

Supporting Statement

**RM14-7-000 Modeling, Data, and Analysis Reliability Standards
FERC-725A (Mandatory Reliability Standards for the Bulk-Power System)
FERC-725L (MOD Reliability Standards)**

We are submitting this supporting statement in two Information Collection Requests. One under the FERC-725A control number and the other under the FERC-725L control number.

The Federal Energy Regulatory Commission (Commission or FERC) requests Office of Management and Budget (OMB) review of FERC-725A (Mandatory Reliability Standards for the Bulk-Power System) and FERC-725L (MOD Reliability Standards) as contained in the NOPR in Docket No. RM14-7-000. FERC-725A and FERC-725L requirements are contained in 18 Code of Federal Regulations (CFR), Part 40.

The RM4-7-000 NOPR proposes to approve Modeling, Data, and Analysis Reliability Standard MOD-001-2 developed by the North American Electric Reliability Corporation. The NOPR also proposes to retire other MOD reliability standards. The Commission has certified NERC as the Electric Reliability Organization (ERO) responsible for developing and enforcing mandatory Reliability Standards.

**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 (EPAAct 2005), was enacted into law.¹ EPAAct 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.²

On February 3, 2006, the Commission issued Order No. 672, implementing section 215 of the FPA.³ Pursuant to Order No. 672, the Commission certified one organization, NERC, as the

1 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.

2 16 USC 824o(e)(3) (2012).

3 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).

ERO.⁴ The ERO is required to develop Reliability Standards, which are subject to Commission review and approval.⁵ 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.⁶ 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.

NERC developed the currently effective Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a and MOD-030-2 (Existing MOD A Standards) based on the obligation for transmission service providers to determine available transfer capability (ATC) and available flowgate capability (AFC), as those terms were introduced in Order Nos. 888 and 889. In seeking to prohibit transmission providers from potentially using their monopoly power over transmission to unduly discriminate against others, the Commission directed transmission providers to calculate ATC, describe their methodology for such calculations in their open access transmission tariffs (OATT), and post those calculations on their Open Access Same-Time Information Systems (OASIS).

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

The Commission proposes to approve Reliability Standard MOD-001-2 along with its associated violation severity levels. The Commission also proposes the retirement of the Existing MOD A

4 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, 118 FERC ¶ 61,030 (2007) (January 2007 Compliance Order).

5 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).

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

Standards effective on the first day of the first calendar quarter that is 18 months after the date that the proposed standard is approved by the Commission.

Proposed Reliability Standard MOD-001-2 will ensure that ATC calculations are determined in a manner that supports the reliable operation of the Bulk-Power System and that the methodology and data underlying those determinations are disclosed to those registered entities that need such information for reliability purposes.

The standard does not require responsible entities to file information with the Commission. However, the Reliability Standard requires applicable entities to develop and maintain certain information, subject to audit by a regional entity. In particular, transmission owners and transmission service providers, with the exception of transmission owners and transmission service providers within the Electric Reliability Council of Texas (ERCOT), must “have evidence” to show that methodologies of total flowgate capability or total transfer capability and AFC and ATC, as well as capacity benefit margin and transmission reliability margin methodologies.

The additional burden resulting from this proposed rule is due to applicable entities reviewing and updating their methodologies related to transfer capabilities (one-time) and for applicable entities to maintain documentation and provide documentation to entities that need such information.

NERC states that the proposed implementation period is intended to provide NAESB sufficient time to include in its WEQ Standards, prior to the effective date of proposed MOD-001-2 and the retirement of the Existing MOD A Standards, those elements from the Existing MOD A Standards, if any, that relate to commercial or business practices and are not included in proposed Reliability Standard MOD-001-2. NERC adds that if NAESB and its members determine that elements from the Existing MOD A Standards need to be incorporated into the WEQ Standards, 18 months will provide NAESB time, working through its business practice development process, to adopt revised WEQ Standards and for the Commission to incorporate by reference those revised WEQ Standards into its regulations. NERC states that if the proposed implementation period does not provide NAESB sufficient time to consider the issues, NERC is committed to working with NAESB and Commission staff to address any timing issues. NERC requested that NAESB adopt any revised WEQ Standards to become effective on the same date that the proposed MOD-001-2 and the retirement of the Existing MOD A Standards will become effective.

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 MOD-001-2 is new and does not duplicate any other collections. However, MOD-001-2 will replace and improve upon the existing MOD standards (MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2) proposed for retirement.

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 generally can reduce their burden by taking part in a joint registration organization or a coordinated function registration. These options allow an entity the ability to share its compliance burden with other similar entities. Detailed information regarding these options is available in NERC's Rules of Procedure at sections 507 and 508.⁷

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

The purpose of the Reliability Standard MOD-001-2 is to ensure that determinations of available transmission system capability are determined in a manner that supports the reliable operation of

⁷ Available at http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC_ROP_Effective_20140701_updated_20140602.pdf.

the Bulk-Power System and that the methodology and data underlying those determinations are disclosed to those registered entities that need such information for reliability purposes.

MOD-001-2 imposes a one-time review and documentation burden for required methodologies. This requirement cannot be performed less frequently. Also, MOD-001-2 imposes an ongoing record retention requirement and ongoing burden due to requests for data from other registered entities.

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 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 June 26, 2014 (79 FR 36269).

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 Procedure⁹, "...a Receiving Entity shall keep in confidence and not copy, disclose, or distribute any Confidential Information or any part thereof without the

⁸ Details of the current ERO standard processes are available on the NERC website at http://www.nerc.com/docs/standards/sar/Appendix_3A_Standard_Processes_Manual_20100903_2_.pdf.

⁹ Section 1502, paragraph 2, available at NERCs website

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. 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, SUCH AS SEXUAL BEHAVIOR AND ATTITUDES, RELIGIOUS BELIEFS, AND OTHER MATTERS THAT ARE COMMONLY CONSIDERED PRIVATE.

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

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The existing burden for both the FERC-725A and FERC-725L information collection is as follows:

- FERC-725A:
 - o Responses: 3,770
 - o Burden Hours: 1,828,986

- FERC-725L:
 - o Responses: 3,274
 - o Burden Hours: 26,540

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-725A	Number of Employees (FTEs) or Number of Hours	Estimated Annual Federal Cost
Analysis and Processing of filings	0	\$0
Paperwork Reduction Act Administrative Cost ¹⁰		\$5,092
FERC Total		\$0

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

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

Our estimate below regarding the number of respondents for the changes proposed in the NOPR is based on the NERC compliance registry as of March 23, 2013. According to the NERC compliance registry, NERC has registered 170 transmission operators (excluding transmission operators within ERCOT) and 93 transmission service providers (excluding transmission service providers in ERCOT). However, under NERC’s compliance registration program, entities may be registered for multiple functions, so these numbers incorporate some double counting. The number of unique entities responding will be approximately 186 entities registered as a transmission operator or a transmission service provider (excluding transmission operators and transmission service providers in ERCOT). The Commission estimates the annual reporting burden and cost for the changes proposed in the NOPR as follows:

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¹⁰ The PRA Administrative Cost is a Federal Cost associated with preparing, issuing, and submitting materials necessary to comply with the Paperwork Reduction Act (PRA) for rulemakings, orders, or any other vehicle used to create, modify, extend, or discontinue an information collection. This average annual cost includes requests for extensions, all associated rulemakings (not just NOPR in Docket No. RM14-7) and other changes to the collection.

RM14-7-000 Notice of Proposed Rulemaking (NOPR) Issued June 19, 2014

RIN: 1902-AE84

FERC-725A (OMB Control No. 1902-0244)

FERC-725L (OMB Control No. 1902-0261)

	Number and Type of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Avg. Burden & Cost Per Response (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Cost per Respondent¹¹ (5)÷(1)
(One-time) Review & documentation of methodology for TFC or TTC and TRM (FERC-725L)	170 (TOP)	1	170	20 hours \$1,192	3,400 hours & \$202,708	\$1,192
(One-time) Review & documentation of methodology for AFC or ATC and CBM (FERC-725L)	93 (TSP)	1	93	20 hours \$1,192	1,860 hours & \$110,893	\$1,192
(On-going) Record retention (of methodology) and requests for data (FERC-725L)	170 (TOP) + 93 (TSP) ¹²	1	186	2 hours \$57.90	372 hours & \$10,769	\$57.90
(On-going) Retirement of Transmission Planner, Load-Serving Entity, and Balancing Authority application (FERC-725A)	180 (TP) + 492 (LSE) +107 (BA)	1	-551	-3 hours \$178.86	-1,653 hours & -\$98,551	-\$178.86
(On-going) Retirement of non-reliability function requirements (FERC-725A)	170 (TP) + 93 (TSP)	1	-186	-16 hours \$953.92	-2,976 hours & \$177,429	-\$953.52

11 The estimated hourly costs (salary plus benefits) are based on Bureau of Labor and Statistics (BLS) information (available at http://bls.gov/oes/current/naics3_221000.htm#17-000) for an electrical engineer (\$59.62/hour for review and documentation), and for a file clerk (\$28.95/hour for record retention).

12 170 TOPs and 93 TSPs result in 186 unique and separate respondents for the record retention requirement.

TOTAL		-288		1,003	
				\$48,389	

Acronyms in the above table:

- TFC = Total Flowgate Capability
- TTC = Total Transfer Capability
- TRM = Transmission Reliability Margin
- AFC = Available Flowgate Capability
- ATC = Available Transfer Capability
- CBM = Capacity Benefit Margin

The burden change proposed in the NOPR is the result of 1) additional burden due to the proposed Reliability Standard (MOD-001-2) and 2) the retirement of several MOD Reliability Standards (MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2). There is a net increase of 1,003 burden hours.

The additional burden due to the MOD-001-2 Reliability Standard will be applied to FERC-725L information collection. The one-time burden hours will be removed upon completion. However, the retirement of existing MOD standards will be removed from the FERC-725A information collection. The burden to be removed from FERC-725A will be in the following amounts:

- Reduction in responses: 787¹³
- Reduction in hours: 4,629

FERC-725A	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	3,770	3,770	0	0
Annual Time Burden (Hr)	1,824,357	1,828,986	0	-4,629
Annual Cost Burden (\$)	\$126,725	\$126,725	\$0	\$0

¹³ The reduction noted here is not reflected in the ROCIS package. Each of the respondents in FERC-725A is assumed to be the respondent to a multitude of reliability standards contained in FERC-725A. Therefore, the respondent number in the ROCIS clearance package remains static despite the reduction due to the retirement of MOD standards here.

FERC-725L	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	3,723	3,274	0	449
Annual Time Burden (Hr)	32,172	26,540	0	5,632
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There is no tabulating, statistical, or tabulating analysis or publication plans for this collection of information.

17. DISPLAY OF EXPIRATION DATE

The expiration date is displayed in a table posted on ferc.gov at <http://www.ferc.gov/docs-filing/info-collections.asp>.

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.