

IBM to design and deliver a nationwide Smart Grid implementation

VALLETTA, MALTA - 04 Feb 2009: The Maltese National Electricity and Water Utilities -- Enemalta Corporation (EMC) and Water Services Corporation (WSC) -- have selected IBM (NYSE: IBM) for a 70 million euro, five-year agreement to design and deliver a nationwide Smart Grid implementation. Working with IBM, Enemalta will transform key utility processes through the implementation of an integrated utility business solution.

The solution is designed to improve operational efficiency and customer service levels by introducing smart meters that allow clients to better manage consumption. Smart metering also enables restructuring of the billing process, improved customer relationship management and the introduction of e-services that further empower clients to serve their own customers.

The project is the first step in establishing an end-to-end electricity and water smart utility system. When complete, the multi-phased engagement is expected to completely transform the relationship between Maltese consumers and utilities suppliers, while enabling more efficient consumption of energy and water.

IBM will replace all 250,000 analog electricity meters with new smart electronic devices. IBM will also integrate water meters and advanced IT applications, enabling remote monitoring, management, meter readings and meter suspensions.

"This agreement will not just transform Enemalta's metering operations but will help us introduce new back-office applications to provide an unprecedented customer relations service," said Enemalta's CEO Ing. Karl Camilleri. "With the right infrastructure in place to distribute electricity on the national grid we are looking at ways to both optimize current operations, as well as open up potentially new untapped markets in the way we conduct our business operations."

Benefits include:

- Actual use: estimated accounts will be eliminated and customers will pay only for what they
 actually use.
- Flexible tariffs: utility companies will be able to manage different prices to sustain new policies on energy consumption.
- Pre-payment: the solution allows customers to switch to a pre-pay service, similar to mobile phone pre-payment.
- Reduction of losses: commercial losses will be reduced and technical losses will be more easily identified through monitoring of electricity and water grids.
- Remote management of electricity supply: no local intervention to activate, reduce, increase or terminate supply, thereby reducing connection time.
- **Energy efficiency:** the system will enable sophisticated analysis of consumption patterns enabling a real-time view of energy use to identify opportunities for reduction.
- Customer portal: customers will have an Internet window to their technical and commercial data, to track current consumption and choose the most appropriate agreements.

"The implementation of an advanced automated meter management system will permit the Corporation to further improve its water loss management initiatives," said WSC CEO Ing. Marc Muscat.

"This agreement results from a comprehensive process to select a Smart Grid system that provides clear benefits to the Maltese community," said Guido Bartels, General Manager Global Energy & Utilities Industry at IBM. "We see the Smart Grid as a critical enabler for economic growth on a global scale and it's inspiring to see Malta take such a strong leadership position."

The agreement was signed prior to year end 2008. The system is expected to be completed by the end of 2012.

About IBM

For more information visit www.ibm.com. For more information on smart utilities visit http://www-03.ibm.com/industries/utilities/us/index.html.