

Federal
Smart Grid
Task Force

VOLUNTARY CODE OF CONDUCT: MULTISTAKEHOLDER INITIATIVE

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NEW SOUTH RESEARCH

PRIVACY CODE OF CONDUCT FOCUS GROUPS

Interim Report

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Introduction

Purpose:

- Gain an in-depth understanding of consumer perceptions of data privacy in utility companies and to solicit feedback on Privacy Code of Conduct for utilities.

Methodology:

- Nine focus groups have been conducted:
 - Five in Alabama, Georgia, Florida, Mississippi
 - Two in Ohio
 - Two in DC/Maryland
- Six are currently scheduled:
 - Two in DC/Maryland
 - Four in Texas
- Effort was made to conduct several focus groups in diverse geographic markets: rural vs. urban, vertically integrated vs. retail competition markets, diverse income and education levels, smart meter users vs. non-users and technology savvy.



KEY POINTS

What are attitudes toward data security?

- Respondents trust industries and companies that have a proven track record, such as banks, hospitals, utilities and certain retailers
 - Most respondents trust banks and hospitals to protect data because they perceive them to be regulated by a known institution (FDIC and HIPAA), to have visible security measures, and to have had fewer serious or widespread breaches
- Due to numerous recent and well-publicized security breaches, some respondents doubt that their data is safe anywhere
- Respondents are highly distrustful of companies that share their data and information with third parties without their consent for advertising purposes, such as Internet ads featuring items from their browsing history (e.g. ads on blogs or social media that link to recently browsed products and pages)
 - However, their level of distrust has not impacted their behavior (e.g., leaving a social media network or refusing to shop online) as long as they receive something of benefit in return, such as lower prices/loyalty discount, or staying connected with friends)



KEY POINTS

What are attitudes toward utilities and data privacy?

- Respondents generally put their utility in the category of a trusted company
- Respondents feel that utilities protect their sensitive information well
 - When asked what sensitive information utilities have, personally identifiable information such as social security number, birth date, and bank account number, is top of mind for respondents
- Energy usage information was not the leading sensitive issue when compared to other types of data, such as financial information, but respondents still want some control over how their energy usage information is used



KEY POINTS

What are attitudes toward utilities and data privacy?

- Some respondents are concerned that a utility could benefit by sharing usage data for advertising purposes without their consent
 - However, respondents are more open to the idea if they see a direct benefit to them such as cost savings
- When made aware of the capabilities of a smart meter, some are troubled that “Big Brother” is compiling and storing “that much” data about habits in their homes
 - The Code of Conduct may create additional questions regarding smart meter capabilities that will need to be addressed.



KEY POINTS

What are attitudes toward the Code of Conduct?

- The majority of respondents like the Code of Conduct, with 6 in 10 rating it in the top 4 boxes for being a great idea (only 1 in 10 rated it negatively)
 - Knowing that a code of conduct exists makes respondents feel positive and secure about doing business with their utilities
 - Specifically, respondents appreciate being informed about how their information and data is being used, protected, and handled, but many are wary of government involvement and a perceived lack of enforcement of a voluntary code
 - Transparency about how their data and information is being used and the ability to choose how data is shared are the most appealing parts of the code
- Knowing that a provider has opted in to a voluntary code builds trust and improves perceptions of that utility; respondents feel that the utility is being proactive about caring for and serving their customers
 - Almost 7 out of 10 feel better about their utility if the utility participates with the Code.
 - Conversely, if a provider chooses to not follow a voluntary code, several respondents say they would be concerned and would consider other providers if possible



KEY POINTS

What are barriers for the Code of Conduct?

- Most respondents do not want “voluntary” included in the name of the code because it makes the initiative appear weak and impossible to enforce
 - Instead, respondents want a more descriptive name featuring words like “privacy” or “data protection”
- Respondents’ biggest concerns are government involvement, the enforceability of a voluntary code, and the willingness of individual utility companies to comply
 - Many respondents feel a voluntary code would have little power to compel utilities to follow the code and say the code should be mandatory
 - The groups did not discuss details regarding potential state commission or FTC enforcement once voluntarily adopted, or how (if at all) that might impact their perceptions on enforceability.
- Respondents are split on whether the involvement of the US Department of Energy is a good or bad thing (Clearly more positive in DC)
 - Generally a misunderstanding of the role of the DOE was an issue as well as general distrust of government entities.
- Lower income and less educated respondents seem to struggle to understand the Code and the need for the code



KEY POINTS

What are opportunities?

- Many say it is appropriate for the Department of Energy to facilitate the creation of the code, but they would prefer that the code was enforced by a trade association
 - In groups where the concept was presented as a joint effort between the Department of Energy and a utility trade association, reactions by customers of both large and small utilities were notably more positive than when it was presented as solely being facilitated by the Department of Energy
- Most respondents say a badge or emblem that indicates a company complies with the code would be useful if consumers are made aware of what it means



Respondents say that the code of conduct will be remembered as providing consumers with a peace of mind and generating trust in their utility provider

“The reason the VCC failed was due to the **customers not being informed** of the code a survey revealed that a majority of customers were not aware of their choices.”

“The VCC finally succumbed to the lack of participation and died quietly yesterday evening...Although **it accomplished raising consumer confidence levels to a once all-time high**, the failure of the utility companies to embrace honesty and integrity ultimately brought it to its demise. It will be sorely missed.”

“The guidelines weren’t specific enough and companies had too much freedom to choose how to follow the guidelines. Because of **inconsistencies in the implementation of the VCC**, customers did not feel the VCC made any real difference...**The utilities weren’t serious in their attempt to create a VCC.**”

“The cause of death was **lack of adoption, lack of oversight, and lack of ongoing support**. Consumers will miss them. They informed customers of their data, how it is handled, how it is retained, and standards for protecting data.”

“Dear citizens of Escambia County, I am sorry to inform you of the death of VCC. This is due to the public’s outcry of too much government...What the VCC accomplished over the years was **a trust that the service and data protection was always secure.**”

