

Supporting Statement for
FERC-725A, Mandatory Reliability Standards for the Bulk-Power System
As Proposed in Docket No. RM09-25-000
(A Notice of Proposed Rulemaking Issued June 17, 2010)

The Federal Energy Regulatory Commission (Commission) (FERC) requests that the Office of Management and Budget (OMB) review and approve **FERC-725A, Mandatory Reliability Standards for the Bulk Power System**, for a three year period. FERC-725A (Control No. 1902-0244) is an existing Commission data collection, (filing requirements), as contained in 18 Code of Federal Regulations, Part 40. RM09-25-000 Notice of Proposed Rulemaking (NOPR) is concerned only with Reliability Standards that deal with training requirements and therefore not all the Reliability Standards approved under 1902-0244 will be impacted.

Background

In the aftermath of the 1965 Blackout in the northeast United States, the electric industry established the North American Electric Reliability Council (NERC), a voluntary reliability organization. Since its inception, NERC had developed Operating Policies and Planning Standards that provided voluntary guidelines for operating and planning the North American bulk-power system. In April 2005, NERC adopted “Version O” reliability standards that translated the NERC Operating Policies, Planning Standards and compliance requirements into a comprehensible set of measurable standards. While NERC has developed a compliance enforcement program to ensure compliance with the reliability standards it developed, industry compliance had been voluntary and not subject to mandatory enforcement penalties. Although NERC’s efforts have been important in maintaining the reliability of the nation’s bulk-power system, NERC itself recognized the need for mandatory, enforceable reliability standards and was a proponent of legislation to establish a FERC-jurisdictional Electric Reliability Organization (ERO) that would propose and enforce mandatory reliability standards. With passage of the Energy Policy Act of 2005 as more fully described below, voluntary reliability standards became mandatory.

On March 16, 2007, the Commission issued Order No. 693, a Final Rule that added part 40, to the Commission’s regulations. In Order No. 693 the Commission stated that this part applies to all users, owners and operators of the Bulk-Power System within the United States (other than Alaska or Hawaii). The Order also required that each Reliability Standard identify the subset of users, owners and operators to which that particular Reliability Standard applies. The regulations also require that each Reliability Standard that is approved by the Commission be maintained on the ERO’s Internet website for public inspection.

The Commission approved 83 of 107 the proposed Reliability Standards, six of the eight regional differences, and the Glossary of Terms used in Reliability Standards as developed by

NERC. NERC was certified by the Commission as the ERO responsible for developing and enforcing mandatory Reliability Standards. These Reliability Standards meet the requirements of section 215 of the Federal Power Act (FPA) and Part 39 of the Commission's regulations. However, although the Commission believed that it is in the public interest to make these Reliability Standards mandatory and enforceable, the Commission also found that much work remains to be done. Specifically, the Commission believed that many of these Reliability Standards required significant improvement to address, among other things, the recommendations of the Blackout Report. Therefore, in accordance with section 215(d)(5), the Commission required the ERO to submit significant improvements to many of the Reliability Standards that were approved as mandatory and enforceable. The remaining Reliability Standards have been pending due to further development.

A subsequent blackout on August 14, 2003, that began in Ohio affected significant portions of the Midwest and Northeast United States, and Ontario, Canada (August 14 Blackout). This blackout affected an area with an estimated 50 million people and 61,800 megawatts of electric load.¹ The subsequent investigation and report completed by the U.S.-Canada Power System Outage Task Force (Task Force) reviewed several previous major North American outages and concluded that "inadequate training of operating personnel" was among the factors that the August 14 Blackout had in common with previous outages.²

Specifically, the Task Force summarized that previous outage analyses recommended "enhanced procedures and training for operating personnel."³ This included:

- Thorough programs and schedules for operator training and retraining should be vigorously administered.
- A full-scale simulator should be made available to provide operating personnel with "hands-on" experience in dealing with possible emergency or other system conditions.
- Procedures and training programs for system operators should include anticipation, recognition, and definition of emergency situations.
- Written procedures and training materials should include criteria that system operators can use to recognize signs of system stress and mitigating measures to be taken before conditions degrade into emergencies....⁴

¹ U.S.-Canada Power System Outage Task Force, *Final Report on the August 14, 2003 Blackout in the United States and Canada: Causes and Recommendations*, (April 2004) (Blackout Report), available at <http://www.ferc.gov/industries/electric/indus-act/blackout.asp>.

² See Blackout Report at 107.

³ *Id.* at 110.

⁴ *Id.*

The Blackout Report stated that some reliability coordinators and control area operators, i.e., balancing authorities⁵, did not receive adequate training in recognizing and responding to system emergencies and this “training deficiency contributed to the lack of situational awareness and failure to declare an emergency on August 14 while operator intervention was still possible (before events began to occur at a speed beyond human control).”⁶ The Blackout Report recommended “[i]mprov[ing] near-term and long-term training and certification requirements for operators, reliability coordinators, and operator support staff.”⁷ The Task Force suggested that NERC require training for planning staff at control areas and reliability coordinators concerning power system characteristics and load, VAR, and voltage limits to enable them to develop rules for operating staff to follow.⁸ In addition, the Task Force urged NERC to “require control areas and reliability coordinators to train grid operators, IT support personnel, and their supervisors to recognize and respond to abnormal automation system activity.”⁹

RM09-25-000 NOPR

On June 17, 2010, the Commission issued a Notice of Proposed Rulemaking (NOPR) in Docket RM09-25-000. This NOPR proposes to approve two new Reliability Standards, PER-004-2 and PER-005-1 governing training. These standards will replace currently effective Reliability Standards PER-002-0 and PER-004-1 approved by the Commission in Order No. 693. Rather than creating entirely new training requirements, the proposed Reliability Standard PER-005-1 instead modifies and improves the existing Reliability Standards governing personnel training.¹⁰ This proposed rulemaking does not impose entirely new burdens on the effected entities. For example, the currently effective training Reliability Standard, PER-002-0, requires transmission operators and balancing authorities to create training program objectives, develop a plan for the initial and continued training, and maintain training records. Similarly, proposed training Reliability Standard, PER-005-1, which supersedes PER-002-0, requires transmission operators, balancing authorities and reliability coordinators to establish a training program (using a systematic approach to training), verify the trainee’s capabilities to perform task for which they receive training, and maintain training records. Accordingly, the recordkeeping requirements imposed by proposed Reliability Standard PER-005-1, are more specific but not necessarily more expansive than currently effective Reliability Standard PER-002-0’s recordkeeping requirements. However, proposed Reliability Standard PER-005-1 does enlarge the scope of the affected entities to include reliability coordinators.

5 Balancing Authority-The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

6 *Id.* at 157.

7 *Id.* at 156, Task Force Recommendation 19.

8 *Id.* at 156-157, Task Force Recommendation 19.A.

9 *Id.* at 157, Task Force Recommendation 19.B.

10 Proposed Reliability Standard PER-004-2 does not add any new requirements, rather it restates and carries forward the two remaining requirements from PER-004-1 that are not superseded by proposed Reliability Standard PER-005-1.

Like the currently effective training Reliability Standards, PER-002-0 and PER-004-1, proposed Reliability Standards PER-004-2 and PER-005-1 do not require responsible entities to file information with the Commission. However, these Reliability Standards do require applicable entities to develop and maintain certain information, subject to audit by a Regional Entity such as documentation to show a development and delivery of a training program for system operators, verification of system operator capabilities to perform tasks, and training records to show compliance with requirements.

A. Justification

1. **CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY**

On August 8, 2005, the Electricity Modernization Act of 2005, which is Title XII, Subtitle A, of the Energy Policy Act of 2005 (EPAAct 2005), was enacted into law.¹¹ EPAAct 2005 added a new section 215 to the FPA, which requires a Commission-certified ERO (FERC-725, 1902-0225) to develop mandatory and enforceable Reliability Standards, which are subject to Commission review and approval. Once approved, the Reliability Standards may be enforced by the ERO, subject to Commission oversight or the Commission can independently enforce Reliability Standards (FERC-725A).¹²

Section 215(d)(1) of the FPA provides that the ERO must file each Reliability Standard or modification to a Reliability Standard that it proposes to be made effective, *i.e.*, mandatory and enforceable, with the Commission. On April 4, 2006, and as later modified and supplemented, the ERO submitted 107 Reliability Standards for Commission approval pursuant to section 215(d) of the FPA.

Section 215(d)(2) of the FPA provides that the Commission may approve, by rule or order, a proposed Reliability Standard or modification to a proposed Reliability Standard if it meets the statutory standard for approval, giving due weight to the technical expertise of the ERO. Alternatively, the Commission may remand a Reliability Standard pursuant to section 215(d)(4) of the FPA. Further, the Commission may order the ERO to submit to the Commission a proposed Reliability Standard or a modification to a Reliability Standard that addresses a specific matter if the Commission considers such a new or modified Reliability Standard appropriate to “carry out” section 215 of the FPA.¹³ The Commission’s action in this NOPR is based on its authority pursuant to section 215 of the FPA.

On February 3, 2006, the Commission issued Order No. 672, implementing section 215

11 Energy Policy Act of 2005, Pub. L. No 109-58, Title XII, Subtitle A, 119 Stat. 594, 941 (2005), to be codified at 16 U.S.C. 824o.

12 16 U.S.C. 824o(e)(3).

13 See 16 U.S.C. 824o(d)(5) (2006).

of the FPA.¹⁴ Pursuant to Order No. 672, the Commission certified one organization, NERC, as the ERO.¹⁵ The ERO is required to develop Reliability Standards, which are subject to Commission review and approval. The Reliability Standards apply to users, owners and operators of the Bulk-Power System, as set forth in each Reliability Standard.

On March 16, 2007, the Commission issued Order No. 693, a Final Rule adding part 40, a new part to the Commission's regulations. Order No. 693 Rule states that this part applies to all users, owners and operators of the Bulk-Power System within the United States (other than Alaska or Hawaii). It also requires that each Reliability Standard identify the subset of users, owners and operators to which that particular Reliability Standard applies. The new regulations also require that each Reliability Standard that is approved by the Commission will be maintained on the ERO's Internet website for public inspection.

In accordance with section 39.5 of the Commission's regulations, the ERO must file each Reliability Standard or a modification to a Reliability Standard with the Commission. The filing is to include a concise statement of the basis and purpose of the proposed Reliability Standard, either a summary of the Reliability development proceedings conducted by the ERO or a summary of the Reliability Standard development proceedings conducted by a Regional Entity together with a summary of the Reliability Standard review proceedings of the ERO and a demonstration that the proposed Reliability Standard is "just, reasonable, not unduly discriminatory or preferential, and in the public interest.

Electric reliability legislation was first proposed after issuance of the September 1998 task force report and was a common feature of comprehensive electricity bills since that time. A stand-alone electric reliability bill was passed by the Senate unanimously in 2000. In 2001, President Bush proposed making electric Reliability Standards mandatory and enforceable as part of the National Energy Policy.¹⁶

Under the new electric power reliability system enacted by the Congress, the United States will no longer rely on voluntary compliance by participants in the electric industry with industry reliability requirements for operating and planning the Bulk-Power System. Congress directed the development of mandatory, Commission-approved, enforceable electricity Reliability Standards. The Commission believes that, to achieve this goal, it is necessary to have a strong ERO that promotes excellence in the development and enforcement of Reliability Standards.

14 Rules Concerning Certification of the Electric Reliability Organization; Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards, Order No. 672, 71 FR 8662 (February 17, 2006), FERC Stats. & Regs. ¶ 31,204 (2006), order on reh'g, Order No. 672-A, 71 FR 19814 (April 18, 2006), FERC Stats. & Regs. ¶ 31,212 (2006).

15 North American Electric Reliability Corp., 116 FERC ¶ 61,062 (ERO Certification Order), order on reh'g & compliance, 117 FERC ¶ 61,126 (ERO Rehearing Order) (2006), order on compliance, 118 FERC ¶ 61,030 (2007) (January 2007 Compliance Order).

16 Report of the National Energy Policy Development Group, May 2001, at p. 7-6.

A mandatory Reliability Standard should not reflect the “lowest common denominator” in order to achieve a consensus among participants in the ERO’s Reliability Standard development process. Therefore, the Commission carefully reviews each Reliability Standard submitted and, where appropriate, later remand if necessary, an inadequate Reliability Standard to ensure that it protects reliability, has no undue adverse effect on competition, and can be enforced in a clear and even-handed manner.

2. HOW, BY WHOM, AND FOR WHAT PURPOSE THE INFORMATION IS TO BE USED AND THE CONSEQUENCES OF NOT COLLECTING THE INFORMATION

Prior to enactment of section 215, FERC had acted primarily as an economic regulator of wholesale power markets and the interstate transmission grid. In this regard, the Commission acted to promote a more reliable electric system by promoting regional coordination and planning of the interstate grid through regional independent system operators (ISOs) and regional transmission organizations (RTOs), adopting transmission pricing policies that provide price signals for the most reliable and efficient operation and expansion of the grid, and providing pricing incentives at the wholesale level for investment in grid improvements and assuring recovery of costs in wholesale transmission rates.

As part of FERC’s efforts to promote grid reliability, the Commission created a new Office of Electric Reliability. One task of this office has been to participate in North American Reliability Council’s (NERC’s) Reliability readiness reviews of balancing authorities, transmission operators and reliability coordinators in North America to determine their readiness to maintain safe and reliable operations. FERC also directed transmission owners to report by June 2004, on the vegetation management practices they use for transmission and rights of way.¹⁷ FERC’s Office of Electric Reliability has also engaged in studies and other activities to assess the longer-term and strategic needs and issues related to power grid reliability.

Sufficient supplies of energy and a reliable way to transport those supplies to customers are necessary to assure reliable energy availability and to enable competitive markets. Reasonable supply relative to demand is essential for competitive markets to work. Without sufficient delivery infrastructure, some suppliers will not be able to enter the market, customer choices will be limited, and prices will be needlessly volatile. The Commission assists in creating a more reliable electric system by:

- Fostering regional coordination and planning of the interstate grid through independent system operators and regional transmission organizations;

¹⁷ 1902-0207, FERC-723 “Vegetation Report” in Docket No. EL04-52-000. EL04-52-000. This was a one-time information collection that expired 10/31/04. FERC submitted a report to Congress in September 2004 that set forth the Commission’s findings and recommendations, including the need for mandatory, enforceable reliability rules.

- Adopting transmission policies that provide price signals for the most reliable and efficient operation and expansion of the grid; and
- Providing pricing incentives at the wholesale level for investment in grid improvements and ensuring opportunities for cost recovery in wholesale transmission rates.

The passage of the Electricity Modernization Act of 2005 added to the Commission's efforts identified above, by giving it the authority to strengthen the reliability of the interstate grid through the grant of new authority pursuant to section 215 of the FPA which provides for a system of mandatory Reliability Standards developed by the ERO, established by FERC, and enforced by the ERO and Regional Entities.

As noted above, the Commission issued Order No. 693, approving 83 of the 107 Reliability Standards filed by NERC, including the four PER Reliability Standards: PER-001-0, PER-002-0, PER-003-0, and PER-004-1.¹⁸ In addition, under section 215(d)(5) of the FPA, the Commission directed NERC to develop modifications to the PER Reliability Standards to address certain issues identified by the Commission. In this NOPR are two new PER standards that would replace the currently effective Reliability Standards PER-002-0 (Operating Personnel Training) and PER-004-1 (Reliability Coordination – Staffing).

Currently effective Reliability Standard PER-002-0 requires each transmission operator and balancing authority to be staffed with adequately trained operating personnel.¹⁹ Specifically, PER-002-0: (1) directs each transmission operator and balancing authority to have a training program for all operating personnel who occupy positions that either have primary responsibility, directly or through communication with others, for the real-time operation of the Bulk-Power System or who are directly responsible for complying with the NERC Reliability Standards; (2) lists criteria that must be met by the training program; and (3) requires that operating personnel receive at least five days of training in emergency operations each year using realistic simulations.²⁰

In Order No. 693, the Commission also approved Reliability Standard PER-004-1.²¹ This Reliability Standard requires each reliability coordinator to be staffed with adequately trained, NERC-certified operators, 24 hours a day, seven days a week. Further, PER-004-1 requires reliability coordinator operating personnel to have a comprehensive understanding of the area of the Bulk-Power System for which they are responsible.

In Order No. 693, the Commission directed NERC, in accordance with section 215(d)(5) of the FPA, to develop the following modifications to PER-002-0: (1) identify the expectations of the training for each job function; (2) develop training programs tailored to each job function with consideration of the individual training needs of the personnel; (3) expand the applicability

18 Order No. 693 at P 1330-1417.

19 *Id.* P 1331.

20 Reliability Standard PER-002-0.

21 *Id.* P 1417.

of the training requirements to include: reliability coordinators, local transmission control center operator personnel, generator operators centrally-located at a generation control center with a direct impact on the reliable operation of the Bulk-Power System, and operations planning and operations support staff who carry out outage planning and assessments and those who develop system operating limits (SOLs), interconnection reliability operating limits (IROLs), or operating nomograms for real-time operations; (4) use a Systematic Approach to Training methodology for developing new training programs; and (5) include the use of simulators by reliability coordinators, transmission operators, and balancing authorities that have operational control over a significant portion of load and generation.²²

The Commission also directed NERC to develop modifications to currently effective Reliability Standard PER-004-1 through the Reliability Standards development process to: (1) include formal training requirements for reliability coordinators similar to those addressed under the personnel training Reliability Standard PER-002-0 and (2) include requirements pertaining to personnel credentials for reliability coordinators similar to those in PER-003-0.²³

In a September 30, 2009 filing NERC requested Commission approval of proposed Reliability Standards PER-005-1 (System Personnel Training) and PER-004-2 (Reliability Coordination – Staffing), which were developed in response to the Commission’s directives in Order No. 693 regarding currently effective Reliability Standard PER-002-0.²⁴ NERC also seeks to concurrently retire currently effective Reliability Standards PER-002-0 and PER-004-1 upon the effective date PER-004-2 and PER-005-1.

NERC stated that the proposed Reliability Standards “are a significant improvement over the existing Reliability Standards” and recommended Commission approval of the standards as a “significant step in strengthening the quality of operator training programs as necessary for the reliability of the [B]ulk-[P]ower [S]ystem.”²⁵ The proposed Reliability Standards will require reliability coordinators, balancing authorities, and transmission operators to establish a training program for their system operators, verify each of their system operator’s capability to perform tasks, and provide emergency operations training to every system operator.

The Commission proposes to approve Reliability Standards PER-005-1 and PER-004-2, as just, reasonable, not unduly discriminatory or preferential, and in the public interest. In

22 Order No. 693 at P 1393.

23 *Id.* P 1415, 1417. Currently effective Reliability Standard PER-003-0 requires transmission operators, balancing authorities and reliability coordinators to have NERC-certified staff for all operating positions that have a primary responsibility for real-time operations or are directly responsible for complying with the Reliability Standards. *Id.* at 1395.

24 NERC’s Petition addresses only the directives in Order No. 693 related to existing Reliability Standard PER-002-0, not the directives related to PER-004-1. See NERC Petition at 27.

25 NERC Petition at 5.

In addition, the Commission proposes to direct the ERO to develop modifications to proposed Reliability Standard PER-005-1 to address certain issues identified by the Commission. In particular, the Commission is seeking clarification from the ERO or industry comment on specific matters and proposes improvements that can be made to further enhance operator training. In addition, the Commission proposes to direct the ERO to modify PER-005-1 to explicitly address training for local control center personnel, as required by Order No. 693.

Personnel training are important to ensuring the reliability of the Bulk-Power System, as recognized in Order No. 693 and the Blackout Report.

3. DESCRIBE ANY CONSIDERATION OF THE USE OF IMPROVED TECHNOLOGY TO REDUCE BURDEN AND TECHNICAL OR LEGAL OBSTACLES TO REDUCING BURDEN.

The Commission has developed the capability for electronic filing of all major submissions to the Commission. In Order No. 619, the Commission established an electronic filing initiative that permits over 40 qualified types of documents to be filed over the Internet to its website. This includes the ability to submit standard forms using software that is readily available and easy to use. Electronic filing, combined with electronic posting and service over the web site, permits staff and the public to obtain filings in a faster and more efficient manner. The Commission is working to expand the qualified types of documents that can be filed over the Internet.

In order that the Commission is able to perform its oversight function with regard to Reliability Standards that are proposed by the ERO and established by the Commission, it is essential that the Commission receive timely information regarding all or potential violations of Reliability Standards. While section 215 of the FPA contemplates the filing of the record of an ERO or Regional Entity enforcement action, FERC needs information regarding violations and potential violations at or near the time of occurrence. Therefore, it will work with the ERO and regional reliability organizations to be able to use the electronic filing of information so the Commission receives timely information.

With respect to the Reliability Standards that are the subject of this NOPR, the information is not filed with the Commission, but these Reliability Standards do require applicable entities to develop and maintain certain information, subject to audit by a Regional Entity such as documentation to show a development and delivery of a training program for system operators, verification of system operator capabilities to perform tasks, and training records to show compliance with requirements.

4. DESCRIBE EFFORTS TO IDENTIFY DUPLICATION AND SHOW SPECIFICALLY WHY ANY SIMILAR INFORMATION ALREADY AVAILABLE CANNOT BE USED OR MODIFIED FOR USE FOR THE PURPOSE(S) DESCRIBED IN INSTRUCTION NO. 2

Filing requirements are periodically reviewed as OMB review dates arise or as the Commission may deem necessary in carrying out its responsibilities under the FPA in order to eliminate duplication and ensure that filing burden is minimized. There are no similar sources of information available that can be used or modified for these reporting purposes. All reliability requirements are subject to FERC approval along with the requirements developed by Regional Entities and Regional Advisory Bodies and the ERO.

5. METHODS USED TO MINIMIZE BURDEN IN COLLECTION OF INFORMATION INVOLVING SMALL ENTITIES

FERC-725A is a filing requirement concerning the implementation of reliability standards by the Electric Reliability Organization and its responsibilities as well as those of Regional Entities and Regional Advisory Bodies in the development of Reliability Standards. The Electricity Modernization Act specifies that the ERO and Regional Entities are not departments, agencies or instrumentalities of the United States government and will not be like most other businesses, profit or not-for-profit. Congress created the concept of the ERO and Regional Entities as select, special purpose entities that will transition the oversight of the Bulk-Power System reliability from voluntary, industry organizations to independent organizations subject to Commission jurisdiction.

Section 215(b) of the FPA requires all users, owners and operators of the Bulk-Power System to comply with Commission-approved Reliability Standards. Each proposed Reliability Standard submitted for approval by NERC applies to some subset of users, owners and operators.

Most of the entities, i.e., reliability coordinators, transmission operators, and balancing authorities, to which the requirements of this rule would apply do not fall within the definition of small entities.²⁶ Moreover, the proposed Reliability Standards reflect a continuation of existing training requirements for transmission operators and balancing authorities and are “new” only with respect to reliability coordinators.

²⁶ The RFA definition of “small entity” refers to the definition provided in the Small Business Act (SBA), which defines a “small business concern” as a business that is independently owned and operated and that is not dominant in its field of operation. See 15 USC § 632. According to the SBA, a small electric utility is defined as one that has a total electric output of less than four million MWh in the preceding year.

Based on available information regarding NERC's compliance registry, approximately seven entities will be responsible for compliance with proposed Reliability Standards PER-004-2 and PER-005-1 that were not already subject to the existing Reliability Standards comprising the same base training requirements as contained in the new Reliability Standards. The Commission does not consider this a substantial number. Further, few if any of the seven reliability coordinators are small entities.

6. CONSEQUENCE TO FEDERAL PROGRAM IF COLLECTION WERE CONDUCTED LESS FREQUENTLY

The Electric Reliability Organization will conduct periodic assessments of the reliability and adequacy of the Bulk-Power System in North America and report its findings to the Commission, the Secretary of Energy, Regional Entities, and Regional Advisory Bodies annually or more frequently if so ordered by the Commission. The ERO and Regional Entities will report to FERC on their enforcement actions and associated penalties and to the Secretary of Energy, relevant Regional entities and relevant Regional Advisory Bodies annually or quarterly in a manner to be prescribed by the Commission. If the information were conducted less frequently or discontinued, the Commission would be placed at a disadvantage in not having the data necessary for monitoring its mandated obligations.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

FERC-725A is a filing requirement necessary to comply with the applicable provisions of the Electricity Modernization Act of 2005 and section 215 of the Federal Power Act.

In accordance with section 39.5 of the Commission's regulations, the ERO must file each Reliability Standard or a modification to a Reliability Standard with the Commission. The filing is to include a concise statement of the basis and purpose of the proposed Reliability Standard, either a summary of the Reliability development proceedings conducted by the ERO or a summary of the Reliability Standard development proceedings conducted by a Regional Entity together with a summary of the Reliability Standard review proceedings of the ERO and a demonstration that the proposed Reliability Standard is "just, reasonable, not unduly discriminatory or preferential, and in the public interest.

The ERO must make each effective Reliability Standard available on its Internet website. Copies of the effective Reliability Standards will be available from the Commission's Public Reference Room.

The electronic filing initiative at FERC includes Reliability Standards and/or modifications to Reliability Standards filed with the Commission. The original version of the

Reliability Standard is docketed, posted on e-Library and filed as a permanent record for the Commission.

However, individual reliability standards may have records retention schedules that exceed OMB guidelines in 5 CFR 1320.5(d)(2)(iv) of not retaining records for no longer than three years. The Commission is not prescribing a set data retention period to apply to all Reliability Standards. The Commission has not been persuaded that a one-size fits all approach to data retention is appropriate because different Reliability Standards may require data to be retained for shorter or longer periods. The Commission is also not persuaded that it should set a data retention requirement for any Reliability Standard for which one is currently lacking. The Commission will also not prescribe a set data retention period to apply to all Reliability Standards. Instead, the Commission directed the ERO to review and update the data retention requirements in each Reliability Standard as it is reevaluated through its Reliability Standards development process and submit the result for Commission approval.

**8. DESCRIBE EFFORTS TO CONSULT OUTSIDE THE AGENCY:
SUMMARIZE PUBLIC COMMENTS AND THE AGENCY'S RESPONSE
TO THESE COMMENTS**

Each Commission rulemaking (both NOPRs and Final Rules) are published in the Federal Register, thereby affording all public utilities and licensees, state commissions, Federal agencies, and other interested parties an opportunity to submit data, views, comments or suggestions concerning the proposed collection of data. The notice procedures also allow for public conferences to be held as required.

Comments are due 60 days from publication in the Federal Register.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

No payments or gifts have been made to respondents.

**10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO
RESPONDENTS**

The Commission generally does not consider the data filed to be confidential. However, certain standards may have confidentiality provisions in the standard.

**11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A
SENSITIVE NATURE THAT ARE CONSIDERED PRIVATE.**

There are no questions of a sensitive nature that are considered private.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The Commission’s estimates regarding the number of respondents is based on the NERC compliance registry as of May 12, 2010. Because under the proposed Reliability Standards the scope of applicability is enlarged to include reliability coordinators, but otherwise continue to impose training requirements on transmission operators and balancing authorities, the Commission considers the reporting burden only with respect to reliability coordinators.

According to the NERC compliance registry, there are sixteen entities registered as reliability coordinators. However, under NERC’s compliance registration program, entities may be registered for multiple functions. Thus, of the sixteen entities registered as reliability coordinators, nine are also registered as balancing authorities and, as such, must comply with currently effective Reliability Standards governing system operator training.

Given these additional parameters, the Commission estimates that the Public Reporting burden for the requirements contained in the NOPR is as follows:

Data Collection	No. of New Respondents	No. of Responses	Record-keeping ²⁷ Hours Per Respondent	Total Annual Record-keeping Hours
PER-005-1, R1.1: RCs, TOs, and BAs must create a list of bulk electric system reliability-related tasks performed by system operators.	7 ²⁸	7	40	280
PER-005-1, R1.2: RCs, TOs, and BAs shall design and develop learning objectives and training materials based on its task list.	7	7	60	420
PER-005-1, R2: RCs, TOs, and BAs shall verify system operators’ ability to perform each assigned task from applicable task list.	7	7	80	560

27 The proposed Reliability Standards do not impose any reporting requirements.

28 Only seven of the 16 registered reliability coordinators are not currently subject to training requirements as balancing authorities.

PER-005-1, M1: RCs, TOs, and BAs must have available for inspection evidence of using a systematic approach to training to establish and implement a training program.	7	7	50	350
PER-005-1, M1.1: RCs, TOs, and BAs must have available for inspection its company-specific, reliability-related task list.	7	7	10	70
PER-005-1, M1.2: RCs, TOs, and BAs must have available for inspection its learning objectives and training materials.	7	7	10	70
PER-005-1, M1.3: RCs, TOs, and BAs must have available for inspection system operator training records.	7	7	10	70
PER-005-1, M1.4: RCs, TOs, and BAs must have available for inspection evidence that it performed an annual training program evaluation.	7	7	25	175
PER-005-1, M2: RCs, TOs, and BAs must have available for inspection evidence that it verified that its system operators can perform each assigned task from the training task list.	7	7	20	140
PER-005-1, M3: RCs, TOs, and BAs must have available for inspection their training records evidencing that each system operator received 32 hours of emergency operations training.	7	7	20	140

PER-005-1, M3.1: RCs, TOs, and BAs must have available for inspection training records evidencing that each system operator received emergency training using simulation technology.	7	7	20	140
Total				2415 Hours

Total Annual hours for Collection: (Reporting + recordkeeping) = 2415 hours.

Current OMB inventory:

Total Hours = 1,163,459.99 (reporting) + 117,989.94(recordkeeping) = 1,281,450 hours.
(rounded off)

If proposed rule is adopted, this will result in the following:

Total Hours= 1,283,865 (1,163,459 (reporting) + 120,404.94 (recordkeeping)) (rounded off)

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Information Collection Costs: The Commission seeks comments on the costs to comply with the reporting and recordkeeping burden associated with the proposed Reliability Standards. It has projected the average annualized cost to be the total annual hours

Recordkeeping = 2415 hours @ \$120/hour = \$289,800.

Total costs = \$289,800.

Current OMB Inventory:

Cost to Comply:

Reporting = 1,163,459.99 @ \$114/hour = \$132,634,439
1,138,800 hours @ 114 per hour (average cost of attorney (\$200 per hour), consultant (\$150), technical (\$80) and administrative support (\$25)).

Recordkeeping = 117,989.94 @ \$18.07/hour = \$2,132,514
117,989.94 hours @ \$18.07 per hour (file/record clerk)

Total Costs: Reporting (\$132,634,439) + Recordkeeping (\$2,132,514) = \$134,766,955.

If proposed rule is adopted total costs will be: \$135,056,755 (\$134,766,955+\$289,800)

Sources: Bureau of Labor Statistics, Department of Labor, Occupational Outlook Handbook, <http://www.bls.gov/oco/ocos268.htm>.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The estimate of the cost to the Federal Government is based on salaries for professional and clerical support, as well as direct and indirect overhead costs. Direct costs include all costs directly attributable to providing this information, such as administrative costs and the cost for information technology. Indirect or overhead costs are costs incurred by an organization in support of its mission. These costs apply to activities which benefit the whole organization rather than anyone particular function or activity. Initial Estimates anticipate that 3.5 FTE's will review the Reliability standards at the Commission or a total cost of $3.5 \times \$137,874 = \$482,559$.²⁹

15. REASONS FOR CHANGES IN BURDEN INCLUDING THE NEED FOR ANY INCREASE

As noted above, the Blackout of August 14, 2003, affected significant portions of the Midwest and Northeast United States, and Ontario, Canada including an estimated 50 million people and 61,800 megawatts of electric load. The subsequent investigation and report reviewed several previous major North American outages and concluded that "inadequate training of operating personnel" was among the factors that the August 14 Blackout had in common with previous outages. The Blackout Report recommended "[i]mprov[ing] near-term and long-term training and certification requirements for operators, reliability coordinators, and operator support staff." The Task Force suggested that NERC require training for planning staff at control areas and reliability coordinators concerning power system characteristics and load, VAR, and voltage limits to enable them to develop rules for operating staff to follow.

Personnel training is important to ensuring the reliability of the Bulk-Power System, as recognized in Order No. 693 and the Blackout Report. The ERO has proposed changes to the training standard on many issues, including: (1) the Systematic Approach to Training, (2) tailoring training for each job function, (3) simulation training, and (4) performance metrics. In several of these areas, the Commission is seeking clarification from the ERO and/or industry comment on specific matters and proposing improvements that can be made to the Standards to further enhance operator training.

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

The filed proposed Reliability Standards are available on the Commission's eLibrary

²⁹ An FTE = Full Time Employee. The \$137,874 "cost" consists of approximately \$110,299.64 in salaries and benefits and \$27,564.61 in overhead. The Cost estimate is based on the estimated annual allocated cost per Commission employee for Fiscal Year 2010.

document retrieval system in Docket No. RM09-25-000. The Commission requires that all Commission-approved Reliability Standards be available on the ERO's website, with an effective date (http://www.nerc.com/~filez/nerc_filings_ferc.html).

Copies of the filings are made available to the public within two days of submission to FERC via the Commission's web site. There are no other publications or tabulations of the information.

17. DISPLAY OF THE EXPIRATION DATE

It is not appropriate to display the expiration date for OMB approval of the information collected. The information will not be collected on a standard, preprinted form which would avail itself to that display. The information contained in these Reliability Standards requires applicable entities to develop and maintain certain information, subject to audit by a Regional Entity such as documentation to show a development and delivery of a training program for system operators, verification of system operator capabilities to perform tasks, and training records to show compliance with requirements.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

Item No. 19(g) (vi) see Instruction No. 17 above for further elaboration. In addition, the data collected for these recordkeeping requirements are not used for statistical purposes. Therefore, the Commission does not use as stated in item no. 19(i) "effective and efficient statistical survey methodology." The information collected is case specific to each Reliability Standard.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS.

This is not a collection of information employing statistical methods.