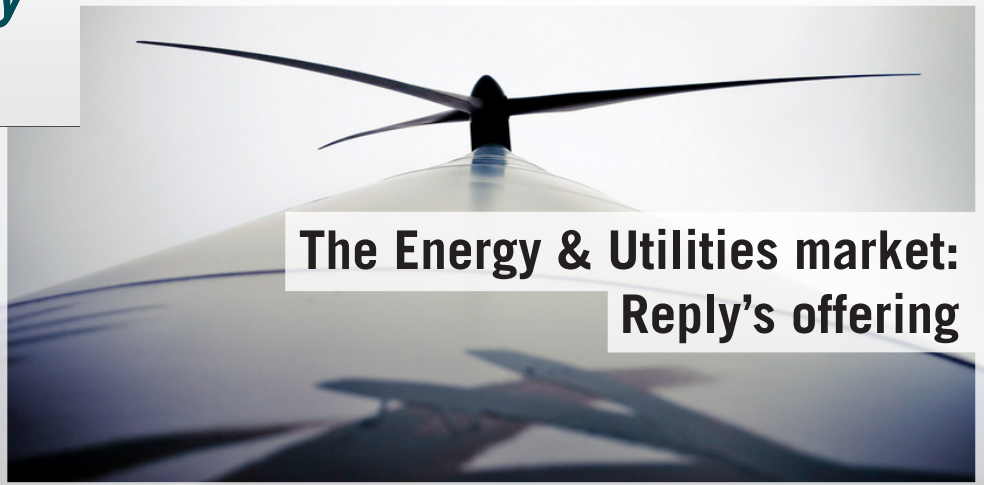
Abstract

The Energy & Utilities market in Italy was entirely deregulated. Following many years of management and corporate unbundling processes, operators are now specialised companies focused, on one side, on trading and sales to the end user and the development and management of the distribution networks, on the other.

In recent years, Reply has worked alongside the main market operators, in both areas of specialisation, supporting them in configuring and implementing important programmes for the change of processes and technology.

This specialisation has progressively led to the pursuit of technological and operational excellence in the implementation of the core processes. Marketing, Sales and Customer Services for Retail Companies operating in the market; Smart Metering, Meter Data Management and Asset Management for companies managing the networks.

Reply makes use of the highest levels of skill and professionalism in the most innovative process areas: Smart Metering, Meter Data Management, Forecasting, Pricing, Portfolio Optimisation. These skills, which today Reply uses throughout the European Energy & Utilities market, together amount to those most typically associated with the realisation of solutions in support of the key CRM operational and billing processes.



The Energy & Utilities market: Reply's offering

Scenario

On the back of an impetus of legislative developments, the progressive orientation towards renewable energy sources and an ever greater level of competition, Energy & Utilities market operators have undertaken innovative process and technological initiatives, especially in electricity and gas distribution.

In particular, Italian Distribution Companies have today all adopted or are adopting technologies for the remote management of meters and have standardised a best practice that other European market operators are aligning with, supported by significant investment programmes.

SMART METERING IN ITALY

In the Electricity Market in Italy, the first pilots were carried out by the National Utility and other Local Utilities starting in the 80's. In the late 90's, some large scale pilots were carried out in the field and maintained in production for several years to evaluate the reliability and robustness of new Power Line Communication (PLC) technology.

In 2001, the National Utility, with more than 33 million meters, started its massive roll-out, reaching a stable installation rate in late 2002-early 2003. The target was achieved in 4 years with the replacement of all electromechanical meters. In 2005, the National Utility completed the massive roll-out and currently most household customer meters are read and billed bi-monthly with an actual reading as well as most activities on the meters (meter readings, connections/disconnections, etc) carried out remotely without any intervention in the field. In addition, thanks to the facility for collecting load curves and quarterly/hourly consumption, the Utilities launched a set of new commercial tariffs to start levelling out the aggregate load curve for residential customers: daytime and nighttime, at weekends, etc.

The Italian Authority for Energy provided funds to extend the Smart Metering service to all Italian distribution networks and local distributors. In funding the investment the Authority has also set obligations for all Italian Utilities in terms of functional requirements and milestones to be respected. Currently, most Local Utilities are still working towards completing the installation of Smart Metering technology in the field and implementing and integrating the solution in order to manage meters remotely.

In the Gas market, the aim of the Authority is to “force” the introduction of Automatic Meter Reading, using dedicated technology. Currently, the main Italian players are piloting and testing meters and telecommunication systems in order to produce a “standardised” implementation model.

Reply’s experience in Smart Metering

The Reply team has been working in the field of Smart Metering (previously called Automatic Meter Management) since 2006, but some of the professionals currently employed by Reply have been involved in this area since 2001. Reply set up significant alliances and implementation projects for some of the most important Italian Local Utilities and developed a range of services to allow the implementation of Smart Metering solutions with a turnkey approach, from the installation services to the logistic services to Project Programme Management and Business Process Reengineering.

Reply supports Local Utilities in different service areas. These services consist of a valuable best practice that Reply provides for the European Utilities currently engaged in the significant project of the implementation of Smart Metering. Reply’s experience comes from several applications in an advanced market and from stable processes proven in the field. Reply guarantees:

- Consulting for Business Models, BPR and ICT Structures;
- Set-up and management of complex implementation Programmes/Projects;
- Consulting for functional and technical specifications of equipment, tlc networks and application SW to help Utilities set-up and negotiate contracts and agreements for meter and telecommunication HW & services, installations, logistics and other ancillary services;
- SW solutions designed and delivered for millions of meters able to collect and manage a wide range of data coming from HV-MV-LV Smart Meters, implemented using leading-edge SW solutions (Goerlitz, Oracle, etc.).

Reply’s competence in Meter Data Management

As System Integrator, Reply relies on solid experience to support the Energy & Utilities market operators:

- the knowledge of business processes, such as metering, demand and load forecasting, portfolio optimisation and energy pricing;
- the ability to implement effective information systems to support these processes extensively using leading-edge SW solutions;
- the availability of skilled professionals, permanently focused on these processes and on these solutions, ensuring the maximum level of expertise is always available;
- the use of the DCC@Power, delivery and competence centre located in Milan, as a key enabler for a lean work team, quick start-up and overall economy of the implementation;
- the flexibility to adapt the approach and solutions to specific client’s methodologies and user requirements.

Reply's excellence in Pricing and Forecasting

Reply professionals participated in a wide number of energy Pricing and Forecasting projects in Europe, implementing Oracle Utilities solutions, or other sub-contractor SW solutions, or executing bespoke solutions customised for the final client.

Reply took part in 5 major Pricing and Forecasting information system projects for both gas and electricity, working in conjunction with Oracle Utilities Professional Service teams, participating in the design and configuration of Oracle Utilities solutions for some of the major European Utilities retail companies operating in the free markets of the UK, Ireland, the Netherlands and Belgium.

In addition, Reply is delivering the biggest energy pricing and portfolio optimisation information system for one of the major Italian Energy & Utilities companies.

With a long-lasting relationship with one of the major Italian trading and retail companies operating in the Gas and Electricity free markets, Reply has designed, delivered and is currently managing the development of a "dual offer" pricing and sales force automation information system based on a bespoke solution.

Reply's offering

Reply's Pricing and Forecasting expertise, together with Smart Metering and Meter Data Management expertise, make Reply one of the major consultancy and system integration companies able to support European Utilities in formulating, designing and implementing Smart Metering and Active Demand Management solutions.

Reply's specialist practice in the Energy & Utilities sector takes the form of a team of experts tackling problems and finding solutions and is also fully able to guide Sales Companies and Energy Distribution Companies through initiatives for change and operational, management and technological realignment, by uniting industry and specific skills in vertical market application experience, with high-level skills originating from the various Reply technological units.

In particular, Power Reply is the company focused on consultancy services and ICT solutions for the core processes of Energy & Utilities client companies.

Reply's core skills are:

- Smart Metering and Meter Data Management
- CRM
- Pricing and Billing
- Trading & Risk Management
- Energy Management

In addition to Power Reply, the Reply Group can also rely on Concept Reply, the Business Unit created through the acquisition of the former European Research and Development Centre of Motorola, with more than two hundred engineers to reinforce Reply's machine-to-machine (M2M) capabilities (competences and laboratories), currently focused on device testing, electronic engineering and embedded software.

As well as a continual consolidation of its capacities for redesigning business processes and creating applications in support of the key processes of CRM Billing specific to the Utilities market, Reply has a capacity for creating solutions to support the processes of Pricing, Forecasting, Meter Data Management and Smart Metering by working with some key operators in the Italian market and overseas.

Today Reply is one of the larger Partners of Oracle for the Utilities sector at a European level and makes use of a large team of consultants and experts in these technologies. These skills and a strict collaboration with Oracle have enabled Reply to work with the more significant operators in the Italian, Irish, English and French markets.

Some significant references

UTILITY (ELECTRICITY) - IRELAND

In 2009, after an European tender, one of the biggest Irish Utilities, awarded a 3 year contract for the enhancement projects and support services of the whole platform to Power Reply (a subsidiary company of Reply specialised in the field of Energy and Utility).

The Irish Utility was looking for a company with a track record of strong industry experience relating to the business processes and to the Oracle Utilities Software suite, able to support it with the functional and technical improvements required by the competitive market and arising from the regulator initiatives, as well as in the application management processes, based on standard methodology.

The functionalities required by the new IT system concern three main areas:

- the settlement system: communication between the Irish Utility business units and the new market operator in order to supply or to receive data and reconcile information contained in the settlement statements and invoices sent by the market operators;
- the tariff pricing system to calculate the price adjustment percentage for the following year and to determine the resulting margin;
- the demand forecasting system for both wholesale and retail markets from short to long term timeframes.

Power Reply professionals were involved in development activities and in technical support for interface design, integration tests, release management and post go-live support.

The Reply team's responsibility covers the whole IT implementation value chain: functional requirement collection and analysis, improvement of the existing process, re-definition of new process logics, technical design definition, implementation of the Lodestar platform, system test execution. In addition, the Irish Utility has asked Reply to provide support in managing its PMO competency centre and overseeing its relationship with Oracle with a view to possible upgrades and data model changes.

UTILITY (GAS+ELECTRICITY) - UK

The Utility provides gas, electricity and home repair services to millions of customers in Scotland, Wales and England. Collaborating with Oracle, professionals from Power Reply formed one of the biggest pricing system projects in Europe, lasting for more than 2 years.

The pricing applications used by the Utility no longer met the requirements of the Pricing and Portfolio Management teams in terms of number of users, performance, SLA turnaround times and seamless integration. A replacement pricing solution was required to meet the current and future business needs of both Gas and Electricity pricing teams, as well as supporting those areas of the business that utilise the services of pricing and product management capabilities, allowing various improvements in service and quote turnaround, revenue and customer growth, plus an opportunity for the Utility to differentiate itself from other competitors.

The Power Reply team participated in the implementation of the pricing solutions providing Oracle Professional Services with a team of experts in Oracle Solutions, involved in the delivery and configuration of both the Electricity and Gas pricing information systems.

UTILITY (WATER) - FRANCE

The Power Reply team has been chosen by one of the biggest European water service providers to design and implement a new Meter Data Management solution, with the aim of collecting and validating readings and information coming from several million meters at the end of the roll-out. Such information will be used to provide all technical (mass balance, losses, consumption, etc.) and administrative (billing, payment, etc.) processes with accurate data.

Reply, thanks to the high-level of skill of its team of professionals in the specific field of Meter Data Management and to the possibility of partially carrying out the development phase in the DCC@Power centre, supports the Utility's commercial department to develop this turnkey project, that represents the most important milestone of the new application structure of the Utility.

UTILITY (ELECTRICITY) - ITALY

In 2008, after an European tender, one of the biggest Italian local distributors, with more than 2 million meters, awarded a contract to Reply, for the implementation of a Meter Data Management information system based on the Oracle Utilities MDM solution.

Reply's responsibilities extend over a wide range of fields: from Meter Data Management platform design and implementation and reengineering of processes, to the system automation and system integration with AMM, CRM/Billing and Web portal. The turnkey project aims to implement and develop a complex application system, integrated with the billing system, the customer service system, the customer portal and the automatic Meter Management System.

The main functionalities are:

- Interface with the systems for loading meter readings and profiles;
- Validation and correction of the meter readings and profiles;
- Multi-driver aggregation of consumption data;
- Management of physical meter information and settings;
- Interface with the billing system.

One of the strands of the project is also to provide consumption data to GME (a company established by Gestore dei Servizi Elettrici – GSE) with the task of managing transactions in the Electricity Market with transparent and objective criteria, promoting competition between producers and ensuring the availability of an adequate level of reserve capacity. In particular, GME manages the Day-Ahead Market, the Adjustment Market, the Ancillary Services Market and the Green Certificates Market and the Italian National TransCo (Transmission and Dispatching).

For the next years, Reply will follow the application management and support of the platform after the implementation of the project. The Utility was asked to submit a public bid and about a dozen companies did so. Only the temporary Group composed of Reply, Oracle and Fujitsu Siemens (led by Reply) was deemed capable of satisfying all the technical and functional requirements.

Reply value

A crucial factor for success is Reply's capacity to provide 360° management of particularly complex projects, meeting the needs of all phases, from the collation and analysis of requirements up to the implementation of the solutions for Clients in the Energy & Utilities sector.

Power Reply is the Reply group company specialising in the Energy & Utilities sector.

Power Reply's mission is to work alongside client companies in their processes

for the optimisation of IT investment offering innovative solutions and services orientated at introducing greater process efficiency. Power Reply is placed as an ideal partner in terms of: Value chain management; Process Consulting; System Integration. Power Reply

is formed by professionals who:

- have successfully worked for more than 10 years in the Energy & Utilities sector where they have led broad and complex transformations in the sector's core areas (Marketing/CRM, Trading & Risk Management, AMM/AMR, Network Control, etc);**
- unite technological and business skills in tackling initiatives across the entire value chain in the industry in strategic, management and implementation terms.**

For further information: www.reply.eu