

Supporting Statement
FERC-725G1, Mandatory Reliability Standards for PRC-004-3
for the Order in Docket Number RD14-14-000
(issued on 4/16/2015)

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review FERC-725G1 (Mandatory Reliability Standards for the Bulk-Power System: PRC¹ Reliability Standards). The requirements for this information collection are referenced in the Commission's regulations at 18 Code of Federal Regulations (CFR) Part 40.

In this order, the Commission proposes to approve a revised Reliability Standard PRC-004-3². The Reliability Standard requires transmission owners, generator owners, and distribution providers to identify and correct causes of misoperations of certain protection systems. Additionally, the Commission approves:

- NERC's implementation plan for Reliability Standard PRC-004-3;
- The retirement of Reliability Standards PRC-004-2.1a, PRC-003-1;
- The addition of the terms "Composite Protection System" and "Misoperation" to the NERC glossary; and
- The Proposed VSL designations for the Reliability Standard PRC-004-3.

The existing information collection requirements in the currently-approved family of PRC Reliability Standards, which are in place before implementation of this Order in Docket No. RD14-14-000, are approved by OMB under FERC-725A (OMB Control No. 1902-0244), FERC-725G (OMB Control No. 1902-0252), and FERC-725P (OMB Control No. 1902-0269). As of 7/21/2015, there are four pending ICRs (listed in Attachment A) affecting various Reliability Standards in the PRC family. The Commission submits the changes due to this order in Docket No. RD14-14-000 under the FERC-725G1 information collection (OMB Control No. TBD) in order to submit it timely to OMB.

Although FERC-725G1 is intended as a temporary collection number to ensure FERC's timely submission to OMB, all PRC Reliability Standards should eventually be in the FERC-725G information collection (OMB Control No. 1902-0252).³

1 PRC is not an acronym. Rather, it is a prefix that denotes reliability standards related to "Protection and Control".

2 Protection System Misoperation Identification and Correction

3 The collection itself is not temporary; rather the collection number (FERC-725G1) is a temporary identifier. The requirements would normally be included in FERC-725G. However FERC-725G is currently pending OMB review, and only one item per OMB Control No. can be pending OMB review at a time. Attachment A provides additional information on the four ICRs, affecting various components of the PRC family of Rel. Standards, which are pending OMB review at this time.

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 (EPAAct 2005), was enacted into law. EPAAct 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 may 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

In Order No. 693, the Commission approved 83 of 107 proposed Reliability Standards submitted by NERC, including approval of PRC-004-1 (Analysis and Mitigation of Transmission and Generation Protection System Misoperations).⁵ In addition, the Commission directed that NERC (1) consider a commenter's suggestion regarding whether PRC-004-1 should apply to load serving entities and transmission operators; and (2) clarify what entity should develop the procedures for corrective action plans.⁶ 4. Subsequently, NERC submitted, and the Commission approved, Reliability Standard PRC-004-2, which included modifications in response to the Commission's directives in Order No. 693.

In Order No. 693, the Commission neither accepted nor remanded Reliability Standard PRC-003-1 (Regional Procedures for Analysis of Misoperations of Transmission and Generation Protection System). The Commission identified the standard as a "fill-in-the-blank" standard and noted that the associated regional procedures had not been submitted. Concluding that additional information was needed regarding the regional procedures, the Commission directed NERC to consider whether greater consistency can be achieved "on an Interconnection-wide basis" in Reliability Standard PRC-003-1.⁷

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

In the Order in Docket No. RD14-14-000, the Commission approves Reliability Standard PRC-004-3 to replace Reliability Standards PRC-004-2.1a and PRC-003-1 and require transmission owners, generator owners, and distribution providers to identify and correct causes of

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).

⁵ *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 1467, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

⁶ Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 1469.

⁷ Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 1461.

misoperations of certain protection systems. The Commission finds that proposed Reliability Standard PRC-004-3 is just, reasonable, not unduly discriminatory or preferential, and in the public interest. The Commission agrees with NERC that the modified Reliability Standard clarifies the process and establishes timeframes that registered entities must follow in analyzing and correcting protection system misoperations. In addition, the process in the revised Reliability Standard allows the entities to declare if the cause of the misoperation could not be identified, and the timeframes allow the entities to investigate and correct the causes of the misoperations within a reasonable period of time. These improvements to the Reliability Standard should benefit reliability by providing clear expectations on how applicable entities should investigate, communicate about and mitigate specified misoperations. NERC states that Reliability Standard PRC-004-3, in concert with a Section 1600 Misoperations Data Request, provides the means to address protection system misoperations. Specifically, NERC states “reducing the risk to reliability from Protection System misoperations will require consistent collection of Misoperation information along with systematic analysis and correction of the underlying causes of preventable Misoperations. Proposed PRC-004-3, and the parallel Section 1600 Data Request provide means to accomplish this systematic analysis and correction.”⁸

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.

In general, the Commission supports the use of information technology to reduce burden.

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 PRC-004-3 does not duplicate any filing requirements since the order revises an existing standard to improve clarity and efficiency.

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

⁸ NERC Petition at 9.

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 organization registration 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 508⁹.

In this order, the approved changes are estimated to cost small (and large) entities approximately \$1,114 which Commission staff considers minimal.

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

The additional burden imposed by this order cannot be conducted less frequently. The evidence retention requirements are either existing requirements or considered usual business practice.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances as described in 5 CFR 1320.5(d)(2) related to this 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 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 approved collection of data. The Commission issued a 60-day comment request within the order in Docket No. RD14-14-000¹⁰ and published a 30-day¹¹ public notice in the Federal Register requesting comment from the public.

⁹ These options are detailed in NERC's Rules of Procedure (Section 507, Provisions Relating to Joint Registration Organizations (JRO) and Section 508. Provisions Relating to Coordinated Functional Registration (CFR) Entities) on NERC's 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).

¹⁰ 151 FERC 61,129 (5/13/2015)

¹¹ 80 FR 47914 (8/10/2015)

NOTE: Within the ROCIS metadata, the 60-day notice citation is the same as the 30-day notice. The FERC issuance citation is: 151 FERC 61129 (5/13/2015).

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 Rules of Procedure 1502,¹² “...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 approved 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 unless and until any such information is submitted to FERC as part of an enforcement action or other compliance process.

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.

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

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

According to the NERC Compliance Registry as of 1/30/2015, there are 326 transmission owners, 914 generator owners, and 471 distribution providers that are required to comply with this Reliability Standard. Under NERC’s compliance registration program, entities may be registered for multiple functions, so these numbers may incorporate some double-counting. The total number of unique entities identified as a notification provider in accordance with Reliability Standard PRC-004-3 is approximately 659 entities registered as a transmission owner, generator owner, distribution provider, or a combination of these three roles.

¹² Section 1502, Paragraph 2, available at NERC’s website.

There is no information collection burden currently associated with FERC-725G1 (before implementation of the order). FERC-725G1 is a temporary collection number to enable FERC staff to submit timely to OMB, for PRA review, this order within Docket No. RD14-14-000 with its corresponding proposed information collection requirements. Currently, other FERC activities are pending OMB review of the FERC-725P information collection (OMB Control No. 1902-0269) and FERC-725G information collection (OMB Control No. 1902-0252).

FERC-725G1 ¹³						
	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Response ¹⁴ (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
Notifications to TO/GO/DP per Requirement R2	659	1	659	8 \$584	5,272 \$384,856	\$584
One-time review and adjustment of existing program	659	1	659	2 \$146	1,318 \$96,214	\$146
Evidence Retention	659	1	659	12 \$384	7,908 \$253,056	\$384
TOTAL					14,498 \$734,126	\$1,114

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no non-labor costs currently associated with either FERC-725G1 or this order. Commission staff assumes that the information collection requirement associated with this rulemaking is consistent with estimates for similar tasks in other Commission-approved Reliability Standards and can be completed by entities using existing hardware and/or software.

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

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

¹³ FERC-725G is a currently pending request at OMB. Only one submittal can be pending OMB review under each control number, therefore, FERC-725G1 will be used for timely submittal.

¹⁴ The estimates for cost per response are derived using the following formula: Average Burden Hours per Response * \$n per Hour = Average Cost per Response. The \$73 hourly cost figure is the average of the salary plus benefits for a manager and an engineer (rounded to the nearest dollar); \$32/hour is the salary plus benefits for information and record clerks. The figures are taken from the Bureau of Labor Statistics at http://bls.gov/oes/current/naics3_221000.htm.

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 (OMB Control No. 1902-0225) and is not part of this request or package.

The estimated annualized cost to the Federal Government for FERC-725G1 as related to the requirements in the order in Docket No. RD14-14-000 follows:

	Number of Federal Employees (FTE)	Estimated Annual Federal Cost
FERC-725G1 Analysis and Processing of filings	0	\$0
PRA ¹⁵ Administrative Cost ¹⁶		\$5,193
FERC Total		\$5,193

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

FERC-725G1 is a new collection number for the proposed revised Reliability Standard PRC-004-3 (Protection System Misoperation Identification and Correction).

Pursuant to Section 215 of the Federal Power Act (FPA), FERC proposes to approve a revised Reliability Standard, PRC-004-3, developed and submitted by the North American Electric Reliability Corporation (NERC), the Commission-certified Electric Reliability Organization (ERO). Reliability Standard PRC-004-3 provides improvements over the currently-effective PRC-004-2.1a, including clearer requirements that establish what is required of the applicable entities and timeframes for the reliability objectives to be completed.

The estimated revised totals after the one-time changes in FERC-725G1 (Docket No. RD14-14-000) follow:

FERC-725G1	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	659	0	0	659
Annual Time Burden	14,498	0	0	14,498

¹⁵ Paperwork Reduction Act of 1995 (PRA)

¹⁶ The PRA Administrative Cost is a Federal Cost associated with preparing, issuing, and submitting materials necessary to comply with the PRA for rulemakings, orders, or any other vehicle used to create, modify, extend, or discontinue an information collection.

(Hr.) ¹⁷				
Annual Cost Burden (\$)	0	0	0	0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

FERC does not publish any data associated with this collection.

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-725G1 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 are no exceptions.

¹⁷The new, additional, one-time burden discussed in this supporting statement and imposed by Reliability Standard PRC-005-4 (in Docket No. RM15-9-000) is 10,296 hours.