FERC-725T (OMB Control No.: to be determined)
Order in Docket No. RD13-12 (Issued 1/16/2014)
Updated: 6/2/2014

Supporting Statement

FERC-725T, Mandatory Reliability Standards for the Bulk-Power System: TRE Reliability Standards

The Federal Energy Regulatory Commission (Commission or FERC) requests Office of Management and Budget (OMB) review of **FERC-725T, Mandatory Reliability Standards for the Bulk-Power System: TRE Reliability Standards** as contained in the Order in Docket No. RD13-12-000. FERC-725T is contained in 18 Code of Federal Regulations (CFR), Part 40.

The RD13-12 Order approves regional Reliability Standard BAL-001-TRE-01 – Primary Frequency Response in the ERCOT region. NERC's petition states that the purpose of proposed regional Reliability Standard BAL-001-TRE-01 is to maintain Electric Reliability Council of Texas (ERCOT) Interconnection steady-state frequency within defined limits by balancing real-power demand and supply in real-time. This reliability goal is accomplished by requiring prompt and sufficient frequency response from resources to stabilize frequency during changes in the system generation-demand balance.[1]

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

On August 8, 2005, the Electricity Modernization Act of 2005, which is Title XII, Subtitle A, of the Energy Policy Act of 2005 (EPAct 2005), was enacted into law.[2] EPAct 2005 adds a new Section 215 to the 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, an ERO would enforce the Reliability Standards either subject to Commission oversight or by the Commission independently.[3]

On February 3, 2006, the Commission issued Order No. 672, implementing section 215 of the FPA.[4] Pursuant to Order No. 672, the Commission certified one organization, NERC, as the ERO.[5] The ERO is required to develop Reliability Standards, which are subject to Commission

1 NERC Petition at 10.

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

3 16 USC 824o(e)(3) (2012).

4 Rules Concerning Certification of the Electric Reliability Organization; Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards, Order No. 672, 71 FR 8662 (February 17, 2006), FERC Stats. & Regs. ¶ 31,204 (2006), order on reh'g, Order No. 672-A, 71 FR 19814 (April 18, 2006), FERC Stats. & Regs. ¶ 31,212 (2006).

5 North American Electric Reliability Corp., 116 FERC ¶ 61,062 (ERO Certification Order), order on reh'g & compliance, 117 FERC ¶ 61,126 (ERO Rehearing Order) (2006), order on compliance,

review and approval.[6] The Reliability Standards applies to users, owners and operators of the Bulk-Power System, as set forth in each Reliability Standard.

Section 215(d)(2) of the FPA and the Commission's regulations provide that the Commission may approve a proposed Reliability Standard if it determines that the proposal is just, reasonable, not unduly discriminatory or preferential, and in the public interest. The Commission specified in Order No. 672 certain general factors it would consider when assessing whether a particular Reliability Standard is just and reasonable.[7] According to this guidance, a Reliability Standard must provide for the Reliable Operation of Bulk-Power System facilities and may impose a requirement on any user, owner or operator of such facilities. It must be designed to achieve a specified reliability goal and must contain a technically sound means to achieve this goal. The Reliability Standard should be clear and unambiguous regarding what is required and who is required to comply.

On September 18, 2013, NERC and the Texas RE filed a joint petition (Petition) seeking approval of regional Reliability Standard BAL-001-TRE-01 (Primary Frequency Response), implementation plan, and the associated violation risk factors and violation severity levels. The Petition states that regional Reliability Standard BAL-001-TRE-01 complies with the Commission's directive in Order No. 693. The Petition further states that, while the regional Reliability Standard requires individual generators to provide frequency response, it does not restrict the balancing authority from obtaining frequency response from other sources to meet the Interconnection's required level of performance.[8]

NERC asserts that regional Reliability Standard BAL-001-TRE-01 improves upon ERCOT's existing practices for frequency response, is necessitated by physical differences in the ERCOT system and represents an alternative, more stringent means of ensuring frequency response performance than the continent-wide NERC Reliability Standard.[9]

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

118 FERC ¶ 61,030 (2007) (January 2007 Compliance Order).

6 Section 215(a)(3) of the FPA defines the term Reliability Standard to mean "a requirement, approved by the Commission under this section, to provide for reliable operation of the Bulk-Power System. This term includes requirements for the operation of existing Bulk-Power System facilities, including cybersecurity protection, and the design of planned additions or modifications to such facilities to the extent necessary to provide for the reliable operation of the Bulk-Power System, but the term does not include any requirement to enlarge such facilities or to construct new transmission capacity or generation capacity." 16 U.S.C. 824o(a)(3).

7 Order No. 672 at P 262, 321-37.

8 Petition at 11.

9 *Id.* at 3.

Reliability Standard BAL-001-TRE-01 applies to entities registered as Generator Owners (GOs), Generator Operators (GOPs), and Balancing Authorities (BAs) within the Texas RE region.

Regional Reliability Standard BAL-001-TRE-01 is more comprehensive than the existing continent-wide Reliability Standards addressing frequency response, BAL-001-0.1a and BAL-003-0.1b in that the regional standard includes additional requirements and applies to generator owners and generator operators as well as balancing authorities. The expanded applicability of the regional Reliability Standard, thus, increases the reporting burden for entities that operate within the ERCOT Interconnection.

The information collection requirements entail the setting or configuration of the Control System software, identification and recording of events, data retention, and submitting frequency measurable events to the compliance enforcement authority (Regional Entity or NERC).

Control System software: Each GO must set its governor settings according to Requirement R6. In order to modify its settings the GO may have to generate governor test reports, governor setting sheets, and/or performance monitoring reports.

Submitting frequency measurable events: As per Requirement R1, the BA has to identify and post information regarding Frequency Measurable Events (FME). Further, the BA has to calculate and report to the Compliance Enforcement Authority data related to Primary Frequency Response (PFR) performance of each generating unit/generating facility.

Data retention: The BA, GO, and GOP shall keep data or evidence to show compliance, as identified below, unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation. Compliance audits are generally about three years apart.

- The BA shall retain a list of identified Frequency Measurable Events and shall retain FME information since its last compliance audit for Requirement R1, Measure M1.
- The BA shall retain all monthly PFR performance reports since its last compliance audit for Requirement R2, Measure M2.
- The BA shall retain all annual Interconnection minimum Frequency Response calculations, and related methodology and criteria documents, relating to time periods since its last compliance audit for Requirement R3, Measure M3.
- The BA shall retain all data and calculations relating to the Interconnection's Frequency Response, and all evidence of actions taken to increase the

Interconnection's Frequency Response, since its last compliance audit for Requirements R4 and R5, Measures M4 and M5.

- Each GOP shall retain evidence since its last compliance audit for Requirement R8, Measure M8.
- Each GO shall retain evidence since its last compliance audit for Requirements R6, R7, R9 and R10, Measures M6, M7, M9 and M10.

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 and the medium are not covered in Reliability Standards and are, therefore, left to the discretion of each respondent.

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 Commission periodically reviews filing requirements concurrent with OMB review or as the Commission deems necessary to eliminate duplicative filing and to minimize the filing burden. Under this proceeding, the Reliability Standard BAL-001-TRE-1 is new and does not duplicate any other collections.

The Commission is unaware of any other source of information similar to the additional requirements.

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

Small entities should expect to see a very small burden increase due to the information collection requirements in the new Reliability Standard.

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

The purpose of BAL-001-TRE-01 is to establish and maintain adequate frequency response in the ERCOT region. If the frequency in a system gets out of balance it can lead to load shedding and blackouts. The information collection requirements help ensure adequate levels of frequency response. The frequency of the requirements was vetted and approved by industry consensus in the NERC standard development process. Reduced frequency would likely lead to increased risk of load shedding and blackout.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances related to the information collection.

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

The ERO, Regional Entities, and others work within a collaborative process to establish Reliability Standards by jointly developing/reviewing drafts, providing responses to comments, and submitting to FERC a final proposed standard for review and subsequent approval.

The Commission published an order approving the regional Reliability Standard on February 10, 2014. In that order the Commission invited comments on the information collection requirements and the associated burden estimates. The Commission did not receive any comments.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to the respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

According to the NERC Rule of Procedure[10], "…a Receiving Entity shall keep in confidence and not copy, disclose, or distribute any Confidential Information or any part thereof without the permission of the Submitting Entity, except as otherwise legally required." This serves to protect confidential information submitted to NERC or Regional Entities.

Responding entities do not submit the information collected due to the Reliability Standards to FERC. Rather, they submit the information to NERC, the regions, or maintain it internally.

10 Section 1502, paragraph 2, available at NERCs website

Since there are no submissions made to FERC, FERC provides no specific provisions in order to protect confidentiality.

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

Our estimate below regarding the number of respondents is based on the NERC compliance registry as of October 2013. According to the registry, the ERCOT region includes 40 generator owners, 14 generator operators, 75 generator owners that are also generator operators, and one balancing authority. Thus, we estimate that a total of 130 entities are potentially subject to the reporting requirements of BAL-001-TRE-01.

The information collection requirements entail the setting or configuration of the Control System software, identification and recording of events, data retention and submitting a report as outlined in the table below.

FERC-725T	Number of Respondents[11] (1)	Number of Responses per Respondent (2)	Average Burden Hours Per Response (3)	Total Annual Burden Hours (1)x(2)x(3)	Total Annual Cost[12]
Maintain and submit Event Log Data	1 BA	1	16	16	$960 ($60/hr.)
Modification to Governor Controller Setting/Configuration	114 GO	1	8	912	$75,784 One-time ($82/hr.)

11 BA = Balancing Authority, GO = Generator Owner, GOP = Generator Operator.

12 The estimates for cost per hour (rounded to the nearest dollar) are derived as follows:

- $60/hour, the average salary plus benefits per engineer (from Bureau of Labor Statistics at http://bls.gov/oes/current/naics3_221000.htm)
- $82/hour, the salary plus benefits per manager (from Bureau of Labor Statistics at http://bls.gov/oes/current/naics3_221000.htm)
- $32/hour, the salary plus benefits per information and record clerks (from Bureau of Labor Statistics at http://bls.gov/oes/current/naics3_221000.htm)

Evidence Retention	130 BA/GO/GOP	1	2	260	$8,320 ($32/hr.)
TOTAL				1,188	$84,064

As shown in the burden table above, one of the burden elements is only one-time. The Commission is averaging this burden over three years. After three years the Commission intends to remove the one-time burden.

- Ongoing burden: 276 hours per year
- One-time burden averaged over three years: 304 hours per year (912 hours/3 = 304).

The total annual burden shown in ROCIS is 580 hours (276 + 304 = 580).

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up or other non-labor hour costs associated with the information collection in the rulemaking.

Total Capital and Start-up cost: $0
Total Operation, Maintenance, and Purchase of Services: $0

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

FERC-725T	Number of Employees (FTEs) or Number of Hours	Estimated Annual Federal Cost
Analysis and Processing of filings	0	$0
Paperwork Reduction Act Administrative Cost[13]		$5,092
FERC Total		$5,092

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

The Commission has approved regional Reliability Standard BAL-001-TRE-01, which, because of physical differences in the region, contains more stringent requirements than the nation wide BAL-001 standard. These requirements lead to a small additional burden, as summarized in the table below.

13 The Commission bases the cost of Paperwork Reduction Act administration on staff time, and other costs related to compliance with the Paperwork Reduction Act of 1995.

FERC-725T	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	244	-	-	244
Annual Time Burden (Hr)	580	-	-	580
Annual Cost Burden ($)	-	-	-	-

The format, label, and definitions of the table above follow the Office of Management and Budget's online submittal system for information collection requests.

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no tabulating, statistical or tabulating analysis or publication plans for the collection of information.

17. DISPLAY OF EXPIRATION DATE

It is not appropriate to display the expiration date for OMB approval of the information collection. The information is not collected upon a standard form which would facilitate the display of the expiration date for OMB approval.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

The Commission does not use the data collected for this reporting requirement for statistical purposes. Therefore, the Commission does not use as stated in item (i) of the certification to OMB "effective and efficient statistical survey methodology." The information collected is case specific to each information collection.