



MEMORANDUM

May 5, 2014

TO: CEUD WORK GROUP
FR: Andrew P. Moratzka, Sara E. Bergan
RE: Thoughts on April 18th Meeting Discussion and Aggregation: PUC Docket No. CI-12-1344

The Minnesota Large Industrial Group (“MLIG”), a continuing ad hoc consortium of large industrial end-users of electricity in Minnesota spanning multiple utilities and functioning to represent large industrial interests before regulatory and legislative bodies, submits the following thoughts in response to the discussion held at the April 18th workgroup meeting around aggregation thresholds.

I. BACKGROUND AND INTRODUCTION

The MLIG believes that the effort and time expended as part of this work group has been valuable even if consensus is not reached on every line of inquiry asked of us in the Commission’s June 17, 2013 Order. In several cases the group has in fact reached consensus and in other cases identified significant issues worthy of additional consideration. As we near the end, the MLIG remains concerned that the sensitive and proprietary nature of large industrial customers’ CEUD be accounted for carefully particularly in instances where recommendations are being made to the Commission. The differences between a small town in northern Minnesota and a major metropolitan city are great and much of Minnesota’s industrial strength happens to lie outside the major metropolitan areas. The MLIG believes that it is of nearly universal advantage to take a precautionary approach to CEUD release that carefully guards sensitive data - particularly at the outset. Early missteps, if significant, can easily jeopardize an otherwise noble goal. Likewise, a careful entry into CEUD data sharing could allow parties in Minnesota to gain experience with the transactions in relatively low-risk situations.

II. CLARIFICATION ON MLIG PROPOSAL AND THOUGHTS ON RESOLVING INDUSTRIAL CONCERNS

As a threshold matter, MLIG is supportive of the goals of the CEUD workgroup. Its objections stem from the members' needs to keep energy usage information proprietary in order to remain competitive. This is a separate and distinct concern of the industrial consumers from any efforts to conserve or make their plants more efficient. Because energy usage is such a critical component of their production costs, large industrial companies tend to have teams of people dedicated to energy efficiency. There may be disagreement over or different impressions about how much is achieved on a per unit or aggregate basis or how it plays into overall state goals, but resolving those issues is not what this particular workgroup was charged with. Instead, it is focused on the potential usage of customer energy usage data and concerns associated with that usage. Likewise, MLIG's comments in this proceeding are limited to the risks to its various business operations of proprietary energy usage data being intentionally or unintentionally released to competitive interests.

Large industrial customers tend to be uniquely positioned in this regard. Energy is often the critical ingredient to their operations, which simultaneously makes it particularly sensitive data but also unique such that it may be more readily identified even when aggregated. We know from the utilities participating in this process that there are just under 100 electric customers in the state that have a 5 MW or higher peak electrical demand. While the total number represents only a fraction of a percent of all businesses in Minnesota, they tend to be scattered outside the metropolitan areas where their electric usage is even more conspicuous in comparison. This is part of the reason it was relatively easy for MLIG to offer at least one example of reverse engineering an industrial customer's CEUD even with a 15/15 aggregation metric in place.

To be clear, MLIG is agnostic on what aggregation metric or principle is put in place for residential and commercial buildings, but believes strongly that it needs to include an exemption for the truly industrial operations for which energy is such a critical ingredient and where the risk of exposure of the data is higher due to location and the relative irregularity of the data. Some jurisdictions have chosen to create an exemption for this particular type of customer in order to preserve the proprietary nature of the data. MLIG offered a quantitative threshold instead (5 MW

peak demand) as a potentially more efficient exemption to administer. While it is open to exempting industrial and manufacturing customers from data aggregation requests (as opposed to a MW threshold), the MLIG is less clear on how that would be implemented or if it would yield better results.

The MLIG also understands that there may be some concern that the 5 MW threshold would unintentionally pick up some larger commercial buildings. Although the MLIG chose the threshold intending to avoid such an outcome, the concern is certainly valid and worth additional investigation or consideration. Perhaps there is a way to set a 5 MW threshold exemption but pull back in commercial building data caught by the threshold. Likewise there are probably industrial operations with the same concerns that may be just under a 5 MW threshold that should also be allowed to opt-out. Ultimately there is no true magic to the 5 MW threshold, but we felt it a cautious baseline that could be adjusted as necessary to pick up the desired data without putting our few industrial industries at risk.

In summary, our proposal is to exclude from aggregation (other than at a class level) those customers that impose a peak electric demand of 5 MW or greater. For those customers that impose a peak electric demand of 1 MW or greater, we believe they should be allowed to opt-out by providing the utility notice of its objection (perhaps with some demonstration of cause). The MLIG views its proposal as a subset of some other proposal and does not take a position as to whether that standard should be 15/15, 5/0, 4/80 or something different. Such an exemption is the only way the MLIG believes its members' can be assured a reasonable sense of certainty that their data could not be backed into. The reverse engineering example MLIG provided in an earlier comment could presumably be applied to any of the aforementioned standards given that most aggregation thresholds contain the same flaw in that they are focused on the data being requested, not the data (perhaps purposefully) being excluded from one or more requests. As the MLIG has described earlier, it is difficult to adequately address the multitude of ways a party could potentially back into or misuse data, particularly in combination with other publicly available information. Thus we continue to maintain that an exemption from aggregation at a 5 MW peak demand threshold is the most reasonable and administratively efficient way to guard against unintended consequences of greater data sharing.

The MLIG certainly remains open to refinements to the proposal that better protect large industrial data while not unintentionally exempting other commercial data that is desired by the group. Our only concern is to protect our group members from the potential of disaggregation and we suggest our proposal be applied to whatever metric the work group or Commission ultimately adopts.