

FERC-725N (OMB Control No.: To be determined) **(UPDATED: 7/10/2013)**
Docket Nos. RM12-1-000 & RM13-9-000, Supplemental Notice of Proposed Rulemaking issued
May 16, 2013
RIN: 1902-AE68

Supporting Statement

FERC-725N, Mandatory Reliability Standards: Reliability Standard TPL-001-4
Supplemental Notice of Proposed Rulemaking in RM12-1-000 & RM13-9-000¹
“Transmission Planning Reliability Standards”
Reliability Standard TPL-001-4

In Dockets RM12-1 and RM13-9 in the Supplemental Notice of Proposed Rulemaking, the Federal Energy Regulatory Commission (Commission or FERC) proposes to approve Reliability Standard TPL-001-4. The new consolidated Reliability Standard TPL-001-4 does not impose entirely new burden. Much of the work had to be done under prior Reliability Standards TPL-001-0 through TPL-004-0. The net average annual burden change due to this Supplemental Notice of Proposed Rulemaking is 15,471 hours.

The underlying information collection requirements in the Reliability Standards (TPL-001-0 through TPL-004-0) are approved by OMB under FERC-725A (OMB Control No.1902-0244).

We are submitting this proposed rule under a new collection number and control number because of other rulemakings also affecting the FERC-725A collection. This new collection (FERC-725N) will only contain the information collection requirements that are part of the proposed rule in RM12-1/RM13-9.¹

On February 28, 2013, NERC submitted proposed Reliability Standard TPL-001-4 (Version 4) in response to the Commission’s remand in Order No. 762² and concerns identified in the Commission’s NOPR issued in Docket No. RM12-1-000.³ NERC states that modified footnote 12 provides specific parameters for the permissible use of planned non-consequential load loss to address bulk electric system performance issues, including: (1) firm limitations on the maximum

¹ Note that in the Supplemental Notice of Proposed Rulemaking, the associated collection is listed as FERC-725A (OMB Control No. 1902-0244). However it is being submitted under new FERC-725N instead in order to be able to submit the RM12-1 and RM13-9 materials to OMB for PRA review while other FERC-725A items are pending OMB review or planned for submittal.

In addition, the standards being superseded (and the associated burdens) are included in FERC-725A. If and when a final rule in RM12-1 and RM13-9 is issued, the burden associated with the existing standards being superseded will be removed from FERC-725A, as appropriate, so it is not double counted.

² Order 762 was issued 4/19/2012 in Docket RM11-18 and is available at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12953208>.

³ The original NOPR issued on 4/19/2012 in Docket RM12-1 is posted at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12953218>.

Reliability Standard TPL-001-4 is not attached to the Supplemental NOPR, issued 5/16/2013, and available in Supplementary Documents in ROCIS and at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13260175>. The complete text of Reliability Standard TPL-001-4 is available on the Commission’s eLibrary document retrieval system in Docket No. RM13-9-000 and is posted on the ERO’s web site, *available at*: <http://www.nerc.com>.

amount of load that an entity may plan to shed, (2) safeguards to ensure against inconsistent results and arbitrary determinations that allow for the planned non-consequential load loss, and (3) a more specifically defined, open and transparent, verifiable, and enforceable stakeholder process.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

On August 8, 2005, The Electricity Modernization Act of 2005, which is Title XII of the Energy Policy Act of 2005 (EPAAct 2005), was enacted into law.⁴ EPAAct 2005 added a new section 215 to the Federal Power Act (FPA), which requires a Commission-certified Electric Reliability Organization (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.

On March 16, 2007, in Order No. 693, pursuant to section 215(d) of the FPA, the Commission approved 83 of 107 proposed Reliability Standards, six of the eight proposed regional differences, and the North American Electric Reliability Corporation (NERC) *Glossary of Terms Used in Reliability Standards* (NERC Glossary), including Version 0 TPL Reliability Standards.⁵ Further, pursuant to FPA section 215(d)(5), the Commission directed NERC to develop modifications to TPL-001-0 through TPL-004-0 through the Reliability Standards development process. In Order No. 693 the Commission indicated that the planning-related Reliability Standard could be improved to better account for probable contingencies when conducting planning studies. Further in that Order, FERC said that much of its proposal was consistent with the potential improvements NERC had already recognized.⁶

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

The proposed Reliability Standard TPL-001-4, if adopted, would implement the Congressional mandate of the Energy Policy Act of 2005 to develop mandatory and enforceable Reliability Standards to better ensure the reliability of the nation's Bulk-Power System. Specifically, the proposal would ensure that planning coordinators and transmission planners establish transmission system planning performance requirements within the planning horizon to develop a bulk electric system that will operate reliably and meet specified performance requirements over a broad spectrum of system conditions to meet present and future system needs.

⁴ The Energy Policy Act of 2005, Pub. L. No 109-58, Title XII, Subtitle A, 119 Stat. 594, 941 (2005), codified at 16 U.S.C. 824o (2000).

⁵ *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242 at PP 1840, 1845, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007). The currently-effective versions of the TPL Reliability Standards are as follows: TPL-001-0.1, TPL-002-0b, TPL-003-0a, and TPL-004-0.

⁶ *Id.* at P 431

The Commission estimates that the proposed Reliability Standard TPL-001-4 affects 183 transmission planners and planning coordinators. Consistent with the standard's purpose, the standard requires entities to:

- Identify joint responsibilities and system modeling enhancements
- Perform new assessments, simulations, studies, and modeling enhancements, along with the associated documentation
- Follow a stakeholder process

The information generated relates to assessments, simulations, studies, enhancements and working with stakeholders. This information is an integral part of transmission planning. The transmission planners and planning coordinators need the generated information in order to know if they will have enough transmission capacity to support load.

The transmission planners and planning coordinators also use the information to show auditors that they are complying with the Reliability Standard requirements. Generally, entities are scheduled for compliance audits every three years.

If this standard and the associated information collection requirements did not exist there would be a reliability gap in the transmission planning, leading the system to potentially operate in a more unreliable condition than otherwise.

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

The use of current or improved technology is not covered in Reliability Standards, and is therefore left to the discretion of each reporting entity.

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 information collection requirements are unique to this reliability standard and to this information collection. The Commission does not know of any duplication in the requirements.

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

Small entities may see a small increase in burden due to the revised requirements in the proposed Reliability Standard.

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In general, small entities may reduce their burden by taking part in a joint registration organization or a coordinated functional registration. These options allow an entity to share its compliance burden with other entities.

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

If this standard and the associated information collection requirements did not exist or were performed less frequently, the reduction or elimination of transmission system planning would likely lead to lower system reliability, such as frequent transmission system outages and loss of load.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are some special circumstances as described in 5 CFR 1320.5(d)(2) related to this information collection.

Depending on the timing and details of a particular audit or investigation, some entities may have to retain information for longer than three years. Generally, entities are scheduled for compliance audits every three years, and therefore retain documentation for three years. However, the time since the last audit may exceed three years, in which case the entity would retain the documentation necessary to show compliance with the standards since the last audit.

For example, in the revised Reliability Standard TPL-001-4, the Transmission Planner and Planning Coordinator shall each retain data or evidence to show compliance as identified unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation:

- The Planning Assessments performed since the last compliance audit in accordance with Requirement R2 and Measure M2. The studies performed in support of its Planning Assessments since the last compliance audit in accordance with Requirement R3 and Measure M3.
- The studies performed in support of its Planning Assessments since the last compliance audit in accordance with Requirement R4 and Measure M4.

The Planning Coordinator shall retain data or evidence to show compliance as identified unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation:

- Three calendar years of the notifications employed in accordance with Requirement R8 and Measure M8.

If a Transmission Planner or Planning Coordinator is found non-compliant, it shall keep information related to the non-compliance until found compliant or the time periods specified above, whichever is longer.⁷

These special circumstances are necessary for reliability purposes.

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

The ERO process to establish Reliability Standards is a collaborative process with the ERO, Regional Entities and other stakeholders developing and reviewing drafts, and providing comments, with the final proposed standard submitted to the FERC for review and approval.⁸ 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 proposed rule was published in the Federal Register on May 23, 2013 (78 FR 30804).

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

The Commission does not make payments or provide gifts for respondents related to this collection.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

There are no specific assurances of confidentiality mentioned to respondents.

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

This collection does not include any questions of a sensitive nature.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The Commission proposes to approve Reliability Standard TPL-001-4 and retire four currently-effective TPL Reliability Standards, TPL-001 through TPL-004.¹ In Order No. 693, the Commission directed NERC to develop modifications to TPL-001-0 through TPL-004-0 through NERC's Reliability Standards development process. Rather than creating entirely new TPL requirements, the revised Reliability Standard TPL-001-4 consolidates and improves the overall quality of the currently-effective TPL Reliability Standards governing transmission system

⁷ For a full list of the data retention requirements see Page 17 of the TPL-001-4 Reliability Standard.

⁸ Details of the current ERO Reliability Standard processes are available on the NERC website at <http://www.nerc.com/pa/Stand/Resources/Documents/Appendix3AStandardsProcessesManual.pdf>

planning of the bulk electric system. Thus, this proposed rulemaking does not impose entirely new burdens on the effected entities. For example, the currently-effective and revised TPL Reliability Standards both require that transmission planners and planning coordinators prepare annual planning assessments for near-term and long-term planning horizons and evaluate system performance for various categories of contingencies ranging from normal operations through extreme events.

The proposed Reliability Standard TPL-001-4 includes several new obligations for transmission planners and planning coordinators. For example, they must identify joint responsibilities and conduct system modeling enhancements as required by Reliability Standard TPL-001-4, Requirements R1 and R7. Proposed Reliability Standard TPL-001-4 also includes the footnote 12 stakeholder process. Based on the results of NERC's data request (NERC Petition, Exhibit F), there have been approximately 80 instances of planned non-consequential load loss under the currently-effective TPL Reliability Standards. The vast majority of these indicate a plan to mitigate the planned non-consequential load loss within a 5 year period, and approximately 75 percent of the approximately 80 instances have planned non-consequential load loss less than 25 MW. The Commission does not expect the instances of planned non-consequential load loss to materially change from the existing number. Therefore, the Commission estimates 16 annual uses (80 instances divided by a 5 year period) of Attachment 1, with 12 of those instances (approximately 75 percent of the estimated annual total) using sections I and II of Attachment 1, and 4 instances using sections I, II and III of Attachment 1 of Reliability Standard TPL-001-4.

The burden and cost estimates below are based on reporting and recordkeeping burden imposed by the proposed Reliability Standards. Our estimates are based on the NERC Compliance Registry as of February 28, 2013, which indicates that NERC has registered 183 transmission planners and planning coordinators.

Improved Requirement⁹	Year	Number and Type of Entity¹⁰ (1)	Number of Annual Responses Per Entity (2)	Average Number of Paperwork Hours per Response (3)	Total Burden Hours (1)*(2)*(3)
Identification of Joint Responsibilities and System Modeling	Year 1	183 Transmission Planners and Planning Coordinators	1 response	9 (5 engineer hours and 4 record keeping hours)	1,647

⁹ Each requirement identifies a reliability improvement by proposed Reliability Standard TPL-001-4.

¹⁰ NERC registered transmission planners and planning coordinators responsible for the improved requirement. Further, if a single entity is registered as both a transmission planner and planning coordinator, that entity is counted as one unique entity.

Enhancements¹¹	Year 2 and Year 3	183 Transmission Planners and Planning Coordinators	1 response	5 (3 engineer hours and 2 record keeping hours)	915
New Assessments, Simulations, Studies, Modeling Enhancements and associated Documentation¹²	Year 2	183 Transmission Planners and Planning Coordinators	1 response	145 (84 engineer hours, 61 record keeping hours)	26,535
	Year 3	183 Transmission Planners and Planning Coordinators	1 response	84 (45 engineer hours, 39 record keeping hours)	15,372
Attachment 1 stakeholder process	Year 3	1 Transmission Planner and Planning Coordinator ¹³	12 responses to Attachment 1, sections I and II	63 (40 engineer hours, 17 record keeping hours, 6 legal hours)	756
	Year 3	1 Transmission Planner and Planning Coordinator ¹⁴	4 responses to Attachment 1, Sections I, II, and III	68 (40 engineer hours, 20 record keeping hours, 8 legal hours)	272
Total Year 1					1,647
Total Year 2					27,450
Total Year 3					17,315
Average Annual Total over Years					15,471

11 The Commission estimates a reduction in burden hours from year 1 to year 2 because year 1 represents a portion of one-time tasks not repeated in subsequent years.

12 The Commission estimates a reduction in burden hours from year 2 to year 3 because year 2 represents a portion of one-time tasks not repeated in subsequent years.

13 The Commission does not know how many respondents will utilize this process. We do estimate that the process will be used 12 times over the course of the year. For this reason we left the number of respondents at “1”. We may modify this presentation at the final rule stage.

14 *Ibid.*

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Costs to Comply with Paperwork Requirements:

- Year 1: **\$77,592.**
- Year 2: **\$1,312,659.**
- Year 3 and ongoing: **\$820,149.**

Year 1 costs include the implementation of those improved requirements that become effective on the first day of the first calendar quarter, 12 months after applicable regulatory approval, which include requirements such as coordination between entities and incremental system modeling enhancements. Year 2 costs include a portion of year 1 reoccurring costs plus the implementation of the remaining improved requirements that become effective on the first day of the first calendar quarter, 24 months after applicable regulatory approval, which include requirements such as sensitivity studies for steady state and stability analysis, implementation of a spare equipment strategy, short circuit studies, an expansion of contingencies and extreme events, and all associated system modeling enhancements and documentation. Year 3 costs include a portion of year 2 reoccurring costs plus an estimated cost for Attachment 1 stakeholder process, if needed.

For the burden categories above, the loaded (salary plus benefits) costs are: \$60/hour for an engineer; \$31/hour for recordkeeping; and \$128/hour for legal.¹⁵ The estimated breakdown of annual cost is as follows:

- **Year 1**
 - **Identification of Joint Responsibilities and System Modeling Enhancements:**
 $183 \text{ entities} * [(5 \text{ hours/response} * \$60/\text{hour}) + (4 \text{ hours/response} * \$31/\text{hour})] = \$77,592.$
- **Year 2**
 - **Identification of Joint Responsibilities and System Modeling Enhancements:**
 $183 \text{ entities} * [(3 \text{ hours/response} * \$60/\text{hour}) + (2 \text{ hours/response} * \$31/\text{hour})] = \$44,286.$
 - **New Assessments, Simulations, Studies, Modeling Enhancements and associated Documentation:** $183 \text{ entities} * [(84 \text{ hours/response} * \$60/\text{hour}) + (61 \text{ hours/response} * \$31/\text{hour})] = \$1,268,373.$
- **Year 3**
 - **Identification of Joint Responsibilities and System Modeling Enhancements:**
 $183 \text{ entities} * [(3 \text{ hours/response} * \$60/\text{hour}) + (2 \text{ hours/response} * \$31/\text{hour})] = \$44,286.$

¹⁵ Labor rates from Bureau of Labor Statistics (BLS) (http://bls.gov/oes/current/naics2_22.htm). Loaded costs are BLS rates divided by 0.703 (in order to include benefits) and rounded to the nearest dollar (<http://www.bls.gov/news.release/ecec.nr0.htm>).

- o **New Assessments, Simulations, Studies, Modeling Enhancements and associated Documentation:** 183 entities * [(45 hours/response * \$60/hour) + (39 hours/response * \$31/hour)] = \$715,347.
- o **Implementation of footnote 12 and the stakeholder process:** {12 responses * [(40 hours/response * \$60/hour) + (17 hours/response * \$31/hour) + (6 hours/response * \$128/hour)]} + {4 responses * [(40 hours/response * \$60/hr) + (20 hours/response * \$31/hour) + (8 hours/response * \$128/hour)]} = \$60,516.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no start-up or other non-labor hour cost associated with this final rule. We assume that the information collection requirements associated with this final rule can be completed by entities using existing hardware and software.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The Regional Entities and NERC do most of the data processing, monitoring and compliance work for Reliability Standards. Any involvement by the Commission is covered under the FERC-725 collection (1902-0225) and is not part of this request or package.

The Commission does incur the costs associated with obtaining OMB clearance under the Paperwork Reduction Act for this Collection. FERC estimates \$2,250 as the annual cost for this effort.¹⁶

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

The change in burden is the result of the consolidated TPL-001 Reliability Standard. If this standard and the associated information collection requirements did not exist, there would be a reliability gap in the transmission planning, leading the system to potentially operate in a more unreliable condition.

The following table shows burden inventory for the new FERC-725N because of the proposed rule.

FERC-725N	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of	183	-	-	183

¹⁶ This is based on an estimate of work done by the Information Clearance team and other FERC staff as well as a small non-labor cost related to publishing material in the Federal Register.

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Responses				
Annual Time Burden (Hr)	15,471	-	-	15,471
Annual Cost Burden (\$)	-	-	-	-

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no data publications as part of this collection

17. DISPLAY OF EXPIRATION DATE

It is not appropriate to display the expiration date because the information is not collected on a preformatted form or in any format that would allow for such a display.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

The Commission does not use statistical methods for this collection. Therefore the Commission does not certify that the collection uses statistical methods.