FERC-725F, OMB Control No. 1902-0249

Supporting Statement for
FERC-725F, Mandatory Reliability Standard for Nuclear Plant Interface Coordination
(updated 1/31/2012)

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve **FERC-725F, Mandatory Reliability Standard for Nuclear Plant Interface Coordination**, for a three year period. FERC-725F (OMB Control No. 1902-0249) is an existing Commission data collection (filing requirements), as stated by 18 Code of Federal Regulations, Part 40.

Compliance with this Reliability Standard is mandatory and enforceable for the applicable categories of entities identified in the Reliability Standard. These Reliability Standards are approved by the Commission pursuant to its authority under section 215 of the Federal Power Act (FPA), which authorizes the Commission to approve Reliability Standards proposed by the Electric Reliability Organization (ERO) if the Commission determines that it is just and reasonable, not unduly discriminatory or preferential and in the public interest. The NUC-001-2 Reliability Standard is necessary for the reliable operation of the nation's interconnected Bulk-Power System.

Background

On August 8, 2005, the Electricity Modernization Act of 2005, which is Title XII, Subtitle A, of the Energy Policy Act of 2005 (EPAct 2005), was enacted into law.[1] EPAct 2005 added section 215 to the FPA, which requires a Commission-certified ERO 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.[2]

In the aftermath of the 1965 Blackout in the northeast United States, the electric industry established the North American Electric Reliability Council (NERC)[3], a voluntary reliability organization. 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 0" reliability standards that translated the NERC Operating Policies, Planning Standards and compliance requirements into a comprehensible set of measurable standards. While NERC had 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 had recognized the need for mandatory, enforceable reliability standards

1 Energy Policy Act of 2005, Pub. L. No. 109-58, Title XII, Subtitle A, 119 Stat. 594, 941 (2005), 16 U.S.C. 824o.
2 16 U.S.C. 824o(e)(3).
3 On January 1, 2007, NERC became the North American Electric Reliability Corporation and continues to use the same acronym.

and had 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.[4] Pursuant to Order No. 672, the Commission certified one organization, NERC, as the ERO.[5] The Reliability Standards developed by the ERO and approved by the Commission apply to users, owners and operators of the Bulk-Power System, as set forth in each Reliability Standard.

In accordance with section 215(d)(2) of the FPA and § 39.5(c) of the Commission's regulations, the Commission is required to give due weight to the technical expertise of the ERO with respect to the content of a Reliability Standard or to a Regional Entity organized on an Interconnection-wide basis with respect to a proposed Reliability Standard or a proposed modification to a Reliability Standard to be applicable within that Interconnection.[6]

The ERO must file with the Commission each new or modified Reliability Standard that it proposes to be made effective under section 215 of the FPA. The Commission can then approve or remand the Reliability Standard. The Commission also can, among other actions, direct the ERO to modify an approved Reliability Standard to address a specific matter if it considers this appropriate to carry out section 215 of the FPA.[7] Only Reliability Standards approved by the Commission will become mandatory and enforceable.

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 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.

Reliability 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. The Reliability 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 intent of the Standards.

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4 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 (Feb. 17, 2006), FERC Stats. & Regs. ¶ 31,204 (2006), order on reh'g, Order No. 672-A, 71 FR 19814 (Apr. 18, 2006), FERC Stats. & Regs. ¶ 31,212 (2006).

5 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) (Jan. 2007 Compliance Order), appeal docket sub nom. Alcoa, Inc. v. FERC, No. 06-1426 (D.C. Cir. Dec. 29, 2006).

6 16 U.S.C.824o as implemented in 18 CFR 39.5(c)(1).

7 Section 215(d)(5) of the FPA.

Reliability Standard NUC-001

On October 16, 2008, the Commission issued a Final Rule approving NUC-001-1 (Nuclear Plant Interface Coordination) Reliability Standard developed by NERC. In addition, the Commission directed NERC to develop a modification to the Reliability Standard to address a specific concern, Requirement R9.3.5, to clarify the impact of the requirement on two important operating procedures, in response to the comments received. The Final Rule largely accepted the explanations and clarifications provided in the ERO's comments and addressed the positions raised by NERC and the other commenters on the specific issues raised in the NOPR. As proposed in the NOPR, the Final Rule did not take any action on the regional difference, because it applied outside of the United States and was not applicable to any facilities within the Commission's jurisdiction.[8] The Final Rule directed modifications to the violation risk factors for the Reliability Standard. Finally, the Final Rule approved four related definitions for addition to the NERC Glossary of Terms, and directed various changes to proposed violation risk factors, which measure the potential impact of violations of the Reliability Standard on the reliability of the Bulk-Power System.

Revised Reliability Standard, NUC-001-2, was filed with the Commission by NERC in August 2009 and subsequently approved by the Commission on January 21, 2010[9]. The NUC-001-1 Reliability Standard was previously approved by the OMB on March 23, 2009 (ICR Reference Number: 200810-1902-009), OMB Control Number: 1902-0249. When the revised Reliability Standard (NUC-001-2) was approved the Commission did not go to OMB for approval. It is assumed that the changes made did not substantively affect the information collection and therefore a formal submission to OMB was not needed.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

EPAct 2005 added 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.

Recent Events

8 NERC proposes to adopt as a regional difference for Canada a separate definition of nuclear plant licensing requirements that does not reference regulatory requirements for off-site power supply for safe plant shutdown because Canada does not have regulatory standards for off-site power comparable to those established by the U.S. Nuclear Regulatory Commission (NRC).

9 130 FERC ¶ 61,051, RD09-10-000 Order Approving Reliability Standard

A common cause of the past major regional blackouts was violation of NERC's then Operating Policies and Planning Standards. During July and August 1996, the west coast of the United States experienced two cascading blackouts caused by violations of voluntary Operating Policies.[10] 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 reliability standards.[11] 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.[12]

Under the new electric power reliability system enacted by the Congress, the United States no longer relies 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, pursuant to this goal, it must require 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 will carefully review 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.

The Reliability Standards implement the Congressional mandate of EPACT 2005 to develop mandatory and enforceable Reliability Standards to better ensure the reliability of the nation's Bulk-Power System. Specifically, the Nuclear Reliability Standard (NUC-001-2, FERC collection 725F) ensures that system operating limits (SOLs) used in the reliability planning and

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10 The Electric Power Outages in the Western United States, July 2-3, 1996, at 76 (http://www.nerc.com/docs/docs/pubs/doerept.pdf) and WSCC Disturbance Report, For the Power System outage that Occurred on the Western Interconnection August 10, 1996, at 4 (http://www.nerc.com/docs/docs/pubs/AUG10FIN.pdf).

11 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.

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

operation of the Bulk-Power System are coordinated with nuclear licensing requirements to ensure the safe operation and shut down of nuclear power plants.

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

Reliability Standard NUC-001-2 applies to nuclear plant generator operators and transmission entities, including off-site power suppliers and entities that provide distribution and transmission services that affect plant operations. NERC stated that the Reliability Standard meets the criteria that it apply to users, owners and operators of the Bulk-Power System because NUC-001-2 applies to transmission entities that are responsible for providing services relating to Nuclear Plant Interface Requirements (NPIR). According to NERC, these transmission entities can affect the safety and reliability of the nuclear plant and Bulk-Power System, for instance in the case of a distribution service provider that supplies off-site power from a low-voltage, local distribution system. Therefore, these entities are subject to the Reliability Standard Requirements and may be registered under the NERC compliance registry process.

Reliability Standard NUC-001-2 requires nuclear plant generator operators and entities that provide generation, transmission and distribution services relating to off-site power (defined as "transmission entities") to enter into interface agreements with nuclear plant generator operators that will govern certain communication, training, operational and planning elements for use in addressing generation and transmission system limits and nuclear licensing requirements. The Commission understands that most entities subject to this Reliability Standard already have such agreements in place. The responsible entities are also required to retain evidence that they executed such an agreement and incorporated its terms into systems planning and operations. Further, each nuclear plant generator operator and transmission entity must self-certify its compliance to the compliance monitor once every three years.

Reliability Standard NUC-001-2 does not require responsible entities to file information with the Commission. Nor, with the exception of a three year self-certification of compliance, does the Reliability Standard require responsible entities to file information with the ERO or Regional Entities. However, the Reliability Standard does require responsible entities to develop and maintain certain information for a specified period of time, subject to inspection by the ERO or Regional Entities.

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

Reliability Standard NUC-001-2 does not require information to be filed with the Commission. However, it does contain information collection requirements 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. There are no similar sources of information available that can be used or modified for these reporting purposes.

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

This Reliability Standard does not contain provisions for minimizing the burden of the collection for small entities. All the requirements in the Reliability Standard apply to every applicable entity, be it large or small. The universe of users, owners, and operators established this standard through a collaborative process with no special provisions for small entities.

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

The NUC-001-2 Reliability Standard requires the Nuclear Plant Generator Operators and Transmission Entities to which they interconnect to execute and implement interface agreements for coordinating operations to meet nuclear licensing requirements. These agreements must incorporate NPIRs into their operating analyses of the BES and operate the Transmission system to comply with the NPIRs. The lack of these agreements or compliance to these agreements can bring about lack of coordination of operations between a nuclear plant and its transmission entities. This lack of communication between entities can lead to an unanticipated separation from the Bulk Power System (BPS) placing the BPS at risk and defeating the goal of the Commission as mandated by Title XII, Subtitle A, of EPACT 2005.

Periodic revisions and strict compliance to these agreements are the means by which the ERO and Regional Entities ensure the reliability of the BPS and provide an assessment to FERC of the long-term reliability of the BPS to make recommendations as needed.

Therefore, if the NUC-001-2 Reliability Standard required the information collection requirements less frequently or not all, it would be detrimental to the BPS.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

Several of the record keeping requirements in the NUC-001-2 Reliability Standard may require entities to maintain records for a period that exceeds OMB guidelines in 5 CFR 1320.5(d)(2)(iv) of not retaining records for no longer than three years. Specifically, NERC directs responsible entities via the NUC-001-2 Reliability Standard to keep data or evidence to show compliance as identified below unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation:

- For Measure 1, the Nuclear Plant Generator shall keep its latest transmittals and receipts.
- For Measure 2, the Nuclear Plant Generator and each Transmission Entity shall have its current, in-force agreement.
- For Measure 3, the Transmission Entity shall have the latest planning analysis results.

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.[13]

OMB regulations and the Paperwork Reduction Act of 1995 require a 60-day notice in the Federal Register, and otherwise consult with members of the public and affected agencies concerning each proposed collection of information, to solicit comment.

In accordance with 5 CFR 1320.8(d), the FERC-725F information collection Notice of renewal was published in the Federal Register[14] on October 31, 2011. No comments were received in response to this notice.

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.

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13 Details of the ERO standards development process are available on the NERC website at http://www.nerc.com/docs/standards/sc/Standard_Processes_Manual_Approved_May_2010.pdf.

14 76 FR 67158.

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 estimates that the total universe of respondents for this collection is 143 unique entities. This includes 26 unique owners of nuclear facilities and 117 transmission entities that provide services related to NPIRs. FERC also estimated that there are 65 unique nuclear plant sites involved in this collection. In order to estimate the burden the Commission considered two categories: establishing new agreements; and making modifications to existing agreements.
The Commission assumes there may be as many as 10 new agreements established each year. Because applicable entities should already be in compliance with NUC-001-2 (meaning that all nuclear sites should already have agreements in place), new agreements would only come about due to company mergers or new interconnections between nuclear plant sites and other entities. FERC further assumes that each agreement involves one nuclear plant site and an average of two transmission entities.

For modifications to existing agreements, the Commission assumes that each nuclear plant site will be required to make up to two modifications a year to existing agreements. Because the Commission assumes that each agreement involves an average of two transmission entities, the burden for this category also includes two transmission entities per nuclear plant site (or 130 in total). FERC estimates that some of these transmission entities are involved in multiple agreements (as stated above, the number of unique transmission entities is estimated at 117).

The Commission estimates the Public Reporting Burden for this information collection as:

FERC-725F Data Collection	**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)**
New agreements	10 nuclear operators + 20 transmission entities	1	Reporting: 1,080	Reporting: 32,400
			Recordkeeping: 108	Recordkeeping: 3,240
Modifications to agreements	65 nuclear plants + 130 transmission entities	2	Reporting: 66.67	Reporting: 26,000
			Recordkeeping: 6.67	Recordkeeping: 2,600

Total	(see text for discussion)			Reporting: 58,400
				Recordkeeping: 5,840
		Total Number Annual Responses: 420		Total Annual Burden Hours: 64,240

Total Hours: (Reporting 58,400 hours + Recordkeeping 5,840 hours) = 64,240 hours.

FERC-725F Data Collection	**Number of Respondents Annually (1)**	**Number of Responses Per Respondent (2)**	**Average Burden Hours Per Response (3)**	**Total Annual Burden Hours[15] (1)x(2)x(3)**
Current Inventory	364	1	Reporting: 80	Reporting: 29,120
			Recordkeeping: 40	Recordkeeping: 14,560
Change due to Adjustment in Agency Estimate	-221			20,560
Proposed Inventory	143[16]	2.94[17]	Reporting: 138.9	Reporting: 58,400
			Recordkeeping: 13.89	Recordkeeping: 5,840
		Total Number Annual Responses: 420		Total Annual Burden Hours: 64,240

The Commission believes that this estimate is conservative because most, if not all of the applicable entities currently have interface agreements in place to provide for coordination between a nuclear plant generator operator and its local transmission, distribution and off-site power suppliers. Furthermore, multiple plants are located on certain sites, and one entity may operate multiple plants, providing for potential economies in updating, drafting and executing

15 In the "Proposed Inventory" row the number of responses per respondent and the average burden hours per response figures are rounded. This rounding necessitates rounding the total annual burden hour figure as well.

16 There are 143 disparate respondents within this information collection. Of the 143 respondents, a portion of these entities fulfill the role of multiple types of respondents within the information collection resulting in a total of **420 responses**.

17 The Commission calculates the number of responses using an average of responses within the information collection (420 total responses [390 modifications to agreements + 30 new agreements]/143 disparate respondents). The requirement for some entities to fulfill the role of multiple types of respondents within this collection necessitates this calculation.

the interface agreements.

The changes in the number of respondents and number of responses per respondent reflect a more detailed breakdown and description of the entities, their roles, and the types of responses involved.

The Commission sought comment on its burden estimate but no comments were received.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Information Collection Costs: The Commission projects the average annualized cost to be:

- 58,400 Reporting hours x $120/hour[18] = $7,008,000.
- 5,840 Recordkeeping hours x $28/hour[19] = $163,520
- the record storage cost: 143 entities x $15.25/year/entity[20] = $2,181 (rounded)

Total costs = $7,173,701.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

	No. of Employees (FTE's)	Estimated Annual Federal Cost in ($) based on a cost per FTE of $142,372
Forms Clearance		$1,575
FERC total		$1,575

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

The Commission bases the estimate for the burden on recent experience and the actual number of filings made under FERC-725F over the past 36 months. The burden estimate of this collection is 20,560 hours higher than the previously approved burden. Although the requirements of the information collection have not changed, the Commission has revised its estimation of the information collection requirements, causing an increase in the total burden. The revised burden estimate more accurately reflects the entities involved and the work required to comply with the information collection requirements.

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

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

18 The $120/hour figure is a combined average of legal, technical and administrative staff.
19 The $28/hour figure is based on a FERC staff study that included estimating public utility recordkeeping costs.
20 This is based on the estimated cost to service and store 1 GB of data (based on the aggregated cost of an IBM advanced data protection server).

17. DISPLAY OF THE EXPIRATION DATE

It is not appropriate to display the expiration date for OMB approval of the information collected.

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) of the certification statement, "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.