

OMB Control Number: 1902-0261 (FERC-725L)
RM14-12-000, Notice of Proposed Rulemaking (NPR)
RIN: 1902-AE91
(11/24/2014)

Supporting Statement

**FERC-725L, Mandatory Reliability Standards for the Bulk-Power System: MOD
Reliability Standards**

for the Notice of Proposed Rulemaking in Docket Number RM14-12-000 (issued on 9/18/2014)

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review FERC-725L (Mandatory Reliability Standards for the Bulk-Power System: MOD (Modeling, Data, and Analysis) Reliability Standards). The requirements for this information collection are contained the Commission's regulations at 18 Code of Federal Regulations (CFR) Part 40.

In this notice of proposed rulemaking (NPR), the Commission proposes to approve Demand and Energy Data Reliability Standard MOD-031-1 developed by the North American Electric Reliability Corporation (NERC) which the Commission has certified as the Electric Reliability Organization (ERO) responsible for developing and enforcing mandatory Reliability Standards. The Commission submits the changes due to the NPR in Docket No. RM14-12-000 under the FERC-725L information collection (OMB Control No. 1902-0261).

**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 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

OMB Control Number: 1902-0261 (FERC-725L)
RM14-12-000, Notice of Proposed Rulemaking (NPR)
RIN: 1902-AE91
(11/24/2014)

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.

The NPR proposes to approve one Reliability Standard, MOD-031-1. The purpose of this reliability standard is to provide authority for applicable entities to collect demand, energy, and related data to support reliability studies and assessments. Additionally, this reliability standard serves to enumerate the responsibilities and obligations of requestors and respondents of this particular data.

Along with approving reliability standard MOD-031-1, the Commission also proposes to approve the associated implementation plan, violation risk factors and violation severity levels, and NERC's proposed retirement of the currently effective Reliability Standards MOD-016-1.1, MOD-017-0.1, MOD-018-0, MOD-019-0.1, and MOD-021-1 (Existing MOD C Standards).

NOTE: The reliability standards proposed for retirement are currently contained in FERC-725A (OMB Control No. 1902-0244). The burden associated with the standards proposed for retirement will not be removed from the FERC-725A collection at this time.

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

The existing MOD C Standards proposed for retirement require collection of actual and forecast demand data necessary to analyze the resource needs to serve peak demand while maintaining a sufficient margin to address operating events. MOD-031-1 provides planners and operators access to this actual and forecast demand and energy data as needed to perform adequacy studies. MOD-031-1 improves the existing MOD C Standards by:

- Streamlining the Reliability Standards to clarify data collection requirements;
- Including transmission planners as applicable entities that must report demand and energy data;
- Requiring applicable entities to report weather normalized annual peak hour actual demand data from the previous year to allow meaningful comparison with forecasted values;

- Requiring applicable entities to provide an explanation of how their demand side management forecasts compare to actual demand side management for the prior calendar year and how their peak demand forecasts compare to actual demand for the prior calendar year with regard to any relevant weather-related variations.

The proposed Reliability Standard MOD-031-1 contains four requirements. Requirement R1 mandates that each planning coordinator or balancing authority that identifies a need for the collection of demand and energy data develop and issue a data request for such data to the relevant entities in its area. The requirement mandates that the data request identify:

- the entities responsible for providing the data;
- the data to be provided by each entity;
- and the schedule for providing the data.

Requirement R2 obligates the entities identified in a Requirement R1 data request to provide the requested data to their planning coordinator or balancing authority. Requirement R3 requires that the planning coordinator or the balancing authority provide the data collected under Requirement R2 to their Regional Entity (if requested) to facilitate NERC's development of reliability assessments. Requirement R4 requires entities to share their demand and energy data with any applicable entity that demonstrates a reliability need for such data subject to applicable confidentiality, regulatory, or security restrictions.

The MOD-031-1 Reliability Standard, replacing and improving on the existing MOD C standards, continues to provide planners and operators access to complete and accurate demand and energy data to allow the same type of entities to conduct their own resource adequacy analyses to serve peak demand. The proposed Reliability Standard also provides consistent documentation and information sharing practices for demand and energy data while promoting efficient planning practices across industry and supporting identification of necessary system reinforcements. All of this would be hindered if these collections of information were discontinued.

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. 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. Under this proceeding, Reliability Standard MOD-031-1 does not duplicate any filing requirements since the NOPR also calls for the retirement of existing MOD C Standards. This retirement eliminates any possible duplicative requirements imposed by MOD-031-1.

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

FERC estimates that there are 249¹ small entities applicable to this rule. FERC considers the impact of the rule to be very minimal. In general, small entities may reduce their burden by taking part in a joint registration organization or a coordinated functional registration. These options allow a small entity to share the compliance burden with other entities and, thus, to minimize their own compliance burden. Detailed information regarding these options is available in NERC's Rule of Procedure at Sections 507 and 508².

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

The proposed Reliability Standard provides consistent documentation and information sharing practices for demand and energy data while promoting efficient planning practices across industry and supporting identification of necessary system reinforcements. As stated earlier, all of this would be hindered if these collections of information were discontinued or conducted less frequently.

¹ 44.4% of affected entities

²

[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)

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances regarding the MOD-031-1 Reliability Standard or how it affects the FERC-725L 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. The final proposed reliability standard was submitted to the FERC for review and approval. 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 9/30/2014 (79 FR 58716).

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents associated with this collection.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

According to the NERC Rule of Procedure³, "...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 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,

³ Section 1502, Paragraph 2, available at NERCs website.

RELIGIOUS BELIEFS, AND OTHER MATTERS THAT ARE COMMONLY CONSIDERED PRIVATE.

There are no questions of a sensitive nature in the reporting requirements.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The current burden (before implementation of the NPR in RM14-12) for the FERC-725L is 42,703 hours. These burden hours are associated with MOD Reliability Standards as they have been proposed by NERC and approved by FERC.

This burden was approved by OMB as part of a separate Commission rulemaking in Docket No. RM13-16 and RD14-5-000. The final rule in Docket No. RM13-16 approved five Reliability Standards: MOD-025-2, MOD-026-1, MOD-027-1, PRC-019-1 and PRC-024-1. Also, the order in Docket No. RD14-5-000 approved MOD-032-1 and MOD-033-1. (The PRC standards are in information collection FERC-725G.) The purpose of the Reliability Standards is to ensure that generators remain in operation during specified voltage and frequency excursions; properly coordinate protective relays and generator voltage regulator controls; and ensure that generator models accurately reflect the generator’s capabilities and equipment performance.

NOTE: the average salary stated for engineers in the following tables differs due to a difference in timing on their respective approvals. MOD-025-2, MOD-026-1, MOD-027-1, PRC-019-1 and PRC-024-1 use a \$52/hour cost whereas MOD-032-1 and MOD-033-1 use a \$60/hour cost. The difference in costs is because RM13-16-000 and RD14-5-000 were approved respectively on 5/21/2014 and 10/30/2014. The figures were revised in between both activities.

MOD-025-2 (Verification and Data Reporting of Generator Real and Reactive Power Capability and Synchronous Condenser Reactive Power Capability)					
	Number of Respondents⁴	Number of Responses per Respondent	Average Burden Hours Per Response	Total Annual Burden Hours	Total Annual Cost⁵
FERC-725L	(1)	(2)	(3)	(1)x(2)x(3)	

4 GO = Generator Owner, TP = Transmission Planner.
 Assuming 10 generators per generator owner, using EIA-860 2012 generator data (<http://www.eia.gov/electricity/data/eia860/>) total number of units > 20 MW are 7,379, which results in 738 generator owners.

5 The estimates for cost per hour are derived as follows:
 • \$52/hour, the average of the salary plus benefits for an engineer, from Bureau of Labor and Statistics at http://bls.gov/oes/current/naics3_221000.htm

OMB Control Number: 1902-0261 (FERC-725L)
 RM14-12-000, Notice of Proposed Rulemaking (NPR)
 RIN: 1902-AE91
 (11/24/2014)

Develop testing procedures, verification process, and process for collection of data	738 GO	1	8	5,904 one-time	\$307,008 one-time (\$52/hr)
Attachment 2	738 GO	1	6	4,428	\$309,960 (\$70/hr)
Evidence Retention	738 GO	1	1	738	\$20,664 (\$28/hr)
TOTAL				11,070	\$637,632

MOD-026-1 (Verification of Models and Data for Generator Excitation Control System or Plant Volt/Var Control Functions)

FERC-725L	Number of Respondents (1)¹⁸	Number of Responses per Respondent (2)	Average Burden Hours Per Response (3)	Total Annual Burden Hours (1)x(2)x(3)	Total Annual Cost¹⁹
Develop testing procedures, verification process, and process for collection of data	356 GO	1	8	2,848 one-time	\$148,096 one-time (\$52/hr)
Instructions for obtaining excitation control system or plant voltage/variance control function model	187 TP	1	8	1,496	\$104,720 (\$70/hr)

- \$70/hour, the average of the salary plus benefits for a manager and an engineer, from Bureau of Labor and Statistics at http://bls.gov/oes/current/naics3_221000.htm
- \$28/hour, based on a Commission staff study of record retention burden cost.

OMB Control Number: 1902-0261 (FERC-725L)
 RM14-12-000, Notice of Proposed Rulemaking (NOPR)
 RIN: 1902-AE91
 (11/24/2014)

Documentation on generator verification	356 GO	1	8	2,848	\$199,360 (\$70/hr)
Evidence Retention	543 GO and TP	1	1	543	\$15,204 (\$28/hr)
TOTAL				7,735	\$467,380

MOD-027-1 (Verification of Models and Data for Turbine/Governor and Load Control or Active Power/Frequency Control Functions)

FERC-725L	Number of Respondents (1)¹⁸	Number of Responses per Respondent (2)	Average Burden Hours Per Response (3)	Total Annual Burden Hours (1)x(2)x(3)	Total Annual Cost¹⁹¹⁶
Develop testing procedures, verification process, and process for collection of data	356 GO	1	8	2,848 one-time	\$148,096 one-time (\$52/hr)
Instructions for obtaining turbine/governor and load control or active power/frequency control model	187 TP	1	8	1,496	\$104,720 (\$70/hr)
Documentation on generator verification	356 GO	1	8	2,848	\$199,360 (\$70/hr)
Evidence Retention	543 GO and TP	1	1	543	\$15,204 (\$28/hr)
TOTAL				7,735	\$467,380

MOD-032-1 (Data for Power System Modeling and Analysis)

FERC-725L	Number of Respondents⁶ (1)	Number of Responses per Respondent (2)	Average Burden Hours Per Response (3)	Total Annual Burden Hours (1)x(2)x(3)	Total Annual Cost⁷
Develop data requirements and reporting procedures	200 (PA, TP)	1	8	1,600	\$96,000 one-time (@\$60/hr)
Data Submittal	1,355 (BA, GO, LSE, PA, RP, TO, TP, TSP)	1	8	10,840	\$650,400 (@\$60/hr)
Evidence Retention	1,355 (BA, GO, LSE, PA, RP, TO, TP, TSP)	1	1	1,355	\$43,360 (@\$32/hr)
TOTAL				13,795	\$789,760

MOD-033-1 (Steady-State and Dynamics System Model Validation)

FERC-725L	Number of Respondents¹⁸ (1)	Number of Responses per Respondent (2)	Average Burden Hours Per Response (3)	Total Annual Burden Hours (1)x(2)x(3)	Total Annual Cost¹⁹
Develop data validation procedures	75 (PA)	1	8	600	\$36,000 one-time (@\$60/hr)

⁶ PA = Planning Authority, GO = Generator Owner, TP = Transmission Planner, BA = Balancing Authority, LSE = Load Serving Entity, RP = Resource Planner, TSP = Transmission Service Provider, RC = Reliability Coordinator, TOP = Transmission Operator.

⁷ 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)
- \$32/hour, the salary plus benefits for information and record clerks (from Bureau of Labor Statistics at http://bls.gov/oes/current/naics3_221000.htm)

OMB Control Number: 1902-0261 (FERC-725L)
 RM14-12-000, Notice of Proposed Rulemaking (NOPR)
 RIN: 1902-AE91
 (11/24/2014)

Data Submittal	196 (RC, TOP)	1	8	1,568	\$94,080 (@\$60/hr)
Evidence Retention	200 (PA, RC, TOP)	1	1	200	\$6,400 (\$32/hr)
TOTAL				2,368	\$136,480

The additional burden proposed in this clearance package for the NOPR in RM14-12 is detailed in the response to Question #15 below.

As a result of the NOPR in RM14-12, there are 28 responses (out of 589) and 6,720 hours (out of 11,208) associated with tasks that are one-time only. That means that they will be complete sometime in 2015. Subsequent to their completion, Commission staff intends to remove these one-time burden hours.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no non-labor costs currently associated with the either the FERC-725L.

All of the costs in the proposed rule are associated with burden hours (labor) and described in #12 and 15..

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The estimated annualized cost to the Federal Government for FERC-725L as related to the requirements in the NOPR in RM14-12-000 follows:

	Number of Employees (FTE)	Estimated Annual Federal Cost
FERC-725L Analysis and Processing of filings ⁸	0	\$0
PRA ⁹ Administrative Cost ¹⁰		\$5,092
FERC Total		\$5,092

⁸ Based upon FERC's 2014 FTE average salary plus benefits (\$146,591)

⁹ Paperwork Reduction Act of 1995 (PRA)

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 the NOPR in Docket No. RM14-12), and other changes to the collection.

The Commission bases its estimate of the ‘Analysis and Processing of filings’ cost to the Federal Government on salaries and benefits for professional and clerical support. This estimated cost represents staff analysis, decision making, and review of any actual filings made in response to the information collection.

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

The burden for the FERC-725L information collection increased¹¹ due to the NOPR in RM14-12 and the related:

- The one-time requirement to determine weather-normalized annual peak hour actual demand;
- Continuing development of summary explanations regarding:
 - how the controllable and dispatchable demand side management forecasts compare to actual demand for the previous calendar year and how the assumptions/methods for future forecasts were adjusted;
 - how peak demand forecast compares to actual demand for the prior calendar year with regard to any relevant weather-related variations and how the assumptions/methods for future forecasts were adjusted.

FERC-725L (changes due to the NOPR in RM14-12)						
Reliability Standard MOD-031-1	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 Respondent ¹² (5)÷(1)
(One-time) Determine method to weather-normalized annual peak hour actual demand ¹³ .	28 ¹⁴ (DP, LSE, TP and/or BA) ¹⁵	1	28	240 \$14,309	6,720 \$400,646	\$14,309

11 This increase is over and above the baseline burden (being retained at this time) of the existing standards included in FERC-725A.

12 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 (\$59.62/hour). This is further revised from the hourly costs for an engineer stated earlier in this document (e.g. \$52/hour, \$60/hour)

13 Requirement 1.3.2.1 within the MOD-031-1 Reliability Standard.

14 This value represents the number of entities that have not already determined a method to weather normalize annual peak actual demand data. We estimate approximately 5 percent of the applicable 561 entities fall into this category.

15 DP = distribution provider, LSE = load-serving entity, TP = transmission planner and BA = balancing authority. These are functions the applicable entities perform in conjunction or individually. We estimate the total number of

OMB Control Number: 1902-0261 (FERC-725L)
 RM14-12-000, Notice of Proposed Rulemaking (NPR)
 RIN: 1902-AE91
 (11/24/2014)

(On-going) Develop summary in accordance w/ Requirement R1, Subparts 1.5.4 and 1.5.5.	561 (DP, LSE, TP and/or BA)	1	561	8 \$477	4,488 \$267,575	\$477
TOTAL			589		11,208 \$668,221	

FERC-725L	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	5,693	5,104	0	589
Annual Time Burden (Hr)	53,911	42,703	0	11,208
Annual Cost Burden (\$)	0	0	0	0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

FERC does not publish any data associated with these collections.

17. DISPLAY OF EXPIRATION DATE

It is not appropriate to display the expiration date for OMB approval of the information collected pursuant to this rulemaking affecting FERC-725L because there are no specific instruments used in the collection.

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

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There is no stated record retention requirement as part of this collection. Also, the data collected for this reporting requirement are not used for statistical purposes.

unique entities performing one or more of these functions to be 561.