Supporting Statement for
**FERC-725K, Mandatory Reliability Standards for the SERC Region**
in Docket No. RM12-9-000,
Final Rule (Order 772) issued December 20, 2012

The Federal Energy Regulatory Commission (Commission or FERC) requests Office of Management and Budget (OMB) review of **FERC-725K, Mandatory Reliability Standards for the SERC Region** as contained in the Final Rule in Docket No. RM12-9-000 "Regional Reliability Standard PRC-006-SERC-01—Automatic Underfrequency Load Shedding Requirements" (available at http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13137984).[1] FERC-725K is a new Commission collection, contained in 18 Code of Federal Regulations (CFR), Part 40.

In this Final Rule, the Commission approves regional Reliability Standard PRC-006-SERC-01 (Automatic Underfrequency Load Shedding (UFLS) Requirements) submitted to the Commission for approval by the North American Electric Reliability Corporation (NERC). Regional Reliability Standard, PRC-006-SERC-01[2], is designed to ensure that automatic underfrequency load shedding protection schemes designed by planning coordinators and implemented by applicable distribution providers and transmission owners in the SERC Reliability Corporation (SERC) Region are coordinated to effectively mitigate the consequences of an underfrequency event. The Commission also approves the related violation risk factors, with one modification, and violation severity levels, implementation plan, and effective date proposed by NERC.

## A. Justification

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

Section 215 of the Federal Power Act (FPA) requires a Commission-certified Electric Reliability Organization (ERO) to develop mandatory and enforceable Reliability

[1] OMB assigned the Control No. 1902-0260 in its 'comment filed on proposed rule' issued 10/30/2012 (in ICR 201207-1902-009) for the NOPR in RM12-9.

The FERC-725K is new and is not implemented until FERC's approval of this final rule in RM12-9 and the issuance of OMB's decision on this associated clearance package.

[2] The draft standard is available on the NERC website at http://www.nerc.com/files/PRC-006-SERC-01.pdf.

Standards, which are subject to Commission review and approval. Once approved, the Reliability Standards may be enforced by NERC, subject to Commission oversight, or by the Commission independently.[3]

Reliability Standards that NERC proposes to the Commission may include Reliability Standards that are proposed by a Regional Entity to be effective in that region.[4] In Order No. 672, the Commission noted that:

> 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 under 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.

When NERC 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, NERC must rebuttably presume that the regional Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest.[5] In turn, the Commission must give "due weight" to the technical expertise of NERC and of a Regional Entity organized on an interconnection-wide basis.[6]

On April 19, 2007, the Commission accepted delegation agreements between NERC and each of the eight Regional Entities.[7] In the order, the Commission accepted SERC as a Regional Entity organized on less than an interconnection-wide basis. As a Regional Entity, SERC oversees Bulk-Power System reliability within the SERC Region, which covers a geographic area of approximately 560,000 square miles in a sixteen-state area in the southeastern and central United States (all of Missouri, Alabama, Tennessee, North Carolina, South Carolina, Georgia, Mississippi, and portions of Iowa, Illinois, Kentucky,

[3] *See* 16 U.S.C. § 824o(e) (2006).

[4] 16 U.S.C. § 824o(e)(4). A Regional Entity is an entity that has been approved by the Commission to enforce Reliability Standards under delegated authority from the ERO. *See* 16 U.S.C. § 824o(a)(7) and (e)(4).

[5] 16 U.S.C. § 824o(d)(3).

[6] *Id.* § 824o(d)(2).

[7] *North American Electric Reliability Corp.*, 119 FERC ¶ 61,060 (2007).

Virginia, Oklahoma, Arkansas, Louisiana, Texas and Florida). The SERC Region is currently geographically divided into five subregions that are identified as Southeastern, Central, VACAR, Delta, and Gateway.

## 2. HOW, BY WHOM, AND FOR WHAT PURPOSE THE INFORMATION IS TO BE USED AND THE CONSEQUENCES OF NOT COLLECTING THE 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.[8] 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.

NERC stated the proposed regional Reliability Standard PRC-006-SERC-01 was developed to be consistent with the NERC UFLS Reliability Standard PRC-006-1.[9] Regional Reliability Standard PRC-006-SERC-01 is designed to ensure that automatic UFLS protection schemes designed by planning coordinators and implemented by applicable distribution providers and transmission owners in the SERC Region are coordinated to effectively mitigate the consequences of an underfrequency event. The proposed regional Reliability Standard PRC-006-SERC-01 adds specificity not contained

[8] More information on OER's responsibilities is available at http://www.ferc.gov/about/offices/oer.asp.

[9] *See Automatic Underfrequency Load Shedding and Load Shedding Plans Reliability Standards*, Order No. 763, 139 FERC ¶ 61,098 (May 7, 2012) (approving Reliability Standards PRC-006-1 (Automatic Underfrequency Load Shedding) and EOP-003-2 (Load Shedding Plans)).

in the NERC UFLS Reliability Standard for UFLS schemes in the SERC Region and effectively mitigates, in conjunction with Reliability Standard PRC-006-1, the consequences of an underfrequency event while accommodating differences in system transmission and distribution topology among SERC planning coordinators resulting from historical design criteria, makeup of load demands, and generation resources.

Under the regional Reliability Standard, the information is used to ensure compliance with requirements associated with underfrequency load shedding plans. Without this information, it would be difficult to enforce compliance with the regional standard. A lack of compliance with this regional standard 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 regional Reliability Standard does not require information to be filed with the Commission. However, it does 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. OMB recently approved the information collection requirements in national Reliability Standard PRC-006-1.[10] The information requirements in this regional Reliability Standard do not replace the requirements in the national Reliability Standard but instead apply an additional level of work to be done by the respondents in the SERC Region. The additional requirements in the regional Reliability Standard are unique and the Commission does not know of any other source for similar information.

5. **METHODS USED TO MINIMIZE BURDEN IN COLLECTION OF**

[10] On 7/9/2012, OMB issued its decision on this standard (part of Order 763 in Docket RM11-20). The reporting requirements were included in FERC-725A (OMB Control No. 1902-0244), ICR 201204-1902-001.

**INFORMATION INVOLVING SMALL ENTITIES**

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

## 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 regional standard and reporting and record retention requirements were developed, vetted, and proposed by industry in the ERO's 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.[11] In addition, each FERC rulemaking (both proposed and final rules) is published in the Federal Register, thereby providing public utilities and licensees, state

[11] Details of the current ERO standard processes manual are available on the NERC website at http://www.nerc.com/files/Appendix_3A_StandardsProcessesManual_20120131.pdf .

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 (posted at http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13030604) requested public comments. In response to the NOPR, comments were filed by NERC and three interested entities regarding the Commission's interpretation of Requirement R6, aspects of Requirement R2 that were not addressed in the NOPR, and the proposed modification to the violation risk factor associated with Requirement R6.[12] The Commission received comments on specific requirements in the regional Reliability Standard, which we address in the final rule. However, the Commission did not receive any comments on our reporting burden estimates.

The comments are available in FERC's eLibrary system by searching on Docket RM12-9. Responses to all of the public comments are included in the Final Rule.

## 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 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. ESTIMATES OF THE HOUR BURDEN OF COLLECTION OF INFORMATION

This Final Rule approves regional Reliability Standard PRC-006-SERC-01. This was the first time NERC has requested Commission approval of this regional Reliability

[12] Comments were received from Dominion Resources Services, Inc. (Dominion), on behalf of Virginia Electric and Power Company d/b/a Dominion Virginia Power, Dominion Energy Kewaunee, Inc., Dominion Nuclear Connecticut, Inc. Dominion Energy Brayton Point, LLC, Dominion Energy Manchester Street, Inc., Elwood Energy, LLC, Kincaid Generation, LLC and Fairless Energy, LLC; Midwest Independent Transmission System Operator, Inc. (MISO); and SERC. Dominion and SERC also filed reply comments.

Standard. NERC stated in its petition that UFLS requirements had been in place at a continent-wide level and within SERC for many years prior to implementation of the Commission-approved Reliability Standards in 2007. Because the UFLS requirements have been in place prior to the development of PRC-006-SERC-01, the regional Reliability Standard is largely associated with requirements the applicable entities are already following.[13] The regional Reliability Standard, PRC-006-SERC-01, is designed to ensure that automatic UFLS protection schemes designed by planning coordinators and implemented by applicable distribution providers and transmission owners in the SERC Region are coordinated so they may effectively mitigate the consequences of an underfrequency event. The regional Reliability Standard is only applicable to generator owners, planning coordinators, and UFLS entities in the SERC Region. The term "UFLS entities" means all entities that are responsible for the ownership, operation, or control of automatic UFLS equipment as required by the UFLS program established by the planning coordinators. Such entities may include distribution providers and transmission owners. The reporting requirements in regional Reliability Standard PRC-006-SERC-01 only pertain to entities within the SERC Region.

Our estimate below regarding the number of respondents is based on the NERC compliance registry as of May 29, 2012. According to the NERC compliance registry, there are 21 planning coordinators and 104 generator owners within the SERC Region. The individual burden estimates are based on the time needed for planning coordinators to incrementally gather data, run studies, and analyze study results to design or update the UFLS programs that are required in the regional Reliability Standard in addition to the requirements of the NERC Reliability Standard PRC-006-1.[14] Additionally, generator owners must provide a detailed set of data and documentation to SERC within 30 days of a request to facilitate post event analysis of frequency disturbances. These burden estimates are consistent with estimates for similar tasks in other Commission-approved Reliability Standards.

| PRC-006-SERC-01 (Automatic Underfrequency Load Shedding | Number of Respondents Annually | Number of Responses per | Average Burden Hours Per | Total Annual Burden |
|---|---|---|---|---|

[13] *See* 5 C.F.R. § 1320.3(b)(2) ("The time, effort, and financial resources necessary to comply with a collection of information that would be incurred by persons in the normal course of their activities (e.g., in compiling and maintaining business records) will be excluded from the 'burden' if the agency demonstrates that the reporting, recordkeeping, or disclosure activities needed to comply are usual and customary.").

[14] The burden estimates for nation-wide Reliability Standard PRC-006-1 are included in Order No. 763 (which OMB approved 7/9/2012, in FERC-725A, ICR 201204-1902-001) and are not repeated here.

| Requirements)[15] | (1) | Respondent (2) | Response (3) | Hours (1)x(2)x(3) |
|---|---|---|---|---|
| PCs*: Design and document Automatic UFLS Program | 21 | 1 | 8 | 168 |
| PCs: Provide Documentation and Data to SERC | | | 16 | 336 |
| GOs*: Provide Documentation and Data to SERC | 104 | 1 | 16 | 1,664 |
| GOs: Record Retention | | | 4 | 416 |
| **Total** | | | | 2,584 |
| | | | | |

*PC=planning coordinator; GO=generator owner

Total Annual Hours for Collection: (Compliance/Documentation) = 2,584 hours.
Total Reporting Cost for planning coordinators: 504 hours @ $120/hour = $60,480.
Total Reporting Cost for generator owners: 1,664 hours @ $120/hour = $199,680.
Total Record Retention Cost for generator owners: 416 hours @ $28/hour = $11,648.
Total Annual Cost (Reporting + Record Retention)[16]: $60,480 + $199,680 +$11,648 = $271,808.

## 13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS (NOT INCLUDING COSTS IN ITEMS 12 OR 14)

There are no capital or start-up costs associated with this collection. There are also no costs associated with operation and maintenance and purchase of services.

## 14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

[15] Regional Reliability Standard PRC-006-SERC-01 applies to planning coordinators, UFLS entities and generator owners. However, the burden associated with the UFLS entities is not new because it was accounted for under Commission-approved nation-wide Reliability Standard PRC-006-1, which OMB approved 7/9/2012 (in FERC-725A, in ICR 201204-1902-001).

[16] 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.

Reliability Standard PRC-006-SERC-01 does not require information to be submitted to the Federal Government. Thus, the Federal Government incurs only the cost of processing this data collection according to PRA/OMB requirements as follows:

Annualized Data Clearance Cost[17] as contained in this rule: $1,588

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

As stated in the response to #12 above, this is the first time NERC has requested Commission approval of this regional Reliability Standard. NERC stated in its petition that UFLS requirements had been in place at a continent-wide level and within SERC for many years prior to implementation of the Commission-approved Reliability Standards in 2007. Because the UFLS requirements have been in place prior to the development of PRC-006-SERC-01, the regional Reliability Standard is largely associated with requirements the applicable entities are already following.

## 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 regional 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 the regional Reliability Standard.

[17] For the data clearance cost, the Commission bases this cost upon an average of 24 hours per clearance.