

Supporting Statement for
FERC-725A, Mandatory Reliability Standards for the Bulk-Power System
As proposed in Docket No. RM11-20-000
(A Notice of Proposed Rulemaking (NOPR) issued October 20, 2011)

The Federal Energy Regulatory Commission (Commission or FERC) requests Office of Management and Budget (OMB) review of **FERC-725A, Mandatory Reliability Standards for the Bulk Power System** as contained in the NOPR in Docket No. RM11-20-000 “Automatic Underfrequency Load Shedding and Load Shedding Plans” (available at http://elibrary.ferc.gov/idmws/File_list.asp?document_id=13964378). FERC-725A (Control No. 1902-0244) is an existing Commission data collection, contained in 18 Code of Federal Regulations (CFR), Part 40.¹

In this NOPR the Commission proposes to approve Reliability Standards PRC-006-1 (Automatic Underfrequency Load Shedding) and EOP-003-2 (Load Shedding Plans), developed and submitted to the Commission for approval by the North American Electric Reliability Corporation (NERC), the Electric Reliability Organization (ERO) certified by the Commission. The proposed Reliability Standards establish design and documentation requirements for automatic underfrequency load shedding programs that arrest declining frequency and assist recovery of frequency following system events leading to frequency degradation.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

In the Energy Policy Act of 2005 (EPAAct 2005), Congress entrusted the Commission with a major new responsibility to oversee mandatory, enforceable Reliability Standards for the Nation’s Bulk-Power System (excluding Alaska and Hawaii). This authority is in section 215 of the Federal Power Act (FPA). Section 215 requires the Commission to select an ERO that is responsible for proposing, for Commission review and approval, Reliability Standards or modifications to existing Reliability Standards to help protect and improve the reliability of the Nation’s Bulk-Power System. The Commission has certified NERC as the ERO. The Reliability Standards apply to the users, owners and operators of the Bulk-Power System and become mandatory and enforceable in the United States only after Commission approval. The ERO also is authorized to impose, after notice and opportunity for a hearing, penalties for violations of the Reliability

¹ The collection in this NOPR was not submitted to OMB earlier due to another submission under the same control number that was submitted previously and pending at the time this package should have been submitted.

Standards, subject to Commission review and approval. The ERO may delegate certain responsibilities to Regional Entities, subject to Commission approval.

The Commission may approve proposed Reliability Standards or modifications to previously approved standards if it finds them “just, reasonable, not unduly discriminatory or preferential, and in the public interest.”² The Commission itself does not have authority to modify proposed standards. Rather, if the Commission disapproves of a proposed standard or modification, section 215 requires the Commission to remand it to the ERO for further consideration. The Commission, upon its own motion or upon complaint, may direct the ERO to submit a proposed standard or modification on a specific matter but it does not have the authority to modify or author a standard and must depend upon the ERO to do so.

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. On March 16, 2007, the Commission issued Order No. 693 approving 83 of the 107 Reliability Standards proposed by NERC, including Reliability Standards PRC-007-0, PRC-009-0 and EOP-003-1.³

On March 31, 2011, NERC filed a petition seeking Commission approval of proposed Reliability Standards PRC-006-1 and EOP-003-2 and requesting the concurrent retirement of the currently effective Reliability Standards PRC-007-0, PRC-009-0, and EOP-003-1 and NERC-approved Reliability Standard PRC-006-0.⁴

Under Section 215 of the FPA the Commission proposes to approve Reliability Standards PRC-006-1 and EOP-003-2, and to approve the retirement of the currently effective Reliability Standards PRC-007-0, PRC-009-0, and EOP-003-1, and the NERC-approved Reliability Standard PRC-006-0.

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

² 16 U.S.C. 824o(d)(2).

³ *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh’g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

⁴ NERC Petition at 1. The proposed new Reliability Standards are not attached to the NOPR. They are, however, available on the Commission’s eLibrary document retrieval system in Docket No. RM11-20-000 and are available on the ERO’s website, www.nerc.com. Reliability Standards approved by the Commission are not codified in the CFR.

INFORMATION

Prior to the enactment of section 215 of the Federal Power Act, FERC had acted primarily as an economic regulator of the 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).

The passage of the Energy Policy Act of 2005 added to the Commission's efforts, by giving it the authority to strengthen the reliability of the interstate electric transmission grid through the grant of new authority pursuant to section 215 of the Federal Power Act 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 electric transmission grid reliability, the Commission created the Office of Electric Reliability (OER) in 2007. OER oversees the development and review of mandatory Reliability Standards. OER also oversees 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.

Proposed Reliability Standard PRC-006-1 applies to planning coordinators and underfrequency load shedding entities (UFLS entities).⁵ This standard requires planning coordinators to design and document a UFLS program to arrest declining frequency, assist recovery of frequency following underfrequency events and provide last resort system preservation measures. Planning coordinators must maintain documentation, notify UFLS entities within its area, coordinate with other planning coordinators when necessary, and generally maintain a UFLS program. UFLS entities are required to provide necessary data to the planning coordinators.⁶

Proposed Reliability Standard EOP-003-2 applies to transmission operators and balancing authorities. Under this standard each transmission operator that has or directs the deployment of undervoltage load shedding facilities, shall have and provide upon

⁵ As stated in PRC-006-1: UFLS entities shall mean all entities that are responsible for the ownership, operation, or control of UFLS equipment as required by the UFLS program established by the Planning Coordinators. Such entities may include one or more of the following: Transmission Owners; and Distribution Providers

⁶ See the full list of requirements for PRC-006-1 at <http://www.nerc.com/files/PRC-006-1.pdf>.

request, its automatic load shedding plans. Further, each transmission operator and balancing authority shall have and provide upon request its manual load shedding plans.

Under both standards the information is used to ensure compliance with requirements associated with load shedding plans and programs. Without this information it would be difficult to enforce compliance with the standards. A lack of compliance with these standards may lead to uncontrolled failure of the Interconnection.

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

The proposed Reliability Standards do not require information to be filed with the Commission. However, they do contain reporting and recordkeeping requirements such as creating and maintaining an UFLS program, for which using current technology is an option that may reduce burden compared to not using current technology.

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. The information collection requirements are unique to these Reliability Standards and are not contained in any other collection.

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

These Reliability Standards do not contain provisions for minimizing the burden of the requirements for small entities. All the requirements in the Reliability Standard apply to every applicable entity, be it large or small. However, the Commission does certify that the Reliability Standard will not have a significant economic impact on a substantial number of entities according with the regulatory flexibility threshold analysis contained in the NOPR.

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

As stated in response to #2 above, failure to comply with the information collection requirements may lead to an uncontrolled failure of the Interconnection. Reducing the reporting/record retention frequency may increase the risk of such an uncontrolled failure.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

Much of the documentation required to be maintained must be kept since the last compliance audit for a given entity. Because compliance audits may occur more than 3 years apart, the records may be kept for a period that exceeds OMB guidelines in 5 CFR 1320.5(d)(2)(iv) of not retaining records for longer than three years. The Commission did not prescribe a set data retention period to apply to all Reliability Standards because the circumstance of each Reliability Standard varies. The approved standards and reporting and retention requirements were developed, vetted, and proposed by industry in its standards development process. [See #8 below.]

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

The ERO process to establish Reliability Standards is a collaborative process with the ERO, Regional Entities and others developing and reviewing drafts, and providing comments, with the final proposed standard submitted to the FERC for review and approval.⁷ In addition, each FERC rulemaking (both proposed and final rules) is published in the Federal Register, thereby providing 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 in this proceeding is requesting public comments.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

No payments or gifts have been made to respondents.

⁷ Details of the current ERO standard processes manual are available on the NERC website at http://www.nerc.com/docs/standards/sar/Appendix_3A_Standard_Processes_Manual_20100903_2.pdf.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The Commission generally does not consider the data to be confidential.

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

This Notice of Proposed Rulemaking proposes to approve Reliability Standards PRC-006-1 and EOP-003-2, which would replace currently effective Reliability Standards PRC-007-0, PRC-009-0, EOP-003-1 and NERC-approved Reliability Standard PRC-006-0.⁸ As indicated, Reliability Standard PRC-006-0 was never approved by the Commission, and therefore has never been mandatory and enforceable. On the other hand, Reliability Standards PRC-007-0 and PRC-009-0 were approved by the Commission and are currently mandatory and enforceable. Because Proposed Reliability Standard PRC-006-1 incorporates the requirements from Reliability Standards PRC-006-0, PRC-007-0, and PRC-009-0 some of the existing requirements will become mandatory and enforceable (where previously they were voluntary), while others continue to be mandatory. The following bullets summarize this information:

- PRC-006-0, not approved by Commission, voluntary only
- PRC-007-0 and PRC-009-0, approved by Commission, mandatory and enforceable
- PRC-006-1 incorporates requirements from PRC-006-0, PRC-007-0 and PRC-009-0. The NOPR proposes to approve PRC-006-1.

It is likely that most applicable entities have been complying NERC-approved Reliability Standard PRC-006-0.⁹ However, to properly account for the burden, the Commission

⁸ PRC-006-0 was not approved by the Commission but remained effective as a NERC-approved standard (but not mandatory or enforceable). The other three standards were approved by the Commission. *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

⁹ This statement is made because currently effective Reliability Standards PRC-007-0 and PRC-009-0 required UFLS entities to follow the UFLS program implemented by Reliability

will treat the requirements in PRC-006-0 (requirements that will be part of PRC-006-1) as new to the industry.

The reporting requirements in proposed Reliability Standard EOP-003-2 are virtually identical to those in currently effective Reliability Standard EOP-003-1. The difference is that proposed Reliability Standard EOP-003-2 proposes to eliminate balancing authorities from Requirement R2 and from Measure M1.¹⁰ This requirement and measure deal with establishing and documenting automatic load shedding plans for undervoltage conditions.

Public Reporting Burden: Our estimate below regarding the number of respondents is based on the NERC compliance registry as of 7/29/11. According to the NERC compliance registry, there are 72 planning coordinators and 126 balancing authorities. The individual burden estimates are based on the time needed to gather data, run studies, and analyze study results to design or update the UFLS programs. Additionally, documentation and the review of UFLS program results by supervisors and management is included in the administrative estimations. These are consistent with estimates for similar tasks performed to comply with other Commission approved standards.

The following table shows the burden change to the FERC-725A collection due to the proposed Reliability Standards. As noted above, some requirements from the proposed Reliability Standard are the same as those found in the standards that are proposed to be retired. The table only indicates the newly imposed requirements or modifications to the applicability.

PRC-006-1 (Automatic Underfrequency Load Shedding)¹¹	Number of Respondents Annually (1)	Number of Responses per Respondent (2)	Average Burden Hours Per Response (3)	Total Annual Burden Hours (1)x(2)x(3)
PCs*: Design and document	72	1	120	8,640

Standard PRC-006-0. Therefore, it is likely that entities have already been following the requirements contained in Reliability Standard PRC-006-0.

¹⁰ Balancing authorities are also removed from Requirements R4 and R7, but these do not have reporting requirements associated with them.

¹¹ Proposed Reliability Standard PRC-006-1 applies to both planning coordinators and to UFLS entities. However, the burden associated with the UFLS entities is not new because it was accounted for under Commission approved Reliability Standards PRC-007-0 and PRC-009-0.

Automatic UFLS Program					
PCs: Management Review of Documentation				40	2,880
PCs: Record Retention				16	1,152
Total					12,672
EOP-003-2 (Load Shedding Plans)¹²					
Removal of BAs* from Reporting Requirements in R2 and M1 (Burden Reduction)	126	1	Reporting	-10	-1260
			Record Retention	-1	-126
Total					-1,386
Net Change in Burden					11,286

*PC=Planning Coordinator; BA=Balancing Authority

The following table shows how the currently approved inventory for FERC-725A will be affected by the new reporting/recordkeeping requirements in this Order.

FERC-725A	Responses	Reporting Hours per Response	Recordkeeping Hours per Response	Total Hours
Current Inventory	1,940	842.1724	84.3893	1,797,530
Program Change due to	<i>No change</i>	+5.2887	+0.5289	<i>Reporting: +10,260</i>

¹² Transmission operators also have to comply with Reliability Standard EOP-003-2 but since the applicable reporting requirements (and associated burden) have not changed from the existing standard to the proposed standard these entities are not included here.

agency discretion in NOPR in RM11-20¹³				<i>Recordkeeping:</i> +1,026
Requested Inventory (applying the program change from the NOPR in RM11-20)	1,940	847.4611	84.9182	1,808,816

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The Commission estimates the cost as imposed by the modifications to the Reliability Standards in RM11-20 to be:

Net Additional Annual Hours imposed by the Reliability Standard: (Compliance and Documentation + Recordkeeping) = 11,286 hours.

Total Reporting Cost for Planning Coordinators: = 11,520 hours @ \$120/hour = \$1,382,400.

Total Record Retention Cost for Planning Coordinators: 1,152 hours @ \$28/hour = \$32,256.

Total Reporting and Record Retention Cost Savings for Balancing Authorities: = (1,260 hours @ \$120/hour) + (126 hours @ \$28/hour) = \$154,728.

Net Additional Annual Cost (Reporting + Record Retention)¹⁴: = \$1,382,400 + \$32,256 - \$154,728 = \$1,259,928.

Cost reported in ROCIS = \$126,725. This cost originated in the rulemaking under FERC

¹³ We did not calculate as a separate line in this table the estimated reduction in burden as proposed in the NOPR. The figures here represent the net change.

¹⁴ The hourly reporting cost is based on the cost of an engineer to implement the requirements of the rule. The record retention cost comes from Commission staff research on record retention requirements.

Docket No. RM08-19 (ICR No. 200912-1902-005, approved by OMB 3/12/2009) and represents the cost of storing records offsite.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

EOP-003-2 and PRC-006-1 do not require information to be submitted to the Federal Government, nor does the Commission actively monitor compliance with these Reliability Standards. Thus, the Federal government incurs only the cost of processing this data collection as follows:

Annual Data Collection Cost as contained in this Order: \$1,575

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

The modifications to the Reliability Standard proposed in the NOPR, if adopted, are estimated to result in a net 11,286 hour increase (due to agency discretion) in the burden. The purposes of the proposed Reliability Standards are to establish UFLS programs to preserve reliability on the system and to provide balancing authorities and transmission operators the capability and authority to shed load rather than risk an uncontrolled failure of the Interconnection. The increase in burden is necessary to ensure that this purpose is maintained.

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

There is no data published as a result of this collection.

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. Rather the specified entities must prepare and retain information that reflects unique or specific circumstances related to the Reliability Standard. The information is not submitted to FERC.

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 (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.