

Supporting Statement

**FERC-725E, Mandatory Reliability Standards for the Western Electric Coordinating Council**

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review and approve the FERC-725E, Mandatory Reliability Standards for the Western Electric Coordinating Council, information collection for a three-year period under OMB Control Number 1902-0246.

**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. 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.

On February 3, 2006, the Commission issued Order No. 672, implementing section 215 of the FPA. Pursuant to Order No. 672, the Commission certified one organization, National Electric Reliability Corporation (NERC), as the ERO. The ERO is required to develop Reliability Standards, which are subject to Commission review and approval. The Reliability Standards applies to users, owners and operators of the Bulk-Power System (BPS), 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. According to this guidance, a Reliability Standard must provide for the Reliable Operation of BPS 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 March 26, 2007, the North American Electric Reliability Corporation submitted for approval eight proposed regional Reliability Standards for the Western Electricity Coordinating Council

(WECC). These regional Reliability Standards apply to the Western Interconnection in addition to the 83 mandatory Reliability Standards developed by NERC that took effect on a nation-wide basis in June 2007.<sup>1</sup> On June 8, 2008, in accordance with section 215(d)(2) of the FPA, the Commission approved the regional Reliability Standards. Since 2008 the Commission has approved various revisions, additions, and retirements of WECC standards. There are currently eight active WECC standards.

WECC is responsible for coordinating and promoting electric system reliability. In addition to promoting a reliable electric power system in the Western Interconnection, WECC supports efficient competitive power markets, ensures open and non-discriminatory transmission access among members, and provides a forum for resolving transmission access disputes plus the coordination of operating and planning activities of its members.

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

The eight (region-specific) Reliability Standards currently applicable in the WECC region generally require entities to document compliance with substantive requirements, retain documentation, and submit reports to WECC. The following list describes the information collection requirements for each of the eight standards.

- BAL-002-WECC-2 requires balancing authorities and reserve sharing groups to document compliance with the contingency reserve requirements described in the standard.
- BAL-004-WECC-02 requires balancing authorities to document that time error corrections and primary inadvertent interchange payback were conducted according to the requirements in the standard.
- FAC-501-WECC-1 requires transmission owners with certain transmission paths to have a transmission maintenance and inspection plan and to document maintenance and inspection activities according to the plan.
- IRO-006-WECC-2 requires balancing authorities and reliability coordinators to document actions taken to mitigate unscheduled flow.
- PRC-004-WECC-1 requires transmission owners, generator owners and transmission operators to document their analysis and/or mitigation due to certain misoperations on major transfer paths. This standard requires that documentation be kept for six years.

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<sup>1</sup> See *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, 118 FERC ¶ 61,218 (March 16, 2007), 72 Fed. Reg. 16,416 (April 4, 2007).

- TOP-007-WECC-1a requires transmission operators to document that when actual flows on major transfer paths exceed system operating limits their schedules and actual flows are not exceeded for longer than a specified time.
- VAR-002-WECC-1 requires generator operators and transmission operators to provide quarterly reports to the compliance monitor and have evidence related to their synchronous generators, synchronous condensers, and automatic voltage regulators.
- VAR-501-WECC-1 requires generator operators to provide quarterly reports to the compliance monitor and have evidence regarding operation of their power system stabilizers.

The information generated by these standards generally serves to ensure entities are complying with applicable Reliability Standards.

You can find the full text for these standards on NERC's website at <http://www.nerc.net/standardsreports/standardssummary.aspx>

**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.

Reliability Standards are developed by a collaborative process which requires industry participation.

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.<sup>2</sup>

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

The paperwork requirements in this collection are that entities document compliance with substantive requirements, retain documentation, and submit certain reports to WECC (described in response to item 2 above). The frequency of the paperwork requirements was vetted and approved by industry consensus in the NERC standard development process and is ultimately meant to support the reliability of the bulk electric system. The data are not submitted to FERC.

## **7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION**

PRC-004-WECC-1 requires transmission owners, generator owners and transmission operators to maintain documentation for six years related to their analysis and/or mitigation due to certain misoperations on major transfer paths. This six year retention period is necessary because tracking and correcting system protection misoperations are critical to reliability. NERC in its Misoperations Report (April 1, 2013) says it formed a task force to analyze one of its "top priority reliability issues – protection system misoperations." The data collected allows for study of events, how to properly categorize the type of misoperations and develop recommendations "to potentially reduce the amount of future misoperations."<sup>3</sup>

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

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<sup>2</sup> Available at

[http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC\\_ROP\\_Effective\\_20140701\\_updated\\_20140602.pdf](http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC_ROP_Effective_20140701_updated_20140602.pdf).

<sup>3</sup> NERC Misoperations Report at 3, available at [http://www.nerc.com/comm/PC/Pages/Protection-System-Misoperations-Task-Force-\(PSMTF\)-2013.aspx](http://www.nerc.com/comm/PC/Pages/Protection-System-Misoperations-Task-Force-(PSMTF)-2013.aspx).

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.

In accordance with OMB requirements, the Commission published a 60-day notice<sup>4</sup> and a 30-day notice<sup>5</sup> to the public regarding this information collection on 4/10/2014 and 7/21/2014, respectively. Within the public notices, the Commission noted that it would be requesting a three-year extension of the public reporting burden. The Commission received no comments from the public regarding this information collection.

## **9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS**

There are no gifts or payments given to the respondents.

## **10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS**

According to the NERC Rules of Procedure<sup>6</sup>, "...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. 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 contain any questions of a sensitive nature.

## **12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION**

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4 79 FR 19888

5 79 FR 42304

6 Section 1502, Paragraph 2, available at NERCs website

The Commission estimates the annual public reporting burden based requirements in the eight active Reliability Standards for the WECC region. The number of respondents is based on the NERC Compliance Registry as of February 25, 2014. The Commission estimated the burden across all eight standards for each type of entity, as shown in the table below.

<b>FERC-725E, Mandatory Reliability Standards for the Western Electric Coordinating Council</b>					
<b>FERC Data Collection Reporting</b>	<b>Number of Respondents<sup>7</sup> (1)</b>	<b>Annual Number of Responses per Respondent (2)</b>	<b>Total Number of Responses =(1)*(2)</b>	<b>Average Burden Hours &amp; Cost Per Response<sup>8</sup> (3)</b>	<b>Total Annual Burden Hours &amp; Total Annual Cost (1)*(2)*(3)</b>
Balancing Authorities	34	1	34	21 \$1,527	714 \$51,918
Generator Operators	228	1	228	10 \$727	2,280 \$165,756
Transmission Operators applicable to standard VAR-002 <sup>9</sup>	86	4	344	10 \$727	3,440 \$250,088
Transmission Operators that operate qualified transfer paths <sup>10</sup>	9	3	27	40 \$2,908	1,080 \$78,516
Transmission Owners that operate qualified transfer paths <sup>11</sup>	5	3	15	40 \$2,908	600 \$43,620

<sup>7</sup> Number of respondents derived from the NERC Compliance Registry as of February 25, 2014.

<sup>8</sup> The total annual cost is derived from salary figures from the Bureau of Labor Statistics for three positions involved in the reporting and record-keeping associated with this collection. These figures include salary ([http://bls.gov/oes/current/naics2\\_22.htm](http://bls.gov/oes/current/naics2_22.htm)) and other associated benefits (<http://www.bls.gov/news.release/ecec.nr0.htm>):

- Manager: \$84.72/hour
- Engineer: \$60.70/hour
- File Clerk: \$28.93/hour

This wage for the reporting requirements is an average of a manager and engineer wages (\$72.71). The wage for recordkeeping requirements is based on the File Clerk position. In the table we rounded to the nearest dollar after making each calculation.

<sup>9</sup> Based on estimates in Order 751, Docket No. RM09-9-000

<sup>10</sup> Based on burden estimates taken from the Order in Docket No. RR07-11-000 P. 130.

<sup>11</sup> *Id.*

Reliability Coordinators	1	1	1	1 \$73	1 \$73
Reserve Sharing Group	3	1	3	1 \$73	3 \$219
<b>Total Reporting</b>	<b>366</b>		<b>652</b>		<b>8,118</b> <b>\$590,190</b>
<b>Record Keeping<sup>12</sup></b>					
Balancing Authorities	34	1		2.1 \$60	71 \$2,054
Balancing Authorities (IRO-006) <sup>13</sup>	34	1		1 \$29	34 \$984
Generator Operators	228	1		1 \$29	228 \$6,596
Transmission Operator (VAR-002)	86	1		4 \$116	344 \$10,296
Transmission Operator that operate qualified transfer paths	9	1		12 \$347	108 \$3,124
Transmission Owner that operate qualified transfer paths	5	1		12 \$347	60 \$1,736
Reliability Coordinator <sup>14</sup>	1	1		1 \$29	34 \$984
<b>Total Record-keeping</b>					<b>879</b> <b>\$25,774</b>

In addition to the burden hours in this table, the current burden hour inventory for FERC-725E also includes a one-time effort for WECC entities to comply with regional standard BAL-002-WECC-2, which was approved by the Commission on November 21, 2013. The one-time burden consists of 36 burden hours, 36 responses, and a total cost of \$2,520 (\$70/hour). The Commission intends to remove this one-time burden at the end of 2014 or in 2015.

### 13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

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

<sup>12</sup> Based on 10% total annual reporting burden hours per response.

<sup>13</sup> Based on record keeping hours for Balancing Authorities in Order 746 in Docket No. RM09-19-000 implementing IRO-006-WECC-1.

<sup>14</sup> Based on record keeping hours in Order 746 in Docket No. RM09-19-000.

#### 14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The estimate of the cost to the Federal Government is based on salaries for professional and clerical support. Based on the staff and resources involved in processing the information, the estimated average annual cost to FERC follows.

	<b>Number of Employees (FTE)<sup>15</sup></b>	<b>Estimated Annual Federal Cost</b>
Analysis and Processing of filings	-	\$0
PRA <sup>16</sup> Administrative Cost <sup>17</sup>		\$5,092
<b>FERC Total</b>		<b>\$5,092</b>

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

In preparing for this extension request, the Commission used the existing burden estimates and updated and/or corrected the burden for some of the entities that have to comply with the WECC changes. The driver for the adjustment down in burden is because we are removing the burden hours for Load-Serving Entities (LSEs). LSEs were removed from the applicability section when the Commission approved IRO-006-WECC-1 in March 2011 but their burden hours were not removed. We are correcting that in this submittal by removing the burden hours and responses associated with LSEs. The main reason for the adjustment up in the number of responses is due to an increase in burden for a new reporting requirement imposed on Transmission Operators in a previous collection request (ICR 201105-1902-008) that also increased the number of responses. We've accounted for these additional responses here. Other reasons the Commission adjusted the burden and responses are related to improving existing estimates and changes in the number of entities registered in the WECC region.

<b>FERC-725E</b>	<b>Total Request</b>	<b>Previously Approved</b>	<b>Change due to Adjustment in Estimate</b>	<b>Change Due to Agency Discretion</b>
Annual Number of Responses	688	514	174	0
Annual Time Burden (Hr)	9,033	10,181	-1,148	0

15 The FERC FTE estimate is \$146,591. This includes salary plus benefits.

16 Paperwork Reduction Act of 1995 (PRA)

17 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.



Annual Cost Burden (\$)	\$0	\$0	\$0	\$0
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**16. TIME SCHEDULE FOR PUBLICATION OF DATA**

There is no publication of data as part of 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."