Executive Overview

With the advent of the Smart Electric Power Grid in North America privacy concerns have arisen in two general areas related to smart meters and Demand Response (AMR, AMI and DR)¹:

1. Ownership and misuse of consumer data.
2. Remote control of consumer premises devices and misuse of that control, and the related data.

The usage data being collected from home, commercial and industrial sites are sufficient to provide surveillance-level information on the activities at a specific location. In the residential sector many activities can be revealed through analysis of usage data collected that could compromise privacy, such as:

- In residential premises usage analysis reveals use of lights, computers, dishwashers, freezers being turned on and off, garage doors being opened and

¹ AMR = Automatic Meter Reading
AMI = Advanced Metering Infrastructure
DR = Demand Response
closed; Jacuzzis being used in the wee hours of the morning and, in general, usage patterns that reveal sleep and activity cycles of the family. The “Cycle of Life” could be determined at the location.

- For a commercial business, usage analysis may reveal proprietary competitive advantages.

Because of the potential abuse of these data we recommend the following assumptions be made about data produced by AMI, AMR and DR-related systems:

- These data are assumed legally owned by the end electric consumer.
- The service provider is only a steward of the usage data with specific responsibilities and restrictions.

We believe that not using a legal relationship between the consumer and the service provider would put the consumer at risk by allowing the inappropriate monitoring of their premises by service providers and/or third-parties without knowledge of the consumer. To preclude abuse consumer rights and Other-party responsibilities must be put into regulations and laws as privacy mandates.

Following are brief descriptions of some of the consequences if the consumer does not own the data from these systems. Figure 1 is an example (but not comprehensive and not the only model) of a configuration illustrating electricity supplied from a service provider with the associated data activity and devices that cause concern using AMI, AMR and DR architectures.

Figure 1 – Distributed Load Control for Premises Equipment
Definitions

- Consumer – any user of electrical power purchased from another entity.
- Energy Service Provider—the business entity responsible for fulfilling the Consumer’s electric energy needs.
- Distribution Utility – the business entity that provides the physical path for electricity delivery to the Consumer premise, but not necessarily the energy retailer.
- Other(s) – an intermediate party that may provide specific retail energy-related services related to electric service use and or delivery, e.g., a DR signals, usage data collection and customer billing. It could be anyone other than the consumer who has the ability to receive electric usage data.

Theme of recommended policy

Consumers have and retain Legal Ownership of their devices and data. These data generally include time-interval measurements (watts, volts, amps) in addition to other data that can be linked to specific individuals. Consumers may grant stewardship to Other-parties with clear contractual guidelines.

This policy means that the consumer allows specified Others the use of the data or remote control of devices for a contractual purpose, clearly specified activities, and a defined time period. Transmission-Distribution Utilities and Energy Service Providers will have explicit authorization to use consumer data as a condition of electric service. The provider must have a written policy on the use of customer data that is clearly defined in an easily understandable form for the consumer. Any use of these data that exceeds customer expectations requires the explicit “Consent of Use” by the Consumer. All entities that hold Consumer data or manage Consumer devices must protect these assets for the Consumer because these entities are merely caretakers – not the owner of either the data or the devices. This relationship is not transferable and the contractual conditions are not alterable unilaterally without the cancellation of the complete contract.

Failure to follow this policy structure has detrimental consequences for the users of DR, AMI and AMR systems. Breaches of this policy could include unintended and deliberate use and misuse of data by third parties for nefarious purposes, such as the following unintended information gleaned from the data:

- Personal behavior patterns
- Specific devices used
- Real-time surveillance of premise location
- Cyclic activities
- Remotely casing a house for opportunities to burglarize it
• Timing and targeting
• Targeted home invasions
• Activity censoring or limitations on device operation
• Identity theft and location-specific activity data theft

**Theme (key issues)**

Consumer Data Related to AMI, AMR and Demand Response Programs mismanaged by electric providers are threats to consumers of electricity. Topics to be addressed:

• Ownership of data
• Stewardship of data
• Types of data
  – Total Premise consumption of watts, volts and amps over time-intervals
  – Specific appliance- and time-based Consumption metering within the premise
  – Responses to control signals (For example, if a two-way communication system is used, this means data and responses sent from the Consumer premise.)
• Use of data
  – Intended uses: Billing, demand management, energy conservation, appliance identification/analysis, distribution asset management, distributed energy resource management, etc.
  – Unintended-uses: [TBD]

Example of privacy impact – Unintended-Use.

Figure 2 shows the power used within a home during specific times of the day. Just viewing the grid data alone within a centralized server would not directly reveal a specific individual or household. However, if this usage data were viewed or connected to a name, address or meter identifier, it would reveal the activities of a household. This is a significant privacy concern.
Sub-Issue-1: Other-party provided data use

Unless an explicit bi-lateral contract exists, Consumers may choose to use for energy management or not use price and other information such as availability, reliability, environmental characteristics, etc. They may choose to use this information in some cases, but not always. Many consumers will not wish to have their devices controlled by any party for the foreseeable future. Not all consumers will be able or willing to participate in DR, AMI, AMR programs offered by utilities or Other-parties because either they don’t have the wherewithal or they do not wish their usage data to be collected in time intervals by the service provider.

Consumers should not be forced to participate in these DR programs. If they do not wish to participate then they should continue to receive the services that typically predominate in their market (home, commercial, and industrial are considered separate markets) without prejudice or discrimination. Regulators could decide, however, that certain types of electric service should be priced at a premium because of legitimate risk or economic hardships these services impose on the grid.

Consumer options: consumer participation in demand response programs

Consumers must have a choice of levels for participation:

- No participation.
- Anonymous participation – receive published data only (control or price).
Choose specific loads under direct control.

Choose specific method of load control, such as personal management of appliances, a gateway that can mediate for the premises, etc.

Sub-Issue-2: Other-Party frequency of data collection

All parties must exercise extreme care when gathering usage data especially at short (five, ten minute, intervals etc.) or more frequently because it can reveal sensitive information about the consumer periodic/cyclic activity. This reduces the security and privacy of the consumer’s premise if the data are available to a non-contractual party or to a contracted party that misuses the data. All parties should have liability for inadvertent release of usage data traceable to a specific premise location. All parties should state in written, publicly available statements the type specific s of data retained by the Other-party, how these data are protected, and under what conditions the data is made available to Other-parties.

- Service providers must assume responsibilities and liability for lost or misused customer data, because these data are sensitive and, in many ways, akin to detailed activity surveillance data of a location. Liability risk is a key tool to guide appropriate investment in data security.

- Any data collected must be the minimum necessary for the service provide by the Other-party to the consumer (“the less the better”). (This principle is challenging because the cost of storage is dropping.)

- Regulators must challenge service providers about the necessity for data collection and establish stringent data handling rules. These rules should require that customer identification data (name address, etc) not be co-located with electric usage data.

- Customers must provide explicit documented permission for data sharing and data mining. Data mining customer usage-data by a service provider can lead to both beneficial and harmful results. Regulators should approve specific beneficial uses permitted by a service provider. All other data mining activities should be prohibited without explicit permission from the consumer. For example aggregating customer usage data on a single domicile service transformer may identify probable, future failure. This is especially important as electric vehicles grow in popularity. Data mining can identify vehicle charge usage coincident with summer air-conditioning load to locate undersized transformers before they fail. On the other hand, data mining could allow creation of an accurate list of homes with swimming pools, and this could be sold, thereby benefiting a commercial entity at the expense of customer privacy.

- Service providers must have incentives to de-correlate usage and outage electric data from the location of the premises as soon as practicable to ensure that the data cannot be used to do historic surveillance type viewing of a residential, commercial or industrial property. Regulators should ensure this.
Service providers must treat correlated data as a valuable asset with appropriate safeguards, and consequences for loss or theft. Specifically:

- Databases from Others containing usage data are considered a business asset of the Other party. Such assets move from one legal entity to another legal entity during the sale of assets and/or purchase of an entire company. For example if an non-US electric company buys a US electric company, what laws or regulations will protect consumer data when this data “automatically” moves from an entity trusted by the consumer, to a new legal entity of unknown trustworthiness? When approving a sale transaction, regulators should examine the contract for conditions of the new owner regarding acquisition of assets with customer interval usage data and associated data protection promises.

- Energy Service Providers frequently engage third parties where the engagement requires customer usage data to pass to the third party, for example, to analyze the benefits of a new demand response program, or in the operation of a web-based customer information portal service. In these cases, energy service providers and Other-parties should be provided a written statement of how customer data will be protected before the contract is executed. Where possible customer-specific data should never be included in the same transaction as usage data. In fact, in most cases these services should be executed using usage data only; rarely are customer name and address required to perform a service.

Sub-Issue-3 Consumer Data Managed by Other-party

- Correlated data must be kept close to customers. As data moves from appliances to home network equipment to meters to service-provider back offices, these data should be de-correlated as soon as possible so they cannot be linked backed to the consumer or source location.

- For the monthly consumer bill providers who need access to more time-based details the consumer should assume responsibility for maintaining detailed consumption data locally. If desired the consumer may choose to hire an archivist, like a bank vault.

- Consumers should have tools for managing personally identifiable data. Consumer electronics and appliance companies might develop these tools.

Consumers should be educated on the benefit of installing a local energy management system to minimize sharing of sensitive data. See Figure 1.

Sub-Issue-4: Other-party Data aggregation and Device database protection issues.

Electric usage, outage and etc. data that must be aggregated for planning and other purposes should ensure the specific geographic location of individual consumers are not identifiable. (The specific number of houses to aggregate is to be defined and may vary by
neighborhood). Additionally device usage data should not be identifiable to the location of
the device and must be grouped to disguise the location of the specific device. Only the data
tied to the geographic location should be retained to allow billing and auditing of the
transactions for the appropriate time periods. Statistical aggregated data to a group of
geographic locations will have to be kept for long periods for the planning purposes of the
Other-parties. These will likely be grouped into billing and substation groups depending on
the market structure of the region.

- No correlation of data by consumers.
- No Correlation of data by specific location.
- No Correlation of data by appliance/devices that can infer the location of these
devices.

International Recognized Privacy Principles

The principles in this document align with those developed by NIST, as contained in
Appendix A.
NIST provided the following international generally accepted privacy principles (GAPP), which form the basis of most international, national and local data protection laws, along with consideration of safeguards as found in the international information security standard ISO/IEC 27001, also widely used for data protection regulatory compliance:

1. **Management and Accountability**: An organization should formally appoint personnel to ensure that information security and privacy policies and practices exist and are followed. Documented requirements for regular training and ongoing awareness activities should exist and be followed. Audit functions should be present to monitor all data accesses and modifications.

2. **Notice and Purpose**: A clearly-specified notice should exist to describe the purpose for the collection, use, retention, and sharing of PII (Personally Identifiable Information). Data subjects should be told this information at or before the time of collection.

3. **Choice and Consent**: The organization should describe the choices available to individuals and obtain explicit consent if possible, or implied consent when this is not feasible, with respect to the collection, use, and disclosure of their PII.

4. **Collection and Scope**: Only PII that is required to fulfill the stated purpose should be collected from individuals. Treatment of the information must conform to fair information processing practices. Information should be collected directly from each individual person unless there are justifiable reasons why this is not possible.

5. **Use and Retention**: Information should only be used or disclosed for the purpose for which it was collected, and should only be divulged to those parties authorized to receive it. PII should be aggregated or anonymized wherever possible to limit the potential for computer matching of records. PII should only be kept as long as is necessary to fulfill the purposes for which it was collected.

6. **Individual Access**: Organizations should provide a process for PII data subjects to allow them to ask to see their corresponding PII and to request the correction of perceived inaccuracies. PII data subjects must also be informed about parties with whom PII has been shared.

7. **Disclosure and Limiting Use**: PII should be used only for the purposes for which it was collected. PII should not be disclosed to any Other-parties except for those identified in the notice, or with the explicit consent of the individual.

8. **Security and Safeguards**: PII, in all forms, must be protected from loss, theft, unauthorized access, disclosure, copying, use, or modification.
9. **Accuracy and Quality**: Every effort should be made to ensure that the PII is accurate, complete, and relevant for the purposes identified in the notice, and remains accurate throughout the life of the PII while within the control of the organization.

10. **Openness, Monitoring and Challenging Compliance**: Privacy policies should be made available to PII data subjects. PII data subjects should be given the ability and process to challenge an organization’s compliance with their state privacy policies as well as their actual privacy practices.

The ability for smart grid devices to “roam” to other utility systems – for example, driving an electric vehicle (PEV) to visit family, and recharging it while there – creates the potential for additional flows of PII data. This might occur if the “host” utility were in a position to bill the PEV’s “home” utility for the PEV’s recharge.

Figure 3 provides a summary of the privacy concerns related to PII and derived PII use when disclosed to other entities and used for purposes beyond the PII collection purposes.

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<thead>
<tr>
<th>Privacy Concern</th>
<th>Discussion</th>
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<tbody>
<tr>
<td>1. <strong>Identity Theft</strong></td>
<td>Specific combinations of PII may be used to impersonate a utility consumer, resulting in potentially severe impacts, such as negative credit reports, fraudulent utility use and other damaging consumeractions.</td>
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<td>2. <strong>Determine Personal Behavior Patterns</strong></td>
<td>Access to data use profiles that can reveal specific times and locations of electricity use in specific areas of the home can also indicate the types of activities and/or appliances used. The information revealed is a type of surveillance. The data could be (mis)used by other entities to do target marketing, by governments to try and tax specific activities and uses, and by persons with malicious intent.</td>
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<td>3. <strong>Determine Specific Appliances Used</strong></td>
<td>Smart meter and home automation network data will have the ability to track the use of specific smart appliances. Appliance manufacturers may want to get this information to know who, how and why individuals used their products in certain ways. Such information could impact appliance warranties. Insurance companies may want to use this information to approve or decline claims. And there is an unlimited number of other possible uses as yet not imagined that this data could provide.</td>
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<td>4. <strong>Perform Real-Time Surveillance</strong></td>
<td>Access to live energy use data can reveal if people are in the residence, what they are doing, where they are in the residence, and so on. This not only presents a safety risk, with burglars and vandals using it to their destruction, but it could also be used to do target marketing based upon home energy use behaviors.</td>
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<td>5. Reveal Activities Through Residual Data</td>
<td>Several articles have been published warning that if the data on the metering devices is not effectively or completely removed, the residual data can reveal to the new meter user, or entity that possess the meter, the activities of the former owner. If true, not only does this present similar concerns to those listed in the first three concern topics, it could also be used by activists or others who have agendas to reveal what they view as a lack of social responsibility. However, to prevent any tampering of historical data and to satisfy the size constraints for the new meters — providing more functionality in the same physical meter box — the data is not likely to be stored within the smart meter itself. But, the possibility of storing data within home meters should be considered in any meter functionality plans so that if it does become possible to store PII in smart meters the privacy issues will be appropriately addressed.</td>
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<td>6. Target Home Invasions</td>
<td>Malicious use of meter data for specific consumers could lead to a wide number of problems, such as physical invasions to the home because crooks could tell when residents were away, whether or not they have an alarm system, and so on.</td>
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<td>7. Provide Accidental Invasions</td>
<td>Combinations of meter data, analyzed for one purpose, could reveal unexpected information about the residents that is then used to the detriment of the residents.</td>
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<td>8. Activity Censorship</td>
<td>The meter data could reveal resident activities or uses that utility companies may then subsequently decide are inappropriate or should not be allowed. Without restrictions, if this information could then shared with local government, law enforcement, or public media outlets the residents could suffer embarrassment, harassment, loss of vital appliances, or any number of other damaging actions.</td>
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<td>9. Decisions and Actions Based Upon Inaccurate Data</td>
<td>With meter data being stored in potentially many locations, accessed by so many different individuals and entities, and used for a very wide variety of purposes, it is a significant risk that the PII data will become inappropriately modified. Automated Smart Grid decisions made for home energy use could not only be detrimental for residents (e.g., restricted power, thermostats turned to dangerous levels, and so on) but decisions about Smart Grid power use and activities could be based upon inaccurate information.</td>
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<td><strong>10. Reveal Activities When Used With Data From Other Utility Services</strong></td>
<td>Even more personal activities and derived PII could be revealed if the power meter PII was combined with the PII from other utilities and utility meters, such as those for gas, water, and so on. This is of particular concern when the different utility services are provided by the same corporate entity (combined Gas and Electric utilities, or municipal co-ops that may also provide water and sewer services, for example)</td>
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