

FERC-516A, OMB Control No. 1902-0203
NOPR in RM13-2, Issued January 17, 2013
RIN: 1902-AE53

**SUPPORTING STATEMENT FOR
FERC-516A "Standardization of Small Generator Interconnection
Agreements and Procedures"**

The Federal Energy Regulatory Commission (Commission) requests that the Office of Management and Budget (OMB) review and extend its approval of FERC-516A "Standardization of Small Generator Interconnection Agreements and Procedures" for a three year period. FERC-516A is an existing collection and the Commission proposes changes in a Notice of Proposed Rulemaking (NOPR) in Docket RM13-2.

As discussed more fully in items 5 and 12 of this supporting statement, the Commission proposes a net increase to the burden, due to the changes contemplated in the NOPR in RM13-2. However, the Commission anticipates that some of the proposals in the rule may lead to burden reduction or avoidance. The Commission is unsure of the extent of any burden reductions or avoidance resulting from the proposals and has asked for comment in the NOPR.¹ Only the burden increases are quantified in this submittal.

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

Under sections 205 and 206 of the Federal Power Act (FPA)² the Commission is charged with ensuring just and reasonable electric transmission rates and charges as well as ensuring that jurisdictional providers do not subject any person to any undue prejudice or disadvantage.

The lack of consistent and readily accessible terms and conditions for connecting resources to the grid led to a large number of disputes between jurisdictional transmission providers and small generators³ in the late 1990s and early 2000s. In response, the Commission directed transmission providers to include Commission-approved, standard, pro-forma interconnection procedures (small generator interconnection procedures or SGIP) and a single uniformly applicable interconnection agreement (small generator interconnection agreement or SGIA) in their open-access transmission tariffs (OATTs). The requirement to

¹ See item 12 of this supporting statement for further discussion on this point.

² 16 U.S.C. § 824d and 824e.

³ "Small generators" are generating facilities having a capacity of no more than 20 megawatts (MW).

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create and file these documents was instituted August 12, 2005, by Commission Order 2006⁴ and is codified in 18 CFR 35.28(f). This collection is necessary because it sets and maintains a standard in OATTs for consistent consideration and processing of interconnection requests by transmission providers.

Since the issuance of Order No. 2006, many aspects of the energy industry have changed, including the growth of small generator interconnection requests⁵ and the growth in solar photovoltaic (PV) installations, driven in part by state renewable energy goals and policies. For example, when Order No. 2006 was issued in 2005, only 79 MW of grid-connected PV were installed.⁶ By 2011, grid-connected PV had reached approximately 4,000 MW.⁷ The Commission believes these market changes necessitate a reevaluation of the SGIP and SGIA to ensure that they continue to facilitate Commission-jurisdictional interconnections in a just and reasonable and not unduly discriminatory or preferential manner.

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

The requirement of jurisdictional transmission service providers to include pro forma interconnection procedures and a standard interconnection agreement within their OATTs made it no longer necessary for small generators and transmission providers to draft these documents on an interconnection-by-interconnection basis. Instead, these standard documents are used by jurisdictional transmission providers and small generators. Because

⁴ Standardization of Small Generation Interconnection Agreements and Procedures, Order No. 2006, 70 FR 34189 (May 12, 2005), FERC Stats. & Regs. ¶31,180 (2005).

⁵ See, e.g., *Cal. Indep. Sys. Operator Corp.*, 133 FERC ¶ 61,223, at P 3 (2010) (stating that an increasing volume of small generator Interconnection Requests had created inefficiencies); *Pacific Gas & Elec. Co.*, 135 FERC ¶ 61,094, at P 4 (2011) (stating that increased small generator Interconnection Requests resulted in a backlog of 170 requests over three years); *PJM Interconnection, LLC*, 139 FERC ¶ 61,079, at P 12 (2012) (stating that smaller projects comprised 66 percent of recent queue volume).

⁶ See Nat'l Renewable Energy Lab, *Updating Small Generator Interconnection Procedures for New Market Conditions* 7 (Dec. 2012), <http://www.nrel.gov/docs/fy13osti/56790.pdf>.

⁷ *Id.* at 8.

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most, if not all aspects of the interconnection are already set out in these documents, the activity occurs more easily and consistently.

If this information were not required to be included in transmission provider OATTs, the jurisdictional providers and small generators would revert to the lengthy process of drafting these documents on an individual interconnection basis. The resulting undue burden and inefficiency would hamper business and require more FERC resources to process. Disputes between transmission providers and small generators would increase.

The additional estimated public reporting burden for the proposed reporting requirements of the Proposed Rule are associated with amending the *pro forma* SGIP and SGIA to: (1) incorporate provisions that would provide an Interconnection Customer with the option of requesting from the Transmission Provider a pre-application report providing existing information about system conditions at a possible Point of Interconnection; (2) revise the supplemental review following failure of the Fast Track screens so that the supplemental review is performed at the discretion of the Interconnection Customer and includes minimum load and other screens to determine if a Small Generating Facility may be interconnected safely and reliably; and (3) revise the *pro forma* SGIP Facilities Study Agreement to allow the Interconnection Customer the opportunity to provide written comments to the Transmission Provider on the upgrades required for interconnection.

The Commission believes the market changes described in #1 above necessitate a reevaluation of the SGIP and SGIA to ensure that they continue to facilitate Commission-jurisdictional interconnections in a just and reasonable and not unduly discriminatory or preferential manner.

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

The required interconnection documents have been in OATTs since 2005 when the Commission first put the requirements in place. All transmission providers include their *pro forma* small generator interconnection information as part of their eTariff baseline filings. All these documents and related procedures are electronically available via FERC's eTariff system.

The NOPR in RM13-2 will require transmission providers to file tariff revisions.

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Transmission providers must file these revisions electronically, using the Commission's eTariff system.⁸

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

The collection is specific to interstate electric transmission tariffs regulated by the Commission. Current staff involvement with the tariffs and regulated entities has not resulted in locating any similar sources of information that could be used or modified in connecting small generators to the grid.

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

This collection was instituted in August 2005 to reduce existing burden on small entities, namely the small generator requiring new transmission interconnection. Prior to beginning this collection, small generators would follow case-by-case interconnection procedures for each interconnection they sought. They would have to draft and submit customized applications to transmission providers.

Small generator and jurisdictional transmission providers have benefitted from the availability of the easy access to standard documents on the Internet through the Commission's eTariff system. Transmission providers have benefitted because they no longer need to negotiate and process small generator interconnection requests on a case-by-case basis. Typical information needed for interconnection from each small generator seeking interconnection is asked for uniformly.

The Commission anticipates aspects of the NOPR in RM13-2 may reduce some burden on small entities,⁹ specifically due to the proposed changes in the threshold for interconnection customers, allowing a greater number of small generator facilities to be evaluated under the fast track process. Two other proposed changes may also reduce burden on small entities.

⁸ See <http://www.ferc.gov/docs-filing/etariff.asp> for more information on eTariff.

⁹ As shown in items 12 and 15 of this supporting statement, the Commission estimates a net increase in burden for the respondent universe. However, *some* small entities may see a decrease in burden, as discussed.

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First, the Commission proposes to revise section 2.3.2 of the *pro forma* SGIP so that the Transmission Provider is no longer required to provide a good faith estimate of the cost of performing the supplemental review to the Interconnection Customer. Second, the Commission proposes to revise section 1.1.1 of the *pro forma* SGIP to require that if an Interconnection Customer wishes to interconnect its Small Generating Facility using Network Resource Interconnection Service, it must do so under the Large Generator Interconnection Procedures and execute the Large Generator Interconnection Agreement.¹⁰ This addition to the *pro forma* SGIP should prevent Interconnection Customers from following the SGIP where not appropriate, thereby avoiding unnecessary work.

The Commission is unsure of the extent of any burden reductions or avoidance resulting from these proposals and has asked for comment in the NOPR.¹¹ Only the burden increases are quantified in this submittal.

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

In general, after an initial baseline filing is made in eTariff by the jurisdictional transmission provider, the collection only requires the filing of nonconforming agreements and updated procedures on an as-needed basis. It is not possible to require this filing less frequently because the filings occur only as necessary so the transmission provider's OATT is up-to-date and accurate.

In the NOPR the Commission proposes to require each public utility transmission provider to submit a compliance filing within six months of the effective date of the Final Rule in this proceeding revising its SGIP and SGIA or other document(s) subject to the Commission's jurisdiction as necessary to demonstrate that it meets the requirements set forth in the Proposed Rule. As this is a one-time filing, it cannot be done less frequently. Other information collection aspects of the FERC-516A and this NOPR are done when an Interconnection Customer seeks interconnection and not on any prescribed schedule.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE

¹⁰ The information collection elements associated with Large Generator Interconnection Procedures and Agreements are part of FERC-516 (OMB Control No. 1902-0096). This change to the SGIP should not materially affect the existing burden for the FERC-516.

¹¹ See item 12 of this supporting statement for further discussion on this point.

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INFORMATION COLLECTION

The FERC-516A is a filing that is part of the OATT and as such does not necessitate the display of an OMB control number as it could not be updated as renewals occur.

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

Each FERC rulemaking is published in the FEDERAL REGISTER, thereby providing any interested party the opportunity to submit data, views, comments or suggestions on the proposals affecting the FERC-516A information collection requirements. The proposed rule is attached to this submittal package.¹²

On February 16, 2012, pursuant to sections 205 and 206 of the FPA and Rule 207 of the Commission's Rules of Practice and Procedures,¹³ and noting that the Commission encouraged stakeholders to submit proposed revisions to the regulations set forth in Order No. 2006,¹⁴ the Solar Energy Industries Association (SEIA) filed a Petition to Initiate Rulemaking (Petition) requesting that the Commission revise the *pro forma* SGIA and SGIP set forth in Order No. 2006. SEIA asserts that the *pro forma* SGIP and SGIA as applied to small solar generation are no longer just and reasonable, have become unduly discriminatory, and present unreasonable barriers to market entry.¹⁵ SEIA notes that its Petition applies exclusively to solar electric generation due to its unique characteristics.¹⁶

¹² Comments from industry referenced below can be found by searching under Docket Number RM13-2 in the Commission's eLibrary system (<http://www.ferc.gov/docs-filing/elibrary.asp>)

¹³ 18 CFR 385.207 (2012).

¹⁴ SEIA Petition at 4 (citing Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 118).

¹⁵ SEIA Petition at 12.

¹⁶ *Id.* at 4 (explaining that solar generation occurs only during daylight hours when peak load typically occurs, and solar photovoltaic technology utilizes inverters with built-in functions that protect the safety and reliability of the electric system).

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On February 28, 2012, the Commission issued a Notice of Petition for Rulemaking in Docket No. RM12-10-000, seeking public comment on SEIA's Petition. The Commission received twenty-three timely comments, two protests, two out-of-time comments, and four answers and reply comments.¹⁷

On June 13, 2012, the Commission issued a Notice of Technical Conference in Docket No. RM12-10-000 and in Docket No. AD12-17-000. On July 17, 2012, the Commission convened a technical conference at its headquarters. The Commission received nine post-technical conference comments, including clarifying comments from SEIA.

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 FERC-516A information submitted to the Commission is public and therefore is not considered confidential. Specific requests for confidential treatment to the extent permitted by law will be considered pursuant to 18 CFR 388.112.

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE

There are no questions of a sensitive nature.

12. ESTIMATED BURDEN OF THE COLLECTION OF INFORMATION

The current information collection burden for the FERC-516A is based on the Commission's previous experience with the collection.

¹⁷ See Appendix A to the NOPR (part of this clearance package): List of Short Names of Commenters on the SEIA Petition (Docket No. RM12-10-000) and the Technical Conference (Docket No. AD12-17-000).

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Prior to Order No. 2006 (May 2005) many generators seeking interconnection had to navigate a complex, and time consuming process in order to finalize an interconnection agreement.¹⁸ Before Order No. 2006, the Commission had encouraged, but not required, transmission providers to develop standard interconnection agreement and specific criteria, procedures, milestones, and timelines for evaluating applications for interconnection. The process for obtaining an interconnection process prior to Order No. 2006 was not part of any Commission information collection, because it was not FERC sponsored. Order No. 2006 removed much of the complexity and time burden entities were experiencing using the existing industry process. The net result was that Order No. 2006 adopted a collection that was already occurring in industry and simplified it for the respondents. The only ongoing pieces of the collection that were not part of the industry process before Order 2006 are maintenance of documents and filing non-conforming agreements.

The following table shows the current burden for the FERC-516A:

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)
238 (maintenance of documents)	1	1	238 hours
40 (filing of non-conforming agreements)	1	25	1,000 hours
278 Total Respondents			
Total			1,238 hours

The Commission proposes in the NOPR several requirements that would modify the existing burden. The following table shows the *additional* burden contemplated in the NOPR in RM13-2:

¹⁸ Standardization of Small Generation Interconnection Agreements and Procedures, Order No. 2006, 70 FR 34189 (May 12, 2005), FERC Stats. & Regs. ¶31,180 (2005).

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Data Collection FERC 516A	Number of Respondents [1]	Number of Responses¹⁹ per Respondent [2]	Hours per Response [3]	Total Annual Hours [1 X 2 X 3]	Voluntary or Mandatory Requirement
Conforming SGIP and SGIA changes to incorporate proposed revisions. First year only. (18 CFR 35.28(f) (2012))	142 Transmission Providers	1	6	852	Out of the 142 total respondents, it is mandatory for 134 public transmission providers; Voluntary for 8 non-public transmission providers
Pre-Application Report (18 CFR 35.28(f) (2012))	800 Interconnection Customers ²⁰	1	0.5	400	Voluntary
	142 Transmission Providers	5.63	2	1600	Mandatory
Supplemental Review (18 CFR 35.28(f) (2012))	500 Interconnection Customers	1	0.5	250	Voluntary
	142 Transmission Providers	3.52	20	10,000	Mandatory

¹⁹ The number of responses represents the average number of responses per respondent.

²⁰ We assume each request for a pre-application report corresponds with one Interconnection Customer.

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Review of Required Upgrades (18 CFR 35.28(f) (2012))		250 Interconnection Customers	1	1	250	Voluntary
		142 Transmission Providers	1.76	2	500	Mandatory
Totals	First Year²¹				13,852	
	Year Two and Ongoing				13,000	

Cost to Comply with the NOPR additions: The Commission has projected the cost of compliance to be \$817,268 in the initial year and \$767,000 in subsequent years.

Total Annual Hours for Collection in initial year (13,852 hours) @ \$59/hour²² = \$817,268.

Total Annual Hours for Collection in subsequent years (13,000 hours) @ \$59/hour = \$767,000.

Voluntary, Mandatory and One-Time Requirements: For OMB's online submittal system (ROCIS), for the NOPR in RM13-2, we are dividing the additional burden (described above) from the proposed rule into four information collections (ICs):

1. One-time mandatory burden on public transmission providers for making conforming SGIA and SGIP changes (134 entities * 6 hrs = 804 hrs).
2. One-time voluntary burden for non-public transmission providers for making the conforming SGIA and SGIP changes (8 entities * 6 hrs = 48 hrs).
3. Ongoing mandatory burden for all transmission providers for the pre-application report (1,600 hrs), supplemental review (10,000 hrs), and review of required upgrades (500 hrs) (total of 12,100 hrs).
4. Ongoing voluntary burden for interconnection customers for the pre-application

²¹ The Commission is submitting the total first year cost to OMB. After the first year implementation period, the Commission intends to request a removal of the first year only burden from this collection.

²² This figure is the average of the salary plus benefits for an attorney, consultant (engineer), engineer, and administrative staff. The wages are derived from the Bureau of Labor and Statistics at http://bls.gov/oes/current/naics3_221000.htm and the benefits figure from <http://www.bls.gov/news.release/ecec.nr0.htm>.

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report (400 hrs), supplemental review (250 hrs), and review of required upgrades (250 hrs) (total of 900 hrs).

Possible Burden Reduction Resulting from the Rulemaking

As noted in item 5 of this supporting statement, there are several proposed changes that may serve to reduce burden on entities:

1. First, the Commission anticipates that the proposed revision of the 2 MW threshold for participation in the Fast Track Process will result in a net decrease in the public reporting burden because some Small Generating Facilities will be evaluated under the Fast Track Process rather than the Study Process. The Commission estimates that 100 Interconnection Customers annually may be able to participate in the Fast Track Process rather than the Study Process under the proposed rule.
2. Second, the Commission proposes to revise section 2.3.2 of the *pro forma* SGIP so that the Transmission Provider is no longer required to provide a good faith estimate of the cost of performing the supplemental review to the Interconnection Customer. The Commission believes that this may result in a reduction in burden for the Transmission Provider.
3. Third, the Commission proposes to revise section 1.1.1 of the *pro forma* SGIP to require that if an Interconnection Customer wishes to interconnect its Small Generating Facility using Network Resource Interconnection Service, it must do so under the LGIP and execute the Large Generator Interconnection Agreement. While this addition to the *pro forma* SGIP should prevent Interconnection Customers from following the SGIP where not appropriate, thereby reducing the amount of work, the Commission is unsure if it will lead to any substantive burden reduction.

The Commission is unsure of the exact effect of the above proposed measures and has asked for comment in the NOPR in RM13-2. None of these potential burden reducing measures have been included in the burden estimate at this stage of the rulemaking process. The Commission anticipates, after receiving comment, to include each one, as appropriate, in the burden estimate for the final rule.

13. ESTIMATE OF TOTAL ANNUAL COST OF BURDEN TO RESPONDENTS

The Commission considers all the costs to be associated with the burden hours and captured in item 12.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

	Number of Employees (FTEs)	Estimated Annual Federal Cost ²³
PRA Administration Cost ²⁴	-	\$2,250
FTE	1.5	\$218,727
FERC Total	-	\$220,927

We assume 1 FTE to process and analyze the baseline filings associated with this collection. We assume that the conforming tariff filing made by the transmission providers in response to the rule will require 0.5 FTE (approximately 8 hours per filing).

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

There is an estimated increase to the burden resulting from the changes in the NOPR. The following table summarizes the burden change.

FERC-516A	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	3,520	238	40	3,242
Annual Time Burden (Hr)	15,090	1,238	-	13,852
Annual Cost Burden (\$)	0	0	-	-

The burden is increasing due to the addition of the pre-application report, the revision to the supplemental review, and the addition of the review of required upgrades in the SGIP. The proposed pre-application report would require the transmission provider to provide existing information about system conditions at a possible point of interconnection to the interconnection customer. The proposed supplemental review includes minimum load and

²³ Based on 2013 cost per FTE of \$145,818.

²⁴ The PRA Administration Cost is based on the Commission's estimated staff time and resources to comply with the requirements of the PRA.

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other screens to be performed by the transmission provider at the discretion of the interconnection customer to determine if a small generator may be interconnected safely and reliably after failing the screens in section 2.2.1 of the SGIP. The proposed revisions to the SGIA would allow the interconnection customer the opportunity to provide written comments to the transmission provider on the upgrades required for interconnection.

FERC is also adjusting the number of responses for the existing burden for the FERC-516A from 238 to 278. FERC staff found in the most recent renewal cycle of this collection that the number of respondents had been input incorrectly. There was no error to the total existing burden hours.

16. TIME SCHEDULE FOR INFORMATION COLLECTION AND PUBLICATION

The Commission does not publish any results from this collection.

17. DISPLAY OF EXPIRATION DATE

It is not appropriate to display the expiration date for OMB approval of the information collected. This is a submission to the Commission that is part of the transmission provider's OATT and maintenance of that submission by the transmission provider.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

The information collected for this reporting requirement is not used for statistical purposes. Therefore, the Commission does not employ effective and efficient statistical survey methodology as is noted on the certification statement.