

Supporting Statement
FERC-725W, Mandatory Reliability Standards: INT Reliability Standards and FERC-725Z, Mandatory Reliability Standards: IRO Reliability Standards
RD14-4 Order issued June 30, 2014

In Docket No. RD14-4-000 the Federal Energy Regulatory Commission (the Commission or FERC) approves four revised Interchange Scheduling and Coordination (INT) Reliability Standard, one new INT Reliability Standard, ten revised definitions, and four new definitions to be added to the NERC Glossary. The Commission also approves the retirement of five existing INT Reliability Standards. One of the revised NERC Glossary definitions the Commission approves is to add the term “Interchange” to the existing definition for “Operational Planning Analysis.”¹ NERC States that “by explicitly including ‘Interchange’ in the definition of ‘Operational Planning Analysis,’ the Reliability Coordinator must consider Interchange when performing the analysis required in Reliability Standard IRO-008-1.”²

The existing and unchanged information collection requirements in the INT and IRO Reliability Standards are approved by OMB under FERC-725A (OMB Control No.1902-0244).

We are submitting this proposed rule under new collections FERC-725W and FERC-725Z in an ongoing effort to include each category of standards under its own OMB Control Number. As such, the Commission intends to move the existing burden related to each of the standards to FERC-725W and FERC-725Z at a later date.

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 (EPAct 2005), was enacted into law.³ EPAct 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 must be enforced by the ERO, subject to Commission oversight. In 2006, the Commission certified the North American Electric Reliability Corporation (NERC) as the ERO pursuant to FPA section 215.⁴

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

1 “Interchange” is defined in the NERC Glossary as “Energy transfers that cross Balancing Authority Boundaries.

2 NERC Petition at 32.

3 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).

4 *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh’g & compliance*, 117 FERC ¶ 61,126 (2006), *aff’d sub nom., Alcoa, Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

differences, and the NERC *Glossary of Terms Used in Reliability Standards* (NERC Glossary), including initial versions of the existing INT Reliability Standards.⁵

In NERC's Petition for approval of the INT Reliability Standards NERC states that the purpose of the proposed Reliability Standards is to improve reliability by making transactions more apparent for reliability assessments and by clarifying which functional entities perform interchange authority tasks.⁶ The Petition further states that the interchange authority is the responsible entity that authorizes implementation of valid and balanced interchange schedules between balancing authority areas and ensures communication of interchange information for reliability assessment purposes.⁷

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

The Commission estimates a modest increase in information collection and reporting that would result from implementing NERC's proposed revision to the NERC Glossary definition of "Operational Planning Analysis" and new proposed Reliability Standard INT-011-1. The estimate reflects NERC's proposal to include a requirement that interchange information must be submitted for all point-to-point transfers entirely within a balancing authority area, including all grandfathered and "non-Order No. 888" transfers; and NERC's alternative proposal to address the Commission's concern regarding INT-006-1, as described above.

NERC explains that "by explicitly including 'Interchange' in the definition of 'Operational Planning Analysis,' the Reliability Coordinator must consider Interchange when performing the analysis required in Reliability Standard IRO-008-1."⁸ These administrative burdens fall into three categories of "Submit Interchange Information," "Communicate Transaction Modification" and "Submit a Request for Interchange" as described in NERC's petition.⁹ NERC's technical justification has shown that when the results of reliability coordinator studies indicate the need for action, the reliability coordinator is required to share the results per Requirement R3 of Reliability Standard IRO-008-1. NERC explains that because energy transfers within a balancing authority area that use point-to-point transmission service can impact transmission congestion, proposed Reliability Standard INT-011-1 ensures that these transfers are communicated and accounted for in congestion management procedures. If a transfer within a balancing authority area is submitted as a request for interchange or otherwise accounted for in congestion management procedures, it can be evaluated and processed comparable to a request for interchange that crosses balancing authority areas.¹⁰

5 Order No. 693, FERC Stats. & Regs. ¶ 31,242.

6 February 27, 2014 NERC Petition at 3.

7 *Id.* at 6.

8 NERC Petition at 32.

9 NERC Petition, Exhibit E at 1-2.

10 NERC Petition at 22.

Accordingly, we estimate an increase of one hour needed for “Submit Interchange Information” for balancing authorities, “Communicate Transaction Modification” for the reliability coordinators, and “Submit a Request for Interchange” for the load-serving entities, respectively.

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

How entities use information technology to meet the information collection requirements is not an area specifically covered in the Reliability Standards. We think that nearly all of the respondents are likely to make and keep related records in an electronic format. Each of the eight Regional Entities has a well-established compliance portal for registered entities to electronically submit compliance information and reports. The compliance portals allow documents developed by the registered entities to be attached and uploaded to the Regional Entity’s portal. Compliance data can also be submitted by filling out data forms on the portals. These portals are accessible through an internet browser password protected user interface.

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.

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 subject to a given Reliability Standard generally can reduce their burden by taking part in a joint registration organization or a coordinated function registration. These options allow an entity to share its compliance burden with other similar entities.

Detailed information regarding these options are available in NERC’s Rules of Procedure at sections 507 and 508.¹¹

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

¹¹ Available at http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC_ROP_Effective_20140701_updated_20140602.pdf.

The additional burden proposed by the new information collection requirements occurs on an ongoing basis and the frequency occurs as is necessary for interchange scheduling purposes. If the data were submitted less frequently entities planning and forecasting transmission system operations would not have timely information to perform their analyses.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances related to the information collection requirements.

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.¹² In addition, FERC issued a public notice, 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 notice was published in the Federal Register on June 27, 2014 (79 FR 36498).¹³ A second notice was published on September 12, 2014 (79 FR 54696) alerting the public that this collection would be submitted to OMB.

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

The information collection requirements proposed here do require the entity to submit information to FERC. They are information submittals to third parties and record retention requirements. Responding entities do not submit the information collected or retained to show compliance with 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.

¹² 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>

¹³ The notice indicated that the affected information collection was FERC-725A. As indicated on page 1 of this document we are now submitting this under FERC-725W and FERC-725Z.

According to the NERC Rule of Procedure section 1502¹⁴, "...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.

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 Commission estimates a modest increase in information collection and reporting that would result from implementing NERC's proposed revision to the NERC Glossary definition of "Operational Planning Analysis", and new proposed Reliability Standard INT-011-1. The estimate reflects NERC's proposal to include a requirement that interchange information must be submitted for all point-to-point transfers entirely within a balancing authority area, including all grandfathered and "non-Order No. 888" transfers; and NERC's alternative proposal to address the Commission's concern regarding INT-006-1.

NERC explains in its petition that "by explicitly including 'Interchange' in the definition of 'Operational Planning Analysis,' the Reliability Coordinator must consider Interchange when performing the analysis required in Reliability Standard IRO-008-1."¹⁵ These administrative burdens fall into three categories of "Submit Interchange Information," "Communicate Transaction Modification" and "Submit a Request for Interchange" as described in NERC's petition.¹⁶ NERC's technical justification has shown that when the results of reliability coordinator studies indicate the need for action, the reliability coordinator is required to share the results per Requirement R3 of Reliability Standard IRO-008-1. NERC explains that because energy transfers within a balancing authority area that use point-to-point transmission service can impact transmission congestion, proposed Reliability Standard INT-011-1 ensures that these transfers are communicated and accounted for in congestion management procedures. If a transfer within a balancing authority area is submitted as a request for interchange or otherwise accounted for in congestion management procedures, it can be evaluated and processed comparable to a request for interchange that crosses balancing authority areas.¹⁷

Accordingly, we estimate an increase of one hour needed for "Submit Interchange Information" for balancing authorities, "Communicate Transaction Modification" for the reliability

¹⁴ Section 1502, Paragraph 2, available at NERC's website ([http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC_ROP_Effective_20140701_updated_20140602%20\(updated\).pdf](http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC_ROP_Effective_20140701_updated_20140602%20(updated).pdf)).

¹⁵ NERC Petition at 32.

¹⁶ NERC Petition, Exhibit E at 1-2.

¹⁷ NERC Petition at 22.

coordinators, and “Submit a Request for Interchange” for the load-serving entities, respectively. In addition, we estimate a burden of one hour for each respondent for the record retention requirements associated with FERC-725W and FERC-725Z.. With respect to the proposed revisions and retirement of the currently-effective Reliability Standards, the Commission estimates no material change in information collection because the consolidation of the standards does not impact the paperwork burden.

In an ongoing effort to improve the accuracy of our burden estimates, we are submitting the burden related to IRO-008-1 under a new collection FERC-725Z, and the burden related to INT-011-1 under a new collection FERC-725W. For both new collections we are requesting a new OMB Control Number. The reporting burden for these collections is estimated as:

FERC-725W, Mandatory Reliability Standards for the Bulk Power System: INT Reliability Standards						
Requirements in Reliability Standard INT-011-1	Number and Type of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Response¹⁸ (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
Submit Request for Interchange	502 Load-serving entity (LSE)	12	6,024	1 \$60	6,024 \$361,440	\$720
Evidence Retention	502 LSE	1	502	1 \$32	502 \$16,064	\$32
TOTAL			6,526		6,526 \$377,504	

FERC-725Z, Mandatory Reliability Standards for the Bulk Power System: IRO Reliability Standards
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18 The estimates for cost per response are derived using the following formula: Average Burden Hours per Response * XX per Hour = Average Cost per Response. 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)

Requirements in Reliability Standard IRO-008-1	Number and Type of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Response ¹⁸ (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
Submit Interchange Information	114 Balancing authority (BA)	52	5,928	1 \$60	5,928 \$355,680	\$3,120
Communicate Transaction Modification	21 Reliability coordinator (RC)	12	252	1 \$60	252 \$15,120	\$720
Evidence Retention	135 BA/RC	1	135	1 \$32	135 \$4,320	\$32
TOTAL			6,315		6,315 \$375,120	

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no start-up or other non-labor hour cost associated with this information collection request. We assume that the information collection requirements associated with these Reliability Standards 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 these Collections. FERC estimates \$5,092 as the annual cost for each of the collections impacted.¹⁹

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

¹⁹ 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.

The change in burden is the result of additional requirements imposed on Reliability Coordinators, Balancing Authorities and Load Serving Entities by the Reliability Standards. The following tables shows the total burden imposed by the new requirements.

FERC-725W	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	6,526	-	-	6,526
Annual Time Burden (Hr)	6,526	-	-	6,526
Annual Cost Burden (\$)	-	-	-	-

FERC-725Z	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	6,315	-	-	6,315
Annual Time Burden (Hr)	6,315	-	-	6,315
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

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