

Supporting Statement

**FERC-725V, Mandatory Reliability Standards: Reliability Standards COM-001-2 and
COM-002-4**

Proposed rule in Docket No. RM14-13

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review and approve the FERC-725V, Mandatory Reliability Standards: Reliability Standards COM-001-2 and COM-002-4, information collection as included in the proposed rule in Docket No. RM14-13.

**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 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, 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, NERC, as the ERO. The ERO is required to develop Reliability Standards, which are subject to Commission review and approval. The Reliability Standards apply 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. 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.

Pursuant to section 215 of the FPA, the Commission proposes to approve Reliability Standards Reliability Standards COM-001-2 and COM-002-4 (“COM” stands for Communication).

The purpose of Reliability Standard COM-001-2 is to establish a clear set of requirements for what communications capabilities various functional entities must maintain for reliable communications.¹ Reliability Standard COM-002-4 requires entities to have or create a set of documented communications protocols that include certain minimum mandatory protocols.²

NERC states in its petition that:³

Reliability Standards COM-001-2 and COM-002-4 address all of the pertinent directives from Order No. 693 associated with the Commission’s approval of COM-001-1.1 and COM-002-2.⁴ The revisions made to proposed COM-002-4 also address Recommendation No. 26 from the final report issued by the U.S.-Canada Power System Outage Task Force to “[t]ighten communications protocols, especially for communications during alerts and emergencies.”⁵

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

Proposed Reliability Standards COM-001-2 and COM-002-4 are essentially new versions of existing FERC-approved Reliability Standards. As such, in this information collection request FERC is requesting approval for information collection requirements and associated burden that are changed in the new versions of these standards.

The modifications to Reliability Standards COM-001 and COM-002 apply to companies registered with NERC as Balancing Authorities (BA), Reliability Coordinators (RC), Transmission Operators (TOP), Distribution Providers (DP), and Generator Operators (GOP).

1 See NERC Petition at 2.

2 See NERC Petition at 2.

3 See NERC Petition at 3.

4 *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, 72 Fed. Reg. 16416, FERC Stats. & Regs. ¶ 31,242, at PP 487-93, 502-04, 508, 512, 514-15, 531-32, 534, 535, and 540, *order on reh’g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

5 U.S.-Canada Power System Outage Task Force, *Final Report on the August 14, 2003 Blackout in the United States and Canada: Causes and Recommendations*, April 2004 (“Blackout Report”). On August 15, 2003, President George W. Bush and then-Prime Minister Jean Chrétien directed the creation of a Joint U.S.-Canada Power System Outage Task Force to investigate the causes of the blackout and ways to reduce the possibility of future outages. The U.S.-Canada Task Force convened, investigated the causes of this blackout, and recommended actions to prevent future widespread outages.

The additional burden in COM-001-2 results from DPs and GOPs now being required to comply with Requirements R7 and R8. These requirements and their associated measures state the following:

R7. Each Distribution Provider shall have Interpersonal Communication capability with the following entities (unless the Distribution Provider detects a failure of its Interpersonal Communication capability in which case Requirement R11 shall apply):

- 7.1. Its Balancing Authority.
- 7.2. Its Transmission Operator.

M7. Each Distribution Provider shall have and provide upon request evidence that it has Interpersonal Communication capability with its Transmission Operator and its Balancing Authority, which could include, but is not limited to:

- physical assets, or
- dated evidence, such as, equipment specifications and installation documentation, test records, operator logs, voice recordings, transcripts of voice recordings, or electronic communications. (R7.)

R8. Each Generator Operator shall have Interpersonal Communication capability with the following entities (unless the Generator Operator detects a failure of its Interpersonal Communication capability in which case Requirement R11 shall apply):

- 8.1. Its Balancing Authority.
- 8.2. Its Transmission Operator.

M8. Each Generator Operator shall have and provide upon request evidence that it has Interpersonal Communication capability with its Balancing Authority and its Transmission Operator, which could include, but is not limited to:

- physical assets, or
- dated evidence, such as, equipment specifications and installation documentation, test records, operator logs, voice recordings, transcripts of voice recordings, or electronic communications. (R8.)

The additional burden in COM-002-4 results from BAs, RCs and TOPs complying with requirement R1, and maintaining necessary documentation according to Measures M2, M4, and M5. The DPs and GOPs also have additional burdens in COM-002-4 related to maintaining documentation according to Measures M3 and M6. The applicable requirements and measures are listed here.

R1. Each Balancing Authority, Reliability Coordinator, and Transmission Operator shall develop documented communications protocols for its operating personnel that issue and receive Operating Instructions. The protocols shall, at a minimum:

- 1.1. Require its operating personnel that issue and receive an oral or written Operating Instruction to use the English language, unless agreed to otherwise. An alternate language may be used for internal operations.
- 1.2. Require its operating personnel that issue an oral two-party, person-to-person Operating Instruction to take one of the following actions:
 - Confirm the receiver's response if the repeated information is correct.

- Reissue the Operating Instruction if the repeated information is incorrect or if requested by the receiver.
- Take an alternative action if a response is not received or if the Operating Instruction was not understood by the receiver.

1.3. Require its operating personnel that receive an oral two-party, person-to-person Operating Instruction to take one of the following actions:

- Repeat, not necessarily verbatim, the Operating Instruction and receive confirmation from the issuer that the response was correct.
- Request that the issuer reissue the Operating Instruction.

1.4. Require its operating personnel that issue a written or oral single-party to multiple-party burst Operating Instruction to confirm or verify that the Operating Instruction was received by at least one receiver of the Operating Instruction.

1.5. Specify the instances that require time identification when issuing an oral or written Operating Instruction and the format for that time identification.

1.6. Specify the nomenclature for Transmission interface Elements and Transmission interface Facilities when issuing an oral or written Operating Instruction.

M1. Each Balancing Authority, Reliability Coordinator, and Transmission Operator shall provide its documented communications protocols developed for Requirement R1.

R2. Each Balancing Authority, Reliability Coordinator, and Transmission Operator shall conduct initial training for each of its operating personnel responsible for the Real-time operation of the interconnected Bulk Electric System on the documented communications protocols developed in Requirement R1 prior to that individual operator issuing an Operating Instruction.

M2. Each Balancing Authority, Reliability Coordinator, and Transmission Operator shall provide its initial training records related to its documented communications protocols developed for Requirement R1 such as attendance logs, agendas, learning objectives, or course materials in fulfillment of Requirement R2.

R3. Each Distribution Provider and Generator Operator shall conduct initial training for each of its operating personnel who can receive an oral two-party, person-to-person Operating Instruction prior to that individual operator receiving an oral two-party, person-to-person Operating Instruction to either:

- Repeat, not necessarily verbatim, the Operating Instruction and receive confirmation from the issuer that the response was correct, or
- Request that the issuer reissue the Operating Instruction.

M3. Each Distribution Provider and Generator Operator shall provide its initial training records for its operating personnel such as attendance logs, agendas, learning objectives, or course materials in fulfillment of Requirement R3.

R4. Each Balancing Authority, Reliability Coordinator, and Transmission Operator shall at least once every twelve (12) calendar months:

4.1. Assess adherence to the documented communications protocols in Requirement R1 by its operating personnel that issue and receive Operating Instructions, provide feedback to those operating personnel and take corrective action, as deemed appropriate by the entity, to address deviations from the documented protocols.

4.2. Assess the effectiveness of its documented communications protocols in Requirement R1 for its operating personnel that issue and receive Operating Instructions and modify its documented communication protocols, as necessary.

M4. Each Balancing Authority, Reliability Coordinator, and Transmission Operator shall provide evidence of its assessments, including spreadsheets, logs or other evidence of feedback, findings of effectiveness and any changes made to its documented communications protocols developed for Requirement R1 in fulfillment of Requirement R4. The entity shall provide, as part of its assessment, evidence of any corrective actions taken where an operating personnel's non-adherence to the protocols developed in Requirement R1 is the sole or partial cause of an Emergency and for all other instances where the entity determined that it was appropriate to take a corrective action to address deviations from the documented protocols developed in Requirement R1.

R5. Each Balancing Authority, Reliability Coordinator, and Transmission Operator that issues an oral two-party, person-to-person Operating Instruction during an Emergency, excluding written or oral single-party to multiple-party burst Operating Instructions, shall either:

- Confirm the receiver's response if the repeated information is correct (in accordance with Requirement R6).
- Reissue the Operating Instruction if the repeated information is incorrect or if requested by the receiver, or
- Take an alternative action if a response is not received or if the Operating Instruction was not understood by the receiver.

M5. Each Reliability Coordinator, Transmission Operator, and Balancing Authority that issued an oral two-party, person-to-person Operating Instruction during an Emergency, excluding oral single-party to multiple-party burst Operating Instructions, shall have evidence that the issuer either: 1) confirmed that the response from the recipient of the Operating Instruction was correct; 2) reissued the Operating Instruction if the repeated information was incorrect or if requested by the receiver; or 3) took an alternative action if a response was not received or if the Operating Instruction was not understood by the receiver. Such evidence could include, but is not limited to, dated and time-stamped voice recordings, or dated and time-stamped transcripts of voice recordings, or dated operator logs in fulfillment of Requirement R5.

R6. Each Balancing Authority, Distribution Provider, Generator Operator, and Transmission Operator that receives an oral two-party, person-to-person Operating Instruction during an Emergency, excluding written or oral single-party to multiple-party burst Operating Instructions, shall either:

- Repeat, not necessarily verbatim, the Operating Instruction and receive confirmation from the issuer that the response was correct, or
- Request that the issuer reissue the Operating Instruction.

M6. Each Balancing Authority, Distribution Provider, Generator Operator, and Transmission Operator that was the recipient of an oral two-party, person-to-person Operating Instruction during an Emergency, excluding oral single-party to multiple-party burst Operating Instructions, shall have evidence to show that the recipient either repeated, not necessarily verbatim, the Operating Instruction and received confirmation from the issuer that the response was correct, or requested that the issuer reissue the Operating Instruction in fulfillment of Requirement R6. Such evidence may include, but is not limited to, dated and time-stamped voice recordings (if the entity has such recordings), dated operator logs, an attestation from the issuer of the Operating Instruction, memos or transcripts.

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 proposed 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 is unaware of any other source of information related to communication protocols and standards. No serious concerns of duplication were raised by participants during the standard development process that occurred prior to this rulemaking process.

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 are available in NERC's Rules of Procedure at sections 507 and 508.⁶

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, including the preparation of a documented communications protocol

⁶ Available at http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC_ROP_Effective_20140701_updated_20140602.pdf.

by reliability coordinators, balancing authorities and transmission operators, and maintaining such documents. The paperwork and data retention requirements were 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.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances for this 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.⁷ 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 September 30, 2014 (79 FR 58709).

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 Rule of Procedure⁸, "...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.

⁷ 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>.

⁸ Section 1502, Paragraph 2, available at NERCs website.

Responding entities do not submit the information collected under the proposed Reliability Standard to FERC. Rather, they 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

Reliability Standards COM-001-2 and COM-002-4 do not require responsible entities to file information with the Commission. However, the proposed Reliability Standards require applicable entities to develop and maintain certain information, subject to audit. In particular, COM-001-2 requires that transmission operators, balancing authorities, reliability coordinators, distribution providers, and generator operators must maintain documentation of Interpersonal Communication capability and designation of Alternate Interpersonal Communication, as well as evidence of testing of the Alternate Interpersonal Communication facilities. COM-002-4 requires balancing authorities, reliability coordinators, and transmission operators to develop and maintain documented communication protocols, and to be able to provide evidence of training on the protocols and of their annual assessment of the protocols. Additionally, all applicable entities (balancing authorities, reliability coordinators, transmission operators, generator operators, and distribution providers) must be able to provide evidence of three-part communication when issuing or receiving an Operating Instruction during an Emergency, and distribution providers and generator operators must be able to provide evidence of initial training on the use of three-part communications for applicable personnel.

Many of the record retention or information collection requirements in proposed COM-001-2 and COM-002-4 are translated in some form from the currently-effective Reliability Standards (COM-001-1 and COM-002-2). For these requirements, the Commission estimates a zero net change in burden. Accordingly, our estimate below shows the increase in record-retention or information collection burden, based on the new requirements to:

- (1) develop communications protocols (a one-time burden under COM-002-4, R1),
- (2) maintain evidence of required training, assessments, and use of three-part communications, as applicable (an on-going burden under COM-002-4 R2, R3, R4, R5 and R6); and

(3) maintain evidence to demonstrate Interpersonal Communication capability (a new, on-going burden for distribution providers and generator operators under COM-001-2 R7 and R8).

The Commission’s estimate of the number of respondents is based on the NERC compliance registry as of August 15, 2014. According to the NERC compliance registry, NERC has registered 179 transmission operators, 107 balancing authorities, 15 reliability coordinators, 475 distribution providers, and 853 generator operators within the United States. However, under NERC’s compliance registration program, entities may be registered for multiple functions, so these numbers incorporate some double counting, which has been accounted for in the table below. The Commission estimates the annual reporting burden and associated cost as follows:

Information Collection Requirement	Number and Type of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Avg. Burden Hours & Cost Per Response⁹ (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)
(One-time) Development of Communication Protocols [COM-002-4 R1]	212 (BA, RC & TOP)	1	212	8 hrs. & \$485.60	1,696 hours & \$102,947.20
(On-going) Maintain evidence of Interpersonal Communication capability [COM-001-2 R7 and R8] ¹⁰	1,217 (DP & GOP)	1	1,217	4 hrs. & \$115.72	4,868 hours & \$140,831.24

9 The estimated hourly costs (salary plus benefits) are based on Bureau of Labor Statistics (BLS) information (available at http://bls.gov/oes/current/naics3_221000.htm#17-0000) for an electrical engineer (\$60.70/hour for review and documentation), and for a file clerk (\$28.93/hour for record retention). The first row of the table (one-time burden) is done by an engineer, and the latter three rows (ongoing burden) are done by a file clerk.

10 No change is expected in the record-keeping burden under COM-001-2 for reliability coordinators, balancing authorities, and transmission operators as compared to the currently-effective COM-001 standard.

(On-going) Maintain evidence of training and assessments [COM-002-4 R2, R4, R5 and R6]	212 (BA, RC & TOP)	1	212	8 hrs. & \$231.44	1,696 hours & \$49,065.28
(On-going) Maintain evidence of assessments [COM-002-4 R3, and R6]	1,217 (DP & GOP)	1	1,217	8 hrs. & \$231.44	9,736 hours & \$281,662.48
TOTAL			2,858		17,996 hours & \$574,506.20

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.

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.

FERC-725Z	Number of Employees (FTEs)	Estimated Annual Federal Cost
Analysis and Processing of filings	0	\$0
Paperwork Reduction Act Administrative Cost ¹¹		\$5,092

¹¹ 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 this proposed rule), and other changes to the collection.

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

This is a new information collection that captures the new burden contained in the requirements and measure of Reliability Standards COM-001-2 and COM-002-4. The burden increase is necessary to support the implementation of these standards.

The annual time burden below represents the total burden for the first year. After year one, the Commission intends to remove the one-time burden.

FERC-725V	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	2,858	0	0	0
Annual Time Burden (Hr)	17,996	0	0	0
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

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.”