

CHAIRMAN'S REPORT

Dear Members,

On behalf of the Board of Director and myself, I'd like to welcome all members of the STS Association (STSA) to the 2024 Annual General Meeting. As in previous years, the chairman's report will focus on key activities carried out within the Association between May 2023 and May 2024.

Board of Directors and New Appointments

During this period, Mr. Deon Van Rooi, a long-standing director on the Board of the STSA and representing one of the founder members namely Eskom, stepped down from his position and has been replaced by Portia Papu. I would like to take this opportunity to acknowledge and thank Deon for his many years of service to the Board and his valuable contribution to the Association and to wish him everything of the best. Also stepping down was Ms. Jayshree Pershad representing the Association of Municipal Electricity Utilities (AMEU). The new representative for the AMEU is Mr. Nndwamato Mutshidza. Representing the Meter Manufactures is Mr. Chunpeng Zhang who replaces Ms. Grace Yao. In addition, Mr. Lebina Tsepe, representing the Vending System Manufacturers, made the decision to resign from the Board. I would like to express my sincere gratitude to all those who have left the Board and to welcome all those who take up their new positions.

In August 2023, the STSA decided to appoint Mr. Riccardo Pucci to the position of Marketing Manager in a permanent capacity. Mr. Pucci had been supporting Mr. Don Taylor with the TID Rollover Project as well as other marketing initiatives with our marketing service provider, Bloom Marketing. Mr. Pucci's primary duties and focus will include the development of the STSA marketing strategy, digital marketing, event management, marketing related supplier management and brand management. I wish Mr. Pucci all the best in his new role.

Marketing

While TID Rollover is still a key priority for the Association, marketing activities for this period focused primarily on updating our online digital platforms, digital content management and event and social media presence.

To this end, the entire STSA website has been redesigned to enhance the user experience through the implementation of improved workflows making it easier to navigate and access relevant information. Detailed user guides have been added to the site to help all types of STS users. These guides are currently in development and therefore only available in English, however the plan is to make them available in a variety of languages starting with Mandarin, Arabic, Indonesian, French, Portuguese, and Spanish. As the need arises, we will include additional languages.

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Our webinar program kicked off in earnest with a focus on providing the industry at large with the necessary technical training on various aspects of the STS. To date, we have hosted two very successful webinars. The first webinar held on 7 March 2024 and entitled "LIMIT YOUR RISK – HOW TO MANAGE STS KEYS" was attended by 63 representatives from 14 countries. The 2nd webinar held on 2 May 2024 was entitled "STS – THE EVOLUTION INTO SMART METERING" attracting 84 attendees from 19 countries. There are still two webinars planned for the balance of the year, the details of which will be announced in the coming weeks. In addition to the webinars discussed above, videos and digital content providing detailed information and training on the use of the STS development tools, will be made available to all members.

As far as events and conferences are concerned, the STSA will now proudly display an 'interactive' element at all appearances, showcasing various aspects of what the STSA has to offer. This includes website access and services, Key Management services and technical training. The current version of this is simply a dedicated station/terminal to showcase a guided website tour for anyone visiting the stand. This will eventually include additional terminals for visitors to watch various marketing, training, and webinar videos etc. The final enhancement will be a station dedicated to 1-on-1 training / troubleshooting assistance that can be done at the stand during the event.

As per our digital platform strategy, social media content has been refocused to include more technical and international content. All current social media platforms such as YouTube, LinkedIn, Facebook, and Twitter are still being maintained however activities on each platform have been adjusted with LinkedIn being the primary channel highlighting all social media activities.

TID Rollover

With only 6 months left before the TID Rollover event, the project team has concentrated primarily on awareness campaigns. Activities such as social media broadcasts, webinars, virtual training courses, and podcasts have been used to bring about an increased awareness to users of the STS technology on the importance of timeously completing their respective TID projects. These initiatives are proving successful, and we have noticed a steady increase in the number of visitors to our STS TRO website over the last 12 months. This is primarily as a result of field operations to reset the meters base date to 2014 gaining momentum in the Utility domains.

Although focus has shifted to awareness, the TID Rollover project team is still driving the communication campaign. 1922 Supply Group Code (SGC) users have been identified that require meter resets to the 2014 base date. Of the 1922 SGC users, the project team have managed to contact and deliver awareness notifications to approximately 1511. Unfortunately, the project team have been unsuccessful in delivering notifications to the

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balance (21%). To support the project team, all members are urged to reach out directly to all their respective customers and inform them of the TID Rollover event.

With time running out, there is a risk that some meters may not have been reset by 24 November 2024. This would imply a potential revenue loss for Utilities as well as consumer dissatisfaction when the associated utility services are no longer available. To mitigate some of this risk, the STSA is actively encouraging Utilities to use the fastest operational methods possible to expedite the meter reset process.

To provide further support to the industry the STSA has also embarked on a key management project that will enable Utilities to perform TID Rollover resets on any outstanding meters post 24 November 2024. This extension will be available for a limited period only and applies solely to the generation of the key change tokens needed to perform the reset. It must be noted that any outstanding meters will still not accept new credit until they have been reset.

Key Management Services

In terms of Key Management services provided by the STSA, the Key Management Center (KMC) Email Gateway (KEG) has now been in operation for a year and is proving to be a very useful tool for refreshing vending keys as is required with STS Edition 2. Users are encouraged to make use of this service as it is available 24/7/365. As with any email or internet-based system, there is an ongoing requirement to update spam filters and security etc., and so the STSA together with the support teams are monitoring all changes in this domain to ensure continued supply of this service.

As mentioned in my report last year, the STSA has made provision to move the KMCs into private state of the art secure data centers. The Disaster Recovery (DR)/Backup and the Test system are currently set up in independent data centers where manual backups are currently being carried out. There are plans in progress to eventually move the primary operational KMC from its current location into one of these secure centers. The move of the primary KMC however is pending the outcome of an independent security audit initiated by the STSA, to ensure that there is no potential risk to members or SGC Users.

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Membership

As of 31 May 2024, membership of the STSA stood at 276, an increase of 26 new members compared to the same time last year, with an additional 25 new membership applications pending approvals. I am please to say that the association continues to grow in membership year on year as can be seen in Figure 1 below.

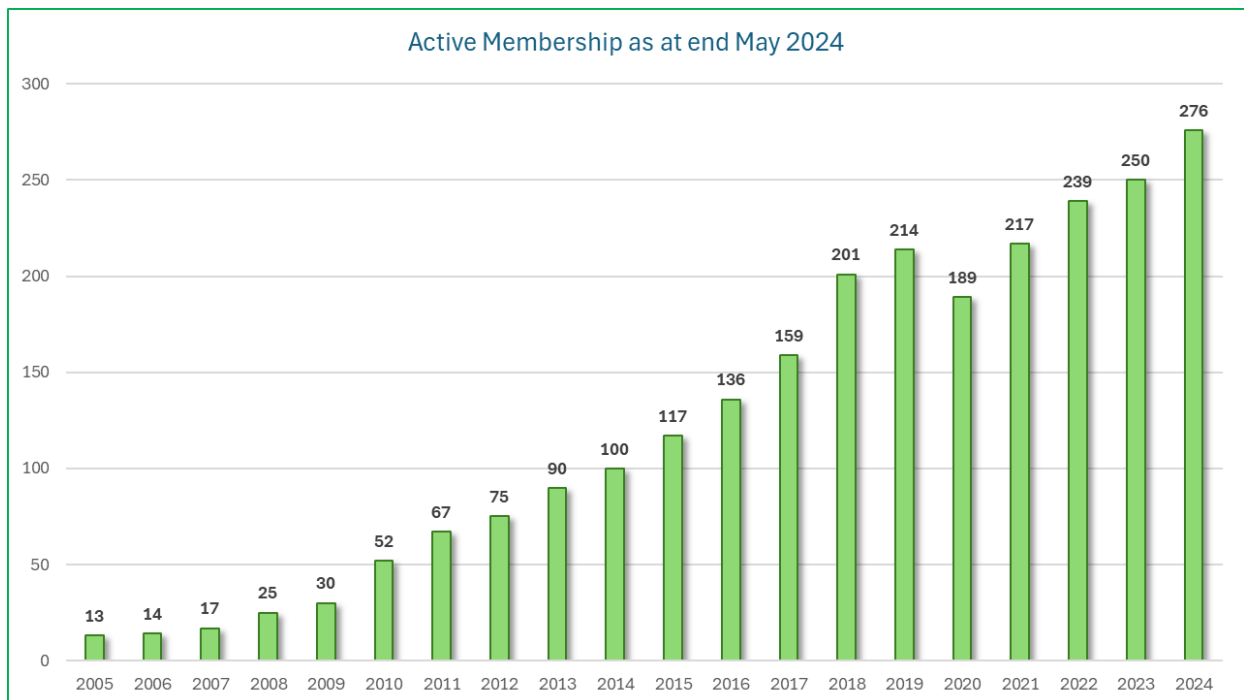


Figure 1: 2024 Membership Stats

Certification and Compliance Testing

In terms of product certification and compliance testing, the following approvals and certificates were issued in 2023.

- Electricity Meters 1ph/3ph – 108
- Water Meters – 6
- Gas Meters – 2
- Hardware Security Modules – 1
- Vending – 16

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Below is a breakdown of certificates issued to date in 2024.

- Electricity Meters 1ph/3ph - 30
- Water Meters – 4
- Gas Meters – 0
- Hardware Security Modules – 0
- Vending – 2

Good progress is being made with the development of the DLMS/COSEM test suite. The test documents are currently being reviewed and should be published before the end of the year. To date, only one set of meters have been tested against the specification however until the DLMS/COSEM test suite is officially released and ratified for use, no official certificates can be issued yet.

Finances

From a financial perspective, the Audited Financial Results have been approved and will be presented in detail at the 2024 Annual General Meeting. The financial period is 1 January 2023 to 31 December 2023. Income generated from membership amounted to 11.4MZAR against prior year of 10.5MZAR, with an additional 2.9MZAR being attributed to interest earned. Operating expenses landed at 9MZAR, an increase of around 1.8MZAR when compared to 2022. Major contributing elements to the increase in spend were associated with Key Management, Marketing and Technical Advisory costs. Legal fees expensed in 2023 were significantly down from prior year. Total NET Income for the financial period was around 5.2MZAR. In addition to these results, the STSA finished the financial year on a healthy cash position with almost 40MZAR spread across its various money market and call accounts.

As always, I would like to take this opportunity to thank the board and others for their continued support throughout the year. The 2023/2024 STSA board was constituted as follows:

- Mr. Lance Hawkins-Dady (Conlog and chairman)
- Mr. Len Schaller (Itron)
- Mr. Lee Naicker (Landis+Gyr)
- Mr. Deon van Rooi (Eskom - resigned)
- Ms. Portia Papu (Eskom - current)
- Ms. Grace Yao (Meter Manufacturers - resigned)

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- Mr. Chunpeng Zhang (Meter Manufacturers - current)
- Ms. Jayshree Pershad (Association of Municipal Electricity Utilities - resigned)
- Mr. Nndwamato Mutshidza (Association of Municipal Electricity Utilities - current)
- Mr. Vally Padayachee (Association of Municipal Electricity Utilities - Alternate)
- Mr. Shawn O'Neil (Security Module Manufacturers)
- Mr. Don Taylor (Independent co-opted Director)
- Mr. Lebina Tsepe (Vending System Manufacturers - resigned)

Many thanks and stay safe,

Lance Hawkins-Dady

Lance Hawkins-Dady

STSA Chairman

29 May 2024