

**Supporting Statement for  
FERC-725E, Mandatory Reliability Standards  
For the Western Electric Coordinating Council (WECC)**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve the revisions in the final rule (available at <http://www.ferc.gov/whats-new/comm-meet/2011/042111/E-9.pdf>; Order 751) in Docket No. RM09-9.<sup>1</sup> The current FERC-725E is contained in 18 Code of Federal Regulations (CFR) Part 40.

**Background**

The Electricity Modernization Act of 2005 was enacted into law as part of the Energy Policy Act of 2005 by President George W. Bush on August 8, 2005. Subtitle A of the Electricity Modernization Act amended the Federal Power Act (FPA) by adding a new section 215, titled “Electric Reliability.” Section 215 of the FPA buttresses the Commission’s efforts to strengthen the reliability of the interstate grid through the grant of new authority which provides for a system of mandatory Reliability Standards developed by the Electric Reliability Organization (ERO)<sup>2</sup> and reviewed and approved by FERC.

In the aftermath of the 1965 Blackout in the northeast United States, the electric industry established the North American Electric Reliability Council, a voluntary reliability organization and predecessor to the North American Electric Reliability Corporation (NERC). Since its inception, NERC has developed Operating Policies and Planning Standards that provide 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 developed a compliance enforcement program to ensure compliance with the Reliability Standards it developed, industry compliance was still 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 has been a proponent of legislation to establish a FERC-jurisdictional ERO that would propose and enforce mandatory Reliability Standards.

On February 3, 2006, the Commission issued Order No. 672, implementing section 215 of the FPA.<sup>3</sup> Pursuant to Order No. 672, the Commission certified one organization, NERC, as

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<sup>1</sup> This package is being submitted after the publication date of the final rule (April 21, 2011) due to another rulemaking under the same OMB Control No. that was previously under consideration at OMB and has since concluded.

<sup>2</sup> “Electric Reliability Organization” or “ERO” means the organization certified by the Commission. The purpose of the ERO is to establish and enforce Reliability Standards for the Bulk-Power System, subject to Commission review.

<sup>3</sup> *Rules Concerning Certification of the Electric Reliability Organization; Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204 (2006), *order on reh’g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

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the ERO.<sup>4</sup> Reliability Standards that the ERO proposes to the Commission may include Reliability Standards that are proposed to the ERO by a Regional Entity.<sup>5</sup> A Regional Entity is an entity that has been approved by the Commission to enforce Reliability Standards under delegated authority from the ERO.<sup>6</sup> When the ERO reviews a regional Reliability Standard that would be applicable on an Interconnection-wide basis and that has been proposed by a Regional Entity organized on an Interconnection-wide basis, the ERO must rebuttably presume that the regional Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest.<sup>7</sup>

On March 16, 2007, the Commission issued Order No. 693<sup>8</sup>, a Final Rule that:

- added 18 C.F.R. Part 40;
- approved 83 of 107 proposed Reliability Standards, six of eight proposed regional differences, and the Glossary of Terms Used in Reliability Standards developed by NERC;
- applied to all users, owners and operators of the Bulk-Power System within the United States (other than Alaska or Hawaii);
- required that each Reliability Standard identify the subset of users, owners and operators to which that particular Reliability Standard applies; and,
- required each FERC-approved Reliability Standard be maintained on the ERO's Internet website for public inspection.

On March 26, 2007, NERC submitted for approval eight proposed regional Reliability Standards for the Western Electricity Coordinating Council (WECC). These regional Reliability Standards apply to the Western Interconnection in addition to the 83 mandatory Reliability Standards developed by NERC that took effect on a nation-wide basis in June 2007.<sup>9</sup> In accordance with section 215(d)(2) of the FPA, FERC approved the regional Reliability Standards.<sup>10</sup> The approval of the regional Reliability Standards allows for the continuation of certain reliability practices that were currently in effect in the Western Interconnection. In addition, the Commission directed WECC to develop several specific modifications to the regional Reliability Standards when WECC develops, through its Reliability Standards development process, permanent, replacement Reliability Standards.<sup>11</sup>

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<sup>4</sup> See *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062 (*ERO Certification Order*), *order on reh'g and compliance*, 117 FERC ¶ 61,126 (2006).

<sup>5</sup> 16 U.S.C. § 824o (e)(4).

<sup>6</sup> 16 U.S.C. §§ 824o(a)(7) and (e)(4).

<sup>7</sup> 16 U.S.C. § 824o (d)(3); 18 C.F.R. § 39.5 (b).

<sup>8</sup> *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, 118 FERC ¶ 61,218 (March 16, 2007), 72 Fed. Reg. 16,416 (April 4, 2007) (the reporting requirements associated with Order No. 693 are approved by OMB under FERC-725A (OMB Control No. 1902-0244)).

<sup>9</sup> Order No. 693, 118 FERC ¶ 61,218.

<sup>10</sup> *Version One Regional Reliability Standards for Facilities Design, Connections, and Maintenance; Protection and Control; and Voltage and Reactive*, 133 FERC ¶ 61,226 (2010).

<sup>11</sup> *Version One Regional Reliability Standards for Facilities Design, Connections, and Maintenance; Protection and Control; and Voltage and Reactive*, Notice of Proposed Rulemaking, 75 FR 80,397 (Dec. 22, 2010), FERC Stats. & Regs. ¶ 32,667 (2010). . at P 9.

**A. Justification**

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

EPAAct 2005 added a new section 215 to the FPA, which provides for a system of mandatory and enforceable Reliability Standards. 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 to the ERO. 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.<sup>12</sup> The Commission’s action in this Rule is based on its authority pursuant to section 215 of the FPA.

A Reliability Standard defines obligations or requirements of utilities and other entities that operate, plan and use the bulk power system in North America. Meeting these requirements helps to ensure the reliable planning and operation of the Bulk-Power System. Each NERC Reliability Standard details the purpose of the standard, the entities that must comply, the specific actions that constitute compliance, and how the standard will be measured.

Standards address aspects of the operation and planning of the Bulk-Power System such as: real-time transmission operations, balancing load and generation, emergency operations, system restoration and blackstart, voltage control, cyber security, vegetation management, facility ratings, disturbance reporting, connecting facilities to the grid, certifying system operators, and personnel training. Standards detail how the system should perform, but not how the system should be designed. Individual owners, operators and users of the Bulk-Power System determine if the system should be expanded or changed, and how, in order to achieve the standards.

**Recent Events**

A common cause of the past three major regional blackouts was violation of NERC’s then Operating Policies and Planning Standards. During July and August 1996, the west coast

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<sup>12</sup> See 16 U.S.C. 824o(d)(5) (2006).

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of the United States experienced two cascading blackouts caused by violations of voluntary Operating Policies.<sup>13</sup> In response to the outages, the Secretary of Energy convened a task force to advise the Department of Energy (DOE) on issues needed to be addressed to maintain the reliability of the Bulk-Power System. In a September 1998 report, the task force recommended, among other things, that federal legislation should grant more explicit authority for FERC to approve and oversee an organization having responsibility for Bulk-Power System Reliability Standards.<sup>14</sup> Further, the task force recommended that such legislation provide for Commission jurisdiction for reliability of the Bulk-Power System and FERC implementation of mandatory, enforceable Reliability Standards.

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.<sup>15</sup>

Congress directed the development of mandatory, Commission-approved, enforceable electricity Reliability Standards. Section 215 of the FPA provides for a system of mandatory, enforceable Reliability Standards. 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. 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.

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 remands if necessary, an inadequate Reliability Standard to ensure that it protects Bulk-Power System reliability, has no undue adverse effect on competition, and can be enforced in a clear and even-handed manner.

The Commission may approve a proposed Reliability Standard if the Commission finds it is just, reasonable, not unduly discriminatory or preferential, and in the public interest.<sup>16</sup> In addition, the Commission explained in Order No. 672 that “uniformity of Reliability Standards should be the goal and the practice, the rule rather than the exception.”<sup>17</sup> Yet, the Commission

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13 The Electric Power Outages in the Western United States, July 2-3, 1996, at 76, and WSCC Disturbance Report, For the Power System outage that Occurred on the Western Interconnection August 10, 1996, at 4.

14 Maintaining Reliability in a Competitive U.S. Electricity Industry, Final report of the Task Force on Electric System Reliability, Secretary of Energy Advisory Board, U.S. Department of Energy (September 1998), at 25-27, 65-67.

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

16 16 U.S.C. § 824o (d)(2).

17 Order No. 672 at P 290.

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recognized that “the goal of greater uniformity does not, however, mean that regional differences cannot exist.”<sup>18</sup> The Commission then provided the following guidance:

As a general matter, we will accept the following two types of regional differences, provided they are otherwise just, reasonable, not unduly discriminatory or preferential, and in the public interest, as required by the statute: (1) a regional difference that is more stringent than the continent-wide Reliability Standard, including a regional difference that addresses matters that the continent-wide Reliability Standard does not; and (2) a regional Reliability Standard that is necessitated by a physical difference in the Bulk-Power System.<sup>19</sup>

### **Western Electricity Coordinating Council (WECC)**

WECC was formed on April 18, 2002, by the merger of Western Systems Coordinating Council (WSCC), Southwest Regional Transmission Association (SWRTA), and Western Regional Transmission Association (WRTA). The formation of WECC was accomplished over a four-year period through the cooperative efforts of WSCC, SWRTA, WRTA, and other regional organizations in the West. WECC's interconnection-wide focus is intended to complement current efforts to form Regional Transmission Organizations (RTO) in various parts of the West.

WECC is responsible for coordinating and promoting electric power system reliability. In addition to promoting a reliable electric power system in the Western Interconnection, WECC supports efficient competitive power markets, assures open and non-discriminatory transmission access among members, provides a forum for resolving transmission access disputes, and provides an environment for coordinating the operating and planning activities of its members as set forth in the WECC Bylaws.

The WECC region encompasses a vast area of nearly 1.8 million square miles. It is the largest and most diverse of the ten regional councils of NERC. WECC's service territory extends from Canada to Mexico. It includes the provinces of Alberta and British Columbia, the northern portion of Baja California, Mexico, and all or portions of the 14 western states in between. Transmission lines span long distances connecting the Pacific Northwest, with its abundant hydroelectric resources, to the arid Southwest, with its large coal-fired and nuclear resources. WECC and nine other regional reliability councils were formed due to national concern regarding the reliability of the interconnected electric power systems, the ability to operate these systems without widespread failures in electric service, and the need to foster the preservation of reliability through a formal organization.

WECC developed a Reliability Management System (RMS) pursuant to which transmission operators in the Western Interconnection agreed by contract to be bound by the WECC reliability criteria and sanctions for non-compliance. According to WECC, the criteria

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<sup>18</sup> *Id.* at 291.

<sup>19</sup> *Id.*

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are recognized by all WECC members but are contractually binding only on members that signed an RMS Agreement.<sup>20</sup>

In general, the WECC regional Reliability Standards do not require responsible entities to file information with the Commission. However, the standards do require responsible entities to file periodic reports with WECC and to develop and maintain certain information for a specified period of time, subject to inspection by WECC.

### **Docket No. RM09-9**

Pursuant to section 215 of the FPA, FERC approved four revised regional Reliability Standards (to replace five currently approved standards) developed by WECC and approved by NERC. The four approved regional Reliability Standards have been designated by WECC as:

- FAC-501-WECC-1 (Transmission Maintenance; to replace PRC-STD-005-1), addressing transmission maintenance for specified transmission paths in the Western Interconnection; available at [http://www.nerc.com/files/FAC-501-WECC-1\\_Final.pdf](http://www.nerc.com/files/FAC-501-WECC-1_Final.pdf);
- PRC-004-WECC-1 (Protection System and Remedial Action Scheme Misoperation; to replace WECC PRC-STD-001-1 and PRC-STD-003-1), addressing the analysis of misoperations that occur on transmission and generation protection systems and remedial action schemes in the Western Interconnection; available at [http://www.nerc.com/files/PRC-004-WECC-1\\_Final.pdf](http://www.nerc.com/files/PRC-004-WECC-1_Final.pdf);
- VAR-002-WECC-1 (Automatic Voltage Regulators; to replace WECC VAR-STD-002a-1), meant to ensure that automatic voltage regulators remain in service on synchronous generators and condensers in the Western Interconnection; available at [http://www.nerc.com/files/VAR-002-WECC-1\\_Final.pdf](http://www.nerc.com/files/VAR-002-WECC-1_Final.pdf); and
- VAR-501-WECC-1 (Power System Stabilizer; to replace WECC VAR-STD-002b-1), meant to ensure that power system stabilizers remain in service on synchronous generators in the Western Interconnection; available at [http://www.nerc.com/files/VAR-501-WECC-1\\_Final.pdf](http://www.nerc.com/files/VAR-501-WECC-1_Final.pdf).

In addition, the Commission approves five new regional definitions applicable within the Western Interconnection.

## **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 of the FPA, the Commission 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 power system by: (1) promoting regional coordination and planning of the interstate grid through regional independent system operators (ISOs) and RTOs; (2) adopting transmission pricing policies that

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<sup>20</sup> See North American Electric Reliability Corporation, Docket No. RR07-11 at page 16.

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provide price signals for the most reliable and efficient operation and expansion of the grid; and (3) providing pricing incentives at the wholesale level for investment in grid improvements and assuring recovery of costs in wholesale transmission rates.

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 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 part of FERC's efforts to promote grid reliability, the Commission created a new Office of Electric Reliability (OER) in 2007. This office oversees the development and review of mandatory Reliability Standards. OER also ensures compliance with the approved mandatory standards by users, owners, and operators of the Bulk-Power System, and maintains a situational awareness monitoring tool to provide wide area visibility of the Bulk-Power System.

On March 25, 2009, NERC submitted a petition in Docket No. RM09-9 to the Commission seeking approval of four WECC regional Reliability Standards. The requirements have been proposed, vetted, and voted on by industry through the ERO stakeholder process. In general, the data are submitted to, and/or made available for audit by, the Compliance Enforcement Authority or WECC, rather than FERC. For proposed Reliability Standard PRC-004-WECC-1, the data are retained for five years plus current year to date. For proposed Reliability Standards FAC-501-WECC-1, VAR-002-WECC-1, and VAR-501-WECC-1, the data are retained for three years plus the current year or since the last audit, whichever is longer.

The final rule in RM09-9 makes only minor changes to the existing reporting requirements associated with these Reliability Standards. Reliability Standard VAR-002-WECC-1 adds transmission operators to the applicable entities. It requires quarterly reporting to the compliance monitor and records maintenance. The reporting requirements are necessary in order to monitor and verify compliance with the Reliability Standards.

If the information collection and reporting requirements were discontinued, the industry would not have the data necessary for ensuring reliability of the western interconnection of the Bulk-Power System.

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

The approved Reliability Standards do not require a responsible entity to report anything to the Commission. However, the Commission supports the use of improved technology and improved processes by responsible entities to reduce the burden of complying with the Reliability Standards reporting 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 burdens are minimized. There are no similar sources of information available that can be used or modified for these reporting requirements. All reliability reporting requirements developed by Regional Entities, Regional Advisory Bodies, and the ERO will be subject to FERC approval.

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

FERC-725E is a filing requirement concerning the implementation of reliability standards by NERC and its responsibilities as well as those of Regional Entities (in this instance, WECC) and Regional Advisory Bodies in the development of Reliability Standards.

In general, while the Commission is mindful of the possible impact on small entities, the Commission is also concerned that Bulk-Power System reliability not be compromised based on an unwillingness of entities, large or small, to incur reasonable expenditures necessary to preserve such reliability. As the Commission explained in Order No. 672:

A proposed Reliability Standard may take into account the size of the entity that must comply with the Reliability Standard and the cost to those entities of implementing the proposed Reliability Standard. However, the ERO should not propose a “lowest common denominator” Reliability Standard that would achieve less than excellence in operating system reliability solely to protect against reasonable expenses for supporting this vital national infrastructure. For example, a small owner or operator of the Bulk-Power System must bear the cost of complying with each Reliability Standard that applies to it.<sup>21</sup>

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<sup>21</sup> Order No. 672 at P 330.

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While the Commission cannot rule on the merits until a specific proposal has been submitted, the Commission believes that reasonable limits on applicability based on size may be an acceptable alternative to lessen the economic impact of a rule on small entities. The Commission emphasizes, however, that any such limits must not weaken Bulk-Power System reliability.

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

The ERO conducts periodic assessments of the reliability and adequacy of the Bulk-Power System in North America and reports 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 report to the Commission 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 was reported less frequently or retained for a shorter period of time, the compliance enforcement authority would be unable to adequately monitor that Reliability Standards were being correctly followed. This inability to provide sufficient oversight could cause instability on the Bulk-Power System.

**7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION**

FERC-725E 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.

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.

For approved Reliability Standard PRC-004-WECC-1, the data are retained for five years plus current year to date. For proposed Reliability Standards FAC-501-WECC-1, VAR-002-WECC-1, and VAR-501-WECC-1, the data are retained for three years plus the current year or since the last audit, whichever is longer. This exceeds the OMB guidelines in 5 CFR 1320.5(d) (2) (iv) which directs that agencies should require the public to retain records for no more than three years. These time periods were found to be necessary, and proposed, by the ERO and industry through their stakeholder process of proposal, vetting, and voting.

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

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The ERO standards stakeholder process provides opportunity for the affected entities to participate in development, review, and voting on proposed Reliability Standards before they are approved and submitted to the Commission for review and approval.

In addition, each Commission rulemaking (i.e., both NOPR and Final Rule) is 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 NOPR was published in the Federal Register on December 22, 2010 and sought for comments. Links to the public comments received in this docket (and posted in FERC's eLibrary system) are provided in OMB's ROCIS system under "Supplementary Documents."

### **Reporting Burden**

In the NOPR, the Commission noted that the revised WECC Reliability Standards do not modify or otherwise affect the burdens related to the collection of information already in place. Thus, the Commission preliminarily concluded that the revised WECC Reliability Standards will neither increase the reporting burden nor impose any additional information collection requirements. Multiple parties filed comments regarding this conclusion. The Comments and Commission response are summarized below.

Melissa Kurtz, USACE NWW, USACE Portland, and USACE Seattle contend that, contrary to the Commission's burden estimate in the NOPR, compliance with VAR-501-WECC-1 will impose an additional burden on entities that must now track when a power system stabilizer is off. These commenters state that the power system stabilizer is largely handled by the generator exciter, which is programmed to activate and deactivate the power system stabilizer depending on generator loading conditions. The commenters explain that the exciter automatically turns the power system stabilizer off when the unit is passing through a rough zone, when the unit is generating less power than its design limit for effective power system stabilizer operation or when the unit is condensing. The commenters contend that VAR-501-WECC-1 will require tracking the status of the power system stabilizer that is turning on and off automatically along with the reason it is turned off. They also explain that a power system stabilizer is a piece of remote equipment that sits on the powerhouse floor and is not conveniently located for observation. Thus, they argue that the required tracking is not reasonable and will not add to system reliability because it uses scarce resources to track the information. Further, the commenters state that tracking this information would require hardware and software modifications by staff. They suggest that evidence of compliance through system settings is more beneficial than micromanaging the results of a machine.

The Bureau of Reclamation states that it has no process to track the minutes that the power system stabilizer is in a bypass condition and to develop such a process, as would be required under Requirement R2 of VAR-501-WECC-1, would be very burdensome. The

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Bureau of Reclamation further comments that tracking such a transient condition does not add to the reliability of the Bulk-Power system. Finally, the Bureau of Reclamation points out that the current regional Reliability Standard does not include a requirement to track and document the time the power system stabilizer controller places the power system stabilizer in bypass condition.

### **Commission Determination**

The Commission finds that VAR-501-WECC-1 does not impose any new reporting requirements. Under Requirement R3.1 of NERC Reliability Standard VAR-002-1.1b a generator operator must notify its transmission operator as soon as practical but no later than 30 minutes after a “status or capability change on any generator Reactive Power resource, including the status of each automatic voltage regulator and power system stabilizer and the expected duration of the change in status or capability.”<sup>22</sup> Thus, generator operators already must monitor and report changes in status of their power system stabilizers.

We believe that the documentation requirement for exempt outages of power system stabilizers under Requirement R2 of VAR-501-WECC-1 is consistent with the existing reporting requirement under Requirement R3.1 of NERC VAR-002-1.1b. If a generator operator must already notify its transmission operator of a change in status of each power system stabilizer, it should not create an added burden to document those changes. Thus, we do not expect implementation of VAR-501-WECC-1 to result in an increased reporting burden to generator operators. If, however, generator operators in the Western Interconnection continue to be concerned about their compliance with either of these Reliability Standards, we believe that such a concern is best addressed through the compliance programs at either WECC or NERC.

### **Other Comments**

A discussion of comments unrelated to the burden estimates is contained in the Final Rule at <http://www.ferc.gov/whats-new/comm-meet/2011/042111/E-9.pdf>.

#### **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**

There is no requirement that information be filed with the Commission. The Commission generally does not consider the data to be confidential. If necessary, information provided with a filing may be submitted with a specific request for confidential treatment to the

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<sup>22</sup> NERC Reliability Standard VAR-002-1.1b, Requirement R3.1.

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extent permitted by law. The request is considered by FERC pursuant to 18 C.F.R. 388.112 and federal guidelines.

**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 four new regional Reliability Standards (FAC-501-WECC-1, PRC-004-WECC-1, VAR-002-WECC-1, and VAR-501-WECC-1) replace existing regional Reliability Standards PRC-STD-001-1, PRC-STD-003-1, PRC-STD-005-1, VAR-STD-002a-1, and VAR-STD-002b-1, which were approved by the Commission in its June 2007 Order.<sup>23</sup> We find that the requirements of these revised regional Reliability Standards may result in minor changes in burden to applicable entities but, overall, these requirements will not substantially add to or increase burden to entities that must already comply with the existing regional Reliability Standards and the corresponding NERC Reliability Standards.

There are, however, two differences with respect to the applicability of the new versus the existing regional Reliability Standards. First, existing regional Reliability Standard WECC PRC-STD-005-1 is applicable to transmission owners or operators that maintain transmission paths indicated in the WECC Transfer Path Table. By contrast, new Reliability Standard FAC-501-WECC-1 is applicable only to transmission owners that maintain transmission paths indicated in the WECC Transfer Path Table. Thus, transmission operators no longer must comply with these regional requirements. Second, existing regional Reliability Standard WECC VAR-STD-002a-1 is applicable only to generator operators of synchronous generators whereas new regional Reliability Standard VAR-002-WECC-1 is applicable to both generator operators and transmission operators of synchronous condensers. Thus, Reliability Standard VAR-002-WECC-1 creates a new burden for transmission operators of synchronous condensers, which we evaluate below.

Our estimate below regarding the number of respondents is based on the WECC compliance registry as of December 2, 2010. According to WECC's compliance registry, as of that date there are 52 transmission operators. As discussed above, new WECC Reliability Standard FAC-501-WECC-1 removes as an applicable entity transmission operators that maintain transmission paths listed in the WECC Transfer Path Table. In addition, new Reliability Standard VAR-002-WECC-1 adds as applicable entities a subset of transmission operators that operate synchronous condensers. Although these requirements apply to a subset of transmission operators, it is unclear which transmission operators should be included and so we base our burden estimate on the total number of transmission operators.

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<sup>23</sup> *North American Electric Reliability Corp.*, 119 FERC ¶ 61,260 (2007) (June 2007 Order).

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Given these parameters, the Commission estimates the savings related with the removal of transmission operators from FAC-501-WECC-1 and the added public reporting burden for transmission operators that must comply with Reliability Standard VAR-002-WECC-1 is as follows:

<b>RM09-9 (as it affects FERC-725E)</b>	<b>No. of Respondents (1)</b>	<b>No. of Annual Responses (2)</b>	<b>Average No. of Hours Per Respondent (3)</b>	<b>Annual Burden Hours (1 X 2 X 3)</b>
Recordkeeping for transmission operators complying with VAR-002-WECC-1	52	4	1	208
Reporting for transmission operators complying with VAR-002-WECC-1	52	4	10	2,080
<i>(requirement removed) Recordkeeping for transmission operators complying with PRC-STD-005-1</i>	52	1	10	<i>(520)- reduction</i>
<b>Net Total Burden, change related to Final Rule in RM09-9</b>				<b>1,768</b>

Existing Inventory for FERC-725E and the effects of RM09-9

<b>FERC-725E</b>	<b>Responses (1)</b>	<b>Recordkeeping Hours per Response (2)</b>	<b>Reporting Hours per Response (3)</b>	<b>Total Hours</b>
Requested Inventory (applying the program change)	478	.951	20.273	10,145

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from the Final Rule)				
Current Inventory	478	1.604	15.921	8,377
Program Change due to RM09-19 Final Rule	0	(.653)	4.352	1,768

**13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

The final rule in RM09-9 has a total net impact on cost of \$240,864. Impacts from individual changes follow:

- Recordkeeping/Reporting/Compliance: 2,080 hours @ \$120/hour = \$249,600
- Recordkeeping: (312 [savings]) hours @ \$28/hour = (\$8,736) (savings)

(The hourly rate figure is a composite figure. For reporting, the Commission has set a rate that combines time for legal, technical and administrative support. With regard to recordkeeping, the hourly rate results from a 2010 staff-led study on the burden of Commission recordkeeping requirements imposed on industry.)

*Including RM09-9-000, the total costs for FERC-725E is \$1,182,824.*

**14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT**

The approved Reliability Standards in the final rule in RM09-9 do not modify or otherwise affect the federal costs related to the collection of information already in place (for the five standards being replaced by the four proposed standards).

The estimate of the cost to the Federal Government for the existing requirements 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 any one particular function or activity.

$$\text{Direct Costs} = \$137,874^{24} \times .26 \text{ FTE} = \$35,847.$$

$$\text{Estimated Average Annual Forms Clearance Review} = \$1,575$$

<sup>24</sup> The Commission has a more current estimate for the FTE salary at FERC but is not using it here in order to be more consistent with the figures reported in the clearance package related to theNOPR.

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Grand total of estimated average annual federal cost (\$35,847 +\$1,575) =\$37,422

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

The four new regional Reliability Standards (FAC-501-WECC-1, PRC-004-WECC-1, VAR-002-WECC-1, and VAR-501-WECC-1) replace existing regional Reliability Standards PRC-STD-001-1, PRC-STD-003-1, PRC-STD-005-1, VAR-STD-002a-1, and VAR-STD-002b-1, which were approved by the Commission in its June 2007 Order.<sup>25</sup> We find that the requirements of these revised regional Reliability Standards may result in minor changes in burden to applicable entities but, overall, these requirements will not substantially add to or increase the burden to entities that must already comply with the existing regional Reliability Standards and the corresponding NERC Reliability Standards.

There are, however, two differences with respect to the applicability of the new versus the existing regional Reliability Standards. First, existing regional Reliability Standard WECC PRC-STD-005-1 is applicable to transmission owners or operators that maintain transmission paths indicated in the WECC Transfer Path Table. By contrast, new Reliability Standard FAC-501-WECC-1 is applicable only to transmission owners that maintain transmission paths indicated in the WECC Transfer Path Table. Thus, transmission operators no longer must comply with these regional requirements. Second, existing regional Reliability Standard WECC VAR-STD-002a-1 is applicable only to generator operators of synchronous generators whereas new regional Reliability Standard VAR-002-WECC-1 is applicable to both generator operators and transmission operators of synchronous condensers. Thus, Reliability Standard VAR-002-WECC-1 creates a new burden for transmission operators of synchronous condensers. This change to the Reliability Standard was deemed necessary by those participating in the standards drafting process in order to maintain reliability of the Bulk-Power System.

**16. TIME SCHEDULE FOR THE PUBLICATION OF DATA**

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 because the information, standards, and requirements are posted on the website of the ERO and WECC (rather than an FERC website, form, or regulations).

The information will not be collected on a standard, preprinted form which would avail itself to that display. Rather selected transmission owners and operators, generator owners and

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<sup>25</sup> June 2007 Order, 119 FERC ¶ 61,260.

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operators, WECC, and the ERO must prepare and submit filings or retain records that reflect unique or specific circumstances related to the Reliability Standards.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

The data collected for this reporting requirement is not used for statistical purposes. Therefore, the Commission does not use as stated in item no. (i) of the certification "effective and efficient statistical survey methodology." The information collected is case specific to the Reliability Standard and situation.

**B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS.**

This is not a collection of information employing statistical methods.