

Supporting Statement for
**FERC-725D, Facilities Design, Connections, and Maintenance Reliability Standards,
as modified in Docket No. RD14-12**

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review and approve the FERC-725D, Facilities Design, Connections, and Maintenance Reliability Standards, information collection for a three-year period under OMB Control Number 1902-0247. The Reliability Standards are being modified in a Delegated Letter Order¹ issued 11/6/2014 in Docket No. RD14-12; however there is no change to the burden associated with the previous versions of the standards (currently included under FERC-725M and FERC-725A).

The burdens for the current versions of the standards (before this action in Docket RD14-12) are included in:

- FERC-725M (OMB Control No. 1902-0263) for FAC-001-1, and
- FERC-725A (OMB Control No. 1902-0244) for FAC-002-1.

The burden for the new versions of the standards (as approved in Docket RD14-12 and discussed further in this supporting statement) is the same as the burdens of the current standards (being superseded). Temporarily the full burden will be added to FERC-725D here; later separate ICRs will be submitted to OMB for FERC-725M and FERC-725A to remove this burden and eliminate this temporary double counting.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Docket RD14-12. The information collection changes in Docket No. RD14-12-000 relate to the proposed Reliability Standards FAC-001-2 (Facility Interconnection Requirements) and FAC-002-2 (Facility Interconnection Studies), developed by the North American Electric Reliability Corporation (NERC), and submitted to the Commission for approval. The Commission received NERC's petition² to approve the proposed Reliability Standards on August 22, 2014.

¹ The Office of Electric Reliability's letter order is available in FERC's eLibrary at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13678657> .

² NERC's Petition is available in FERC's eLibrary at

- Cover, <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13622436>
- Exhibit A, <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13622437>
- Ex. B, <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13622438>
- Ex. C, <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13622439>
- Ex. D, <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13622440>
- Ex. E, <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13622441>
- Ex. F, <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13622442>

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NERC summarizes the FAC group of standards as follows:

The Facility Design, Connections, and Maintenance (“FAC”) Reliability Standards address topics such as facility interconnection requirements, facility ratings, system operating limits, and transfer capabilities.³

In its petition, NERC also summarizes the proposed Reliability Standards’ applicability and requirements:

Proposed Reliability Standard FAC-001-2 requires that Transmission Owners and applicable Generator Owners document and make Facility interconnection requirements available so that entities seeking to interconnect have the necessary information.

Proposed Reliability Standard FAC-002-2 ensures that the reliability impact of interconnecting new or materially modified Facilities is studied. Collectively, proposed Reliability Standards FAC-001-2 and FAC-002-2 ensure that there is appropriate coordination and communication regarding the interconnection of Facilities, which improves the reliability of the Bulk-Power System.⁴

Finally, NERC also states that the proposed Reliability Standards improve reliability, clarify requirement language and eliminate redundant or unnecessary requirements.⁵

General Background.

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 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

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- Ex. G, <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13622443>
 - Ex. H, <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13622444> .

³ NERC Petition at 3.

⁴ *Id.* at 3.

⁵ *Id.* at 4.

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.

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

As stated in FERC’s Letter Order,

“In its Petition, NERC states that the proposed Reliability Standards are intended to improve Bulk-Power System reliability by ensuring that there is appropriate coordination regarding the interconnection of facilities.⁶ NERC explains that the standard drafting team’s revisions to the currently-effective Reliability Standards FAC-001-1 and FAC-002-1 eliminate redundancies and clarify the actions required in the standards.⁷ NERC further states that proposed Reliability Standard FAC-001-2 sets forth the requirements related to transmission owners and applicable generation owners⁸ for making facility interconnection requirements available so that entities seeking to interconnect have the necessary information, and proposed Reliability Standard FAC-002-2 ensures that the reliability impact of interconnecting new or materially modified facilities is studied.⁹

Proposed Reliability Standard FAC-001-2 requires each transmission owner and applicable generator owner to document facility interconnection requirements, and to make them available upon request to entities seeking to interconnect. In addition, proposed Reliability Standard FAC-001-2 requires each transmission owner and applicable generator owner to include procedures for coordinating studies to determine the impact of interconnecting facilities on existing interconnections as well as on affected systems.

Proposed Reliability Standard FAC-002-2 requires each transmission planner and each planning coordinator to study the reliability impact of interconnecting new--or materially modifying existing-- generation, transmission, or electricity end-user facilities on affected systems. In particular, proposed Reliability Standard FAC-002-2 requires transmission planners and planning coordinators to perform steady-state, short-circuit, and dynamic studies to evaluate system performance under both normal and contingency conditions. In addition, proposed

⁶ NERC Petition at 3.

⁷ *Id.* at 4.

⁸ An “applicable generation owner” is a generation owner “with a fully executed Agreement to conduct a study on the reliability impact of interconnecting a third party Facility to the Generator Owner’s existing Facility that is used to interconnect to the Transmission System.” Section 4.1.2.1 of Reliability Standard FAC-001-2 and section 4.1.6.1 of Reliability Standard FAC-002-2.

⁹ NERC Petition at 3.

Reliability Standard FAC-002-2 requires each generator owner seeking to interconnect, each transmission owner, each distribution provider, and each load-serving entity that is seeking to interconnect new--or materially modifying existing--transmission facilities or end-user facilities to coordinate and cooperate on studies with its transmission planner and planning coordinator.”

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 is not covered in Reliability Standards, and is therefore left to the discretion of each reporting entity. 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 information collection requirements are unique to these Reliability Standards 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

In general, small entities may reduce their burden by taking part in a joint registration organization or a coordinated functional registration. These options allow an entity to share its compliance burden with other entities. Detailed information regarding these options are available in NERC’s Rules of Procedure at sections 507 and 508.¹⁰

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

¹⁰ The NERC’s Rules of Procedures, effective 7/1/2014, are posted on the NERC website at [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).

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The revisions to the Reliability Standards approved in RD14-12 are intended to enhance and improve the coordination and communication associated with the interconnection of new or materially modified facilities to the bulk electric system. Without the clarifications, elimination of redundancies and increased flexibility in the approved Reliability Standards, compliance with the Reliability Standards would be less flexible and efficient.

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, providing comments, and voting, with the final proposed standard submitted by NERC to FERC for review and approval.¹¹ The Reliability Standards being modified in RD14-12 were approved by industry vote during the standard development process and the NERC Board of Trustees before they were submitted to FERC. The NERC standard development process is ANSI accredited as being open, fair, balanced, inclusive and transparent.

NERC submitted a petition to FERC requesting approval of the proposed standards. NERC's filing was noticed on 8/26/2014,¹² with interventions, comments, and protests due on or before 9/25/2014. No interventions, comments or protests were filed.

In addition, in accordance with OMB requirements, the Commission published a 60-day notice¹³ The Commission received no comments from the public.

FERC is also publishing a 30-day notice 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. In the public notices, the Commission noted that it would be requesting OMB approval of the revisions to the information collection.

¹¹ Details of the current ERO Reliability Standard processes are available on the NERC website at http://www.nerc.com/files/Appendix_3A_StandardsProcessesManual_20120131.pdf.

¹² The Notice of Filings is posted at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13622668>.

¹³ The 60-day Notice was issued on 11/7/2014 and is available in FERC's eLibrary at <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13679379> (and published in the Federal Register at 79 FR 68426, 11/17/2014).

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

According to the NERC Rules of Procedure¹⁴, "...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.

These standards do not require any information or data to be submitted to FERC.¹⁵ 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

Existing OMB-Approved Inventory (before Implementation of Changes in Docket RD14-12). The existing FERC-725D which is approved by OMB includes only information requirements for Reliability Standards FAC-010-2, FAC-011-2, and FAC-014-2. (Those standards are not affected by Docket RD14-12.) The existing FERC-725D burden (before implementation of the Order in RD14-12) for the collection follows.

FERC-725D: (Mandatory Reliability Standards: FAC (Facilities, Design, Connections, and Maintenance))

¹⁴ Section 1502, Paragraph 2, available at NERCs website.

¹⁵ FERC regulations at 18 CFR 388.112 do allow entities submitting information to FERC to request privileged treatment of such information.

	Number of Respondents¹⁶ (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden Hours & Cost Per Response¹⁷ (4)	Total Annual Burden Hours & Total Annual Cost¹⁸ (3)*(4)=(5)	Average Annual Cost per Respondent (5)÷(1)
Annual Reporting	470	1	470	295.7 \$20,992	138,980 \$9,866,240	\$20,992

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The total annual cost burden to respondents is solely related to the burden hours (salaries plus benefits) and is shown in Questions #12 and #15. There are no capital or start-up type costs.

Total Capital and Start-up cost: \$0

Total Operation, Maintenance, and Purchase of Services: \$0

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. (Those burdens are included in FERC-725, OMB Control No. 1902-0225.)

Any involvement by the Commission is covered under the FERC-725 collection (OMB Control No. 1902-0225) and is not part of this request or package.

¹⁶ The total number of planning authorities, reliability coordinators, transmission planners and transmission operators equals 470 (taken from the April 30, 2014, version of NERC's compliance registry).

¹⁷ Of the average estimated 295.702 hours per response, 210 hours are for recordkeeping, and 85.702 hours are for reporting.

The estimate for cost per response is derived using the following formula: Total Annual Cost (Column 5) ÷ Total Number of Responses (Column 3) = Average Cost per Response

¹⁸ The total annual cost is derived from salary figures from the Bureau of Labor Statistics for two positions involved in the reporting and record-keeping associated with this collection. These figures include salary (http://bls.gov/oes/current/naics2_22.htm) and other associated benefits (<http://www.bls.gov/news.release/ecec.nr0.htm>):

- Manager: \$82.36/hour
- Engineer: \$59.62/hour

This results in an average hourly wage of \$70.99. 138,980 hours (total annual burden) * \$70.99/hour = \$9,866,240

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FERC-725D	Number of Employees (FTEs) or Number of Hours	Estimated Annual Federal Cost
Analysis and Processing of filings	0	\$0
Paperwork Reduction Act Administrative Cost ¹⁹		\$5,092
FERC Total		\$5,092

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

Revisions in RD14-12. NERC states that the proposed Reliability Standards improve reliability, clarify requirement language and eliminate redundant or unnecessary requirements.

As noted above, the burdens for the current versions of the standards (before this action in Docket RD14-12) are already included in:

- FERC-725M (OMB Control No. 1902-0263) for FAC-001-1, and
- FERC-725A (OMB Control No. 1902-0244) for FAC-002-1.

The FERC-725D burden for the new versions of the standards (as approved in Docket RD14-12 and discussed in this supporting statement) is the same as the burdens of the current standards (being superseded), giving no net change in burden for industry. Temporarily the full burden of the updated standards will be added to FERC-725D here; later separate ICRs will be submitted to OMB for FERC-725M and FERC-725A to remove the corresponding burden and eliminate this temporary double counting.

The annual reporting burden for the implementation of Reliability Standards FAC-001-2 and FAC-002-2 as discussed in RD14-12 is estimated as follows.

FERC-725D, modifications in RD14-12

¹⁹The 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.

	Number and Type of Respondent²⁰ (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden per Response (Hours) (4)	Total Annual Burden (Hours) (3)*(4)=(5)	Total Annual Cost²¹ (\$)
FAC-001-2						
Documentation & updates	GO 5	1	5	16	80	\$5,833.60
	TO 332	1	332	16	5312	\$387,351.04
Record Retention	GO 5	1	5	1	5	\$145.05
	TO 332	1	332	1	332	\$9,631.32
FAC-002-2						
Study	PC, TP 183	1	183	32	5856	\$427,019.52
Record Retention	PC, TP 183	1	183	1	183	\$5,308.83
Coordination	TO, DP, LSE, GO 216	1	216	16	3456	\$252,011.52
Record Retention	TO, DP, LSE, GO 216	1	216	1	216	\$6,266.16

²⁰ The number of respondents is based on the NERC Compliance Registry as of September 24, 2014. Although 2,163 entities are registered as TO, DP, LSE, or GO, as relates to Docket RD14-12, we expect at the most 216 entities (ten percent) will seek to interconnect and go through the study phase that may require coordination in any given year.

²¹ The estimates for cost per hour are derived as follows:

- \$72.92/hour, the average of the salary plus benefits for a manager (\$84.96/hour) and an electrical engineer (\$60.87/hour), from Bureau of Labor and Statistics at http://bls.gov/oes/current/naics3_221000.htm, as of 9/4/2014
- \$29.01/hour, based on a Commission staff study of record retention burden cost.

Total ²²	736		736	736	15,440	\$1,093,567.04
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Total Figures after Implementation of RD14-12. The estimated revised totals after implementation of the changes in RD14-12 follow.

FERC-725D	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	1,206	470	0	736
Annual Time Burden (Hr)	154,420	138,980	0	15,440
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no tabulating, statistical or tabulating analysis or publication plans for the 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.

²² All of the respondents have both reporting and record retention requirements. The responses are totaled using the figures for only reporting requirements (736=5+332+183+216). There is some double counting for respondents who have requirements under both standards or who serve several roles.