

FERC-516A, OMB Control No. 1902-0203
Final Rule in RM13-2, Issued November 21, 2013
RIN: 1902-AE53

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

The Federal Energy Regulatory Commission (Commission or FERC) 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 is revising it in a final rule in Docket Number RM13-2.

As discussed more fully in items 5 and 12 of this supporting statement, the Commission's actions in the final rule lead to a net increase in the burden.

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

Under sections 205 and 206 of the Federal Power Act (FPA)¹ 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 generators² 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 create and file these documents was instituted August 12, 2005, by Commission Order No. 2006³ and is codified in 18 CFR 35.28(f). This collection is necessary because it sets and

¹ 16 U.S.C. § 824d and 824e.

² "Small generators" are generating facilities having a capacity of no more than 20 megawatts (MW).

³ 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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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 requests⁴ and the growth in solar photovoltaic (PV) installations, driven in part by state renewable energy goals and policies. For example, approximately 3,300 MW of grid-connected PV capacity were installed in the U.S. in 2012,⁵ compared to 79 MW in 2005, the year Order No. 2006 was issued.⁶ 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 most, if not all aspects of the interconnection are standardized in these documents, the activity occurs more easily and consistently.

⁴ 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).

⁵ Sherwood, Larry, U.S. Solar Market Trends 2012 at 4, *available at* <http://www.irecusa.org/wp-content/uploads/2013/07/Solar-Report-Final-July-2013-1.pdf>.

⁶ U.S. Solar Market Insight Report, 2012 Year in Review, Executive Summary Table 2.1, *available at* <http://www.seia.org/research-resources/us-solar-market-insight-2012-year-in-review>.

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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 modified reporting requirements in the final 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 changes in 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 Open Access Transmission Tariffs (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 final rule in RM13-2 requires transmission providers to file tariff revisions. Transmission providers must file these revisions electronically, using the Commission's eTariff system.⁷

⁷ See <http://www.ferc.gov/docs-filing/etariff.asp> for more information on eTariff.

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 effort 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.

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 final rule the Commission requires each public utility transmission provider to submit

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a compliance filing within six months of the effective date of the final rule 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 rule. As this is a one-time filing, it cannot be done less frequently. Other information collection aspects of the FERC-516A and this final are done when an Interconnection Customer seeks interconnection and not on any prescribed schedule.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances related as described in 5 CFR 1320.5 as part of this collection.

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.

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,⁸ and noting that the Commission encouraged stakeholders to submit proposed revisions to the regulations set forth in Order No. 2006,⁹ 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.¹⁰ SEIA notes that its Petition applies exclusively to solar electric generation due to its unique characteristics.¹¹

⁸ 18 CFR 385.207 (2012).

⁹ SEIA Petition at 4 (citing Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 118).

¹⁰ SEIA Petition at 12.

¹¹ *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

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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.¹²

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.

On January 17, 2013, the Commission issued a proposed rule, seeking comment on the proposed revisions to the SGIA and SGIP. Due to the technical nature of the proposed reforms, Commission staff held a workshop on March 27, 2013, at which stakeholders discussed possible refinements to the NOPR proposals. Comments on the NOPR as well as comments generated by the workshop were due June 3, 2013. The Commission received thirty-three timely comments, four comments out of time and two reply comments out of time.¹³

After issuance of the Proposed Rule, some stakeholders formed a stakeholder working group to develop revisions to the NOPR proposals.¹⁴ The stakeholder working group came to agreement on certain revisions to the proposals for the pre-application report and the threshold for participation in the Fast Track Process. NRECA, EEI and APPA, IREC, SEIA, and NREL submitted stakeholder working group proposed revisions with their comments.

The Commission summarizes and responds to comments in paragraphs 15 through 276 of the final rule (part of this submission package).

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

functions that protect the safety and reliability of the electric system).

12 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).

13 See the NOPR at Appendix A, List of Short Names of Commenters on the Notice of Proposed Rulemaking.

14 The stakeholder working group included EEI, NRECA, APPA, IREC, SEIA, NREL, and other stakeholders.

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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.

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.¹⁵ Before Order No. 2006, the Commission had encouraged, but not required, transmission providers to develop standard interconnection agreements 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 No. 2006 are maintenance of documents and filing non-conforming agreements.

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

¹⁵ 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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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 cost associated with the above 1,238 hours is \$86,660 ($\$70/\text{hour}^{16} * 1,238 \text{ hours} = \$86,660$).

The Commission did not receive any comments specifically addressing the burden estimates provided in the NOPR. However, the Commission has made changes to its proposal that are adopted in this Final Rule, which change the burden as compared to the NOPR. First, the number of conforming changes to the SGIP and SGIA have increased (*e.g.*, changes related to the interconnection of storage facilities and the pre-application report request form), so we have increased the burden estimate in the table below. Second, the addition of the pre-application report request form may increase the burden on Interconnection Customers requesting a pre-application report, so we have increased the burden estimate in the table. Third, we added two items to the pre-application report, so we have increased the burden estimate for Transmission Providers to prepare the pre-application report in the table below.

The following table shows the *additional* burden we estimate due to the final rule in RM13-2:

¹⁶ Based on 2013 average wage plus benefits per FERC employee. FERC assumes that industry respondents for this collection receive similar wage/benefits as FERC employees.

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Data Collection FERC 516A (Changes under 18 CFR 35.28.(f))		Number of Respondents [1]	Number of Responses¹⁷ [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.		142 Transmission Providers	1	7	994	For 134 respondents it is Mandatory; for the remainder is Voluntary.
Pre-Application Report	800 Interconnection Customers ¹⁸	1	1	800	Voluntary	
	142 Transmission Providers	5.63	2.5	1,999	Mandatory	
Supplemental Review	500 Interconnection Customers	1	0.5	250	Voluntary	
	142 Transmission Providers	3.52	20	9,997	Mandatory	
Review of Required Upgrades	250 Interconnection Customers	1	1	250	Voluntary	
	142 Transmission Providers	1.76	2	500	Mandatory	
Totals	First Year				14,790	
	Year Two and Ongoing				13,796	

Cost to Comply with the final rule additions: The Commission has projected the cost of compliance to be \$1,109,250 in the initial year and \$1,034,700 in subsequent years.

¹⁷ The number of responses represents the average number of responses per respondent.

¹⁸ We assume each request for a pre-application report corresponds with one Interconnection Customer.

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Total annual hours for collection in initial year (14,790 hours) @ \$75/hour¹⁹ = \$1,109,250.

Total annual hours for collection in subsequent years (13,796 hours) @ \$75/hour = \$1,034,700.

Voluntary, Mandatory and One-Time Requirements: For OMB’s online submittal system (ROCIS), for the final rule in RM13-2, we are splitting 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 * 7 hrs = 938 hrs).
2. One-time voluntary burden for non-public transmission providers for making the conforming SGIA and SGIP changes (8 entities * 7 hrs = 56 hrs).
3. Ongoing mandatory burden for all transmission providers for the pre-application report (1,999 hrs), supplemental review (9,997 hrs), and review of required upgrades (500 hrs) (total of 12,496 hrs).
4. Ongoing voluntary burden for interconnection customers for the pre-application report (800 hrs), supplemental review (250 hrs), and review of required upgrades (250 hrs) (total of 1,300 hrs).

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 ²⁰
PRA Administration Cost ²¹	-	\$2,250

¹⁹ 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>.

²⁰ Based on 2013 cost per FTE of \$145,818.

FTE	1.5 ²²	\$218,727
FERC Total	-	\$220,977

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

The following table summarizes the burden changes resulting from the final rule.

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)	16,028	1,238	-	14,790
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 pre-application report requires the transmission provider to provide existing information about system conditions at a possible point of interconnection to the interconnection customer. The revised supplemental review includes minimum load and 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 revisions to the SGIP allow the interconnection customer the opportunity to provide written comments to the transmission provider on the upgrades required for interconnection.

²¹ The PRA Administration Cost is based on the Commission's estimated staff time and resources to comply with the requirements of the PRA.

²² 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).

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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.