

**SUPPORTING STATEMENT FOR
FERC-725G¹, Disturbance Monitoring and Reporting Requirements
as modified in the Final Rule in Docket No. RM15-4-000**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review the information collection requirements in the **FERC-725G, Mandatory Reliability Standards for the Bulk-Power System: Disturbance Monitoring and Reporting Requirements**, as modified in the final rule in RM15-4. FERC-725G (OMB Control No. 1902-0252) is a Commission data collection, as contained within 18 Code of Federal Regulations (CFR), Part 40.

In this Final Rule, the Commission approves a revised Reliability Standard PRC-002-2. The purpose of Reliability Standard PRC-002-2 is to have adequate data available to facilitate analysis of bulk electric system disturbances.

The existing information collection requirements in the currently-approved family of PRC Reliability Standards 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). The Commission submitted the changes due to the NOPR in Docket No. RM15-4-000 under the FERC-725G2 information collection (OMB Control No. 1902-0281). FERC-725G2 was a temporary collection number to ensure FERC's timely submission to OMB. The Final Rule also lists the requirements under the FERC-725G2 information collection, however it is being submitted under FERC-725G.¹

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

¹ FERC-725G2 was temporarily used in the Proposed and Final Rules in RM15-4-000, Disturbance Monitoring and Reporting Requirements because an unrelated item in FERC-725G (OMB Control No. 1902-0252) was pending review at OMB. FERC-725G is no longer pending review at OMB, so the reporting requirements in the final rule in RM15-4-000 will be included under the currently-approved family of PRC Reliability Standards in FERC-725G.

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.

Section 215 of the FPA requires a Commission-certified ERO to develop mandatory and enforceable Reliability Standards, subject to Commission review and approval.² Once approved, the Reliability Standards may be enforced by the ERO subject to Commission oversight, or by the Commission independently.³ In 2006, the Commission certified NERC as the ERO pursuant to FPA section 215.⁴

The interconnected bulk power system is very complex. It consists of static (e.g., transmission lines) and dynamic (e.g., generation) devices connected and controlled, manually and automatically. Disturbances initiate a sequence of events that if left uncontrolled, could lead to cascading and eventually blackouts. These disturbances result in abnormal electrical quantities or information that can be collected and analyzed to determine their cause. The result of this analysis is used by the bulk power system operators and planners, NERC and FERC to ensure the causes of disturbance are mitigated, aiming to prevent similar disturbances from occurring in the future.

Reliability Standard PRC-002-2 requires entities to collect electrical information in key locations on the bulk power system to facilitate the analysis of events following a disturbance. The standard requires the entities to use the same data specifications and to synchronize the recordings, which enable entities to create a sequence of events that can be analyzed to determine the cause of the disturbance. By more effectively and accurately understanding the cause of a disturbance, the reliability of the system can be improved.

² *Id.* 824o(c), (d).

³ *Id.* 824o(e).

⁴ *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062 (ERO Certification Order), *order on reh'g and compliance*, 117 FERC ¶ 61,126 (2006), *order on compliance*, 118 FERC ¶ 61,190, *order on reh'g*, 119 FERC ¶ 61,046 (2007), *rev. denied sub nom. Alcoa Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

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

PRC-002-2 requires Transmission Owners and Generator Owners to identify the elements on the bulk power system where electrical information is needed to analyze an event, following a disturbance. Engineers use the data collected as required by the standard in computer models to reconstruct the events following a disturbance. If adequate data containing actual electrical conditions of the power system are available to the entities, NERC and FERC, these models can be used more effectively to determine and mitigate the cause(s) of the disturbance.

If electrical information (data) is not available (collected) in the appropriate locations and is not synchronized, it is very difficult for engineers to determine the cause(s) of the disturbance. For example, this difficulty demonstrated itself following a significant bulk power system blackout that occurred in 2003. If the cause of a disturbance remains not accurately understood its cause cannot be mitigated and therefore similar disturbances can occur in the future that jeopardize the reliability of the bulk power system.

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

Requirements in this Reliability Standard call for the collection of data and not for a specific technology or improved information technology 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-002-2 does not duplicate

any filing requirements since the Final Rule revises an existing standard to improve its clarity and efficiency.

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

FERC estimates the proposed Reliability Standard applies to approximately 521 entities in the United States. The Commission estimates that approximately 52 (or 10 percent) of the 521 entities are small entities. 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 508.⁵ The standard also may require some specific small entities collect specific information, but since it does not determine how they acquire their information, the small entity may get a larger entity to perform the actually data collection activity.

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

The additional burden imposed by this proposed requirement is one-time only and cannot be conducted less frequently. The record retention requirements are either existing requirements or considered usual business practice.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are two special circumstances as described in 5 CFR 1320.5(d)(2) related to this information collection:

The data retention requirement in the Reliability Standard PRC-002-2 says:

- The Transmission Owner shall retain evidence of Requirement R1, Measure M1 for five calendar years.

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- The Responsible Entity (Planning Coordinator or Reliability Coordinator, as applicable) shall retain evidence of Requirement R5, Measure M5 for five calendar years.

These special circumstances are necessary because the industry determined that the location of the recordings (necessary data collection activities) and the bulk electric system elements for which dynamic recordings are required should be evaluated at least once every five years. Industry stakeholders and NERC determined that five years was an appropriate interval of time in which to conduct these evaluations of what is best needed for this data collection, considering the extent of work and also the expertise of staff required to conduct accurately the work needed.

8. DESCRIBE EFFORTS TO CONSULT OUTSIDE THE AGENCY: SUMMARIZE PUBLIC COMMENTS AND AGENCY'S RESPONSE TO THESE COMMENTS

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 industry for comment and approval and then 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 NOPR was published in the Federal Register on 4/22/2015 (80 FR 22441).

NERC filed initial comments in support of this Reliability Standard. Bonneville Power Administration (Bonneville) and American Public Power Association (APPA) filed comments addressing aspects of this Reliability Standard. NERC then filed reply comments in response to Bonneville and APPA's comments.

Bonneville provided comments regarding the methodology used in Reliability Standard to identify bulk electric system buses that require data recording and recommends replacing it with an existing methodology used in other Reliability Standard to identify critical cyber assets. In its reply comments, NERC states that this Reliability Standard does provide a technically sound basis for identifying which buses require data collection.

APPA provided comments regarding the Regulatory Flexibility Act certification associated with this standard. APPA contends that the rulemaking understates the impact

that Reliability Standard will have on small entities by underestimating the number or small entities affected and by not addressing the “discriminatory distribution of implementation costs” on small entities. APPA requests that if the Commission does not require changes to Reliability Standard, the Commission should direct NERC to provide an alternative compliance methodology for small entities that would allow them to find an equally effective method to gather data from upstream buses to reduce the burden on small entities. In its reply comments, NERC contends that Reliability Standard does not place an undue burden on small entities because Reliability Standard does not explicitly require the installation of fault recording data recorders on all identified buses as long as the transmission owner can obtain the required data from other sources such as other buses.

FERC was not persuaded by Bonneville’s concerns regarding the methodology used to identify bulk electric system buses that require data recording. As described in NERC’s reply comments, NERC has provided adequate technical justification, through the use of survey data and statistical analysis, for the 1,500 MVA threshold in Reliability Standard PRC-002-2. We also find that the methodology in Reliability Standard PRC-002-2 adequately addresses the unique characteristics of individual utility systems by allowing for the selection of additional buses in Step 8 and that the decisions to add buses under Step 8 are auditable.

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 1502,⁶ “...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

⁶ Section 1502, Paragraph 2, available at NERC’s website.

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

At the time of Commission review of proposed Reliability Standard PRC-002-2, 330 transmission owners and 914 generation owners in the United States are registered in the NERC compliance registry. The Commission estimates that two-thirds (216) of these registered transmission owners will need to comply with at least one of the requirements contained in proposed Reliability Standard PRC-002-2. The Commission notes that many generation sites share a common generation owner. Due to the nature of this task, it is likely generator owners will manage this information aggregation task using a centralized staff. Therefore, we estimate that one-third of the generation owners (305) will have to meet the requirements contained in proposed Reliability Standard PRC-002-2. Finally, the Commission finds that number of “Responsible Entities”⁷ in the United States to equal fifty, based on the NERC compliance registry.

The estimated one-time public burden due to the revisions in the RM15-4-000 Final Rule (and the FERC-725G information collection) are included in the following table:

⁷ As discussed above, proposed Reliability Standard PRC-002-2 defines the term “Responsible Entity” to include planning coordinators in the Eastern Interconnection, the reliability coordinator in the Western Interconnection, and planning coordinators or the reliability coordinator in the ERCOT Interconnection.

Requirement and Respondent Category for PRC-002-2	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden Hours & Cost per Response ⁸ (4)	Annual Burden Hours & Total Annual Cost (3)*(4)=(5)
R1. Each Transmission Owner	324	0.2 ⁹	64.8	(Eng. ¹⁰) 24 hrs. (\$1,568.16); (R.K. ¹¹) 12 hrs. (\$401.04)	2,333 hrs. (1,555 Eng., 778 R.K.); \$127,605 (\$101,618 Eng., \$25,987 R.K.)
R2. Each Transmission Owner and Generator Owner	521	1	521	(Eng.) 10 hrs. (\$653.40); (R.K.) 4 hrs. (\$133.68)	7,294 hrs. (5210 Eng., 2084 R.K.); \$410,069 (\$340,422 Eng., \$69,647 R.K.)
R3 & R4. Each Transmission Owner and Generator Owner	521	1	521	(Eng.) 10 hrs. (\$653.40); (R.K.) 4 hrs. (\$133.68)	7,294 hrs. (5210 Eng., 2084 R.K.); \$410,069 (\$340,422 Eng., \$69,647 R.K.)
R5. Each Responsible Entity	50	1	50	(Eng.) 24 hrs. (\$1,568.16); (R.K.) 12 hrs. (\$401.04)	1,800 hrs. (1200 Eng., 600 R.K.); \$98,460 (\$78,408 Eng., \$20,052 R.K.)
R6. Each Transmission Owner	216	1	216	(Eng.) 10 hrs. (\$653.40); (R.K.) 4 hrs. (\$133.68)	3,024 hrs. (2160 Eng., 864 R.K.); \$170,009 (\$141,134 Eng., \$28,875 R.K.)

⁸ The estimates for cost per response are derived using the following formula: Burden Hours per Response * \$/hour = Cost per Response. The \$65.34/hour figure for an engineer and the \$33.42/hour figure for a record clerk are based on the average salary plus benefits data from Bureau of Labor Statistics at Bureau of Labor and Statistics at http://bls.gov/oes/current/naics3_221000.htm.

⁹ In the NOPR, we estimated that each transmission owner would respond annually. In this final rule, we have revised the table to reflect that Reliability Standard PRC-002-2 requires transmission owners to comply every fifth year. We have revised the calculated values in column 5 of this row and the total row accordingly.

¹⁰ Eng. is Engineering

¹¹ R.K. is Record Keeping

R7. Each Generator Owner	305	1	305	(Eng.) 10 hrs. (\$653.40); (R.K.) 4 hrs. (\$133.68)	4,270 hrs. (3050 Eng., 1220 R.K.); \$240,059 (\$199,287 Eng., \$40,772 R.K.)
R8. Each Transmission Owner and Generator Owner	521	1	521	(Eng.) 10 hrs. (\$653.40); (R.K.) 4 hrs. (\$133.68)	7,294 hrs. (5210 Eng., 2084 R.K.); \$410,069 (\$340,422 Eng., \$69,647 R.K.)
R9. Each Transmission Owner and Generator Owner	521	1	521	(Eng.) 10 hrs. (\$653.40); (R.K.) 4 hrs. (\$133.68)	7,294 hrs. (5210 Eng., 2084 R.K.); \$410,069 (\$340,422 Eng., \$69,647 R.K.)
R10. Each Transmission Owner and Generator Owner	521	1	521	(Eng.) 10 hrs. (\$653.40); (R.K.) 4 hrs. (\$133.68)	7,294 hrs. (5210 Eng., 2084 R.K.); \$410,069 (\$340,422 Eng., \$69,647 R.K.)
R11. Each Transmission Owner and Generator Owner	521	1	521	(Eng.) 8 hrs. (\$522.72); (R.K.) 4 hrs. (\$133.68)	6,252 hrs. (4168 Eng., 2084 R.K.); \$341,984 (\$272,337 Eng., \$69,647 R.K.)
R12. Each Transmission Owner and Generator Owner ¹²	52	1	52	(Eng.) 10 hrs. (\$653.40); (R.K.) 4 hrs. (\$133.68)	728 hrs. (520 Eng., 208 R.K.); \$40,928 (\$33,977 Eng., \$6,951 R.K.)
Total					54,877 hrs. (38,703 Eng., 16,174 R.K.); \$3,069,390 (\$2,528,871 Eng., \$540,519 R.K.)

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no non-labor costs currently associated with either FERC-725G or this rulemaking. Commission staff assumes that the information collection requirements associated with this rulemaking can be completed by entities using existing hardware and/or software.

¹² The Commission estimates that 10% (or 52) of the 521 registered entities will have to restore recording capability or institute a corrective action plan (CAP) each year.

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

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

The estimated annualized cost to the Federal Government for FERC-725G as related to the requirements in the Final Rule in RM15-4-000 follows:

	Number of Employees (FTE)	Estimated Annual Federal Cost
FERC-725G Analysis and Processing of filings	0	\$0
PRA ¹³ Administrative Cost ¹⁴		\$5,193
FERC Total		\$5,193

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

Reliability Standard PRC-002-2 requires entities to collect electrical information and replaces PRC-018-1 and PRC-002-1¹⁵, which may require some data collection equipment to be installed in some locations. By focusing on the practical aspect of what data must be gathered on the bulk power system, instead of what equipment must be

¹³ Paperwork Reduction Act of 1995 (PRA)

¹⁴ 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. This average annual cost includes requests for extensions, all associated rulemakings (not just the Final Rule in Docket No. RM15-4-000), and other changes to the collection.

installed , PRC-002-2 does increase the amount of engineering and administrative effort required from some entities, but does impose this burden the most efficient and flexible manner possible.

The estimated revised totals after the one-time changes in FERC-725G (due to the final rule in RM15-4-000) follow:

FERC-725G	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	5,313	4,792	0	521
Annual Time Burden (Hr) ¹⁶	505,181	450,304	0	54,877
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

¹⁵ PRC-018-1 was approved under order No. 693, (Docket No. RM06-16-000), where FERC approved 83 of 107 proposed Reliability Standards and FERC never approved PRC-002-1. The approved Reliability Standards in Order No. 693 are identified under data collection, FERC-725A ("Bulk Power System Mandatory Reliability Standards," OMB Control No. 1902-0244. The burden hours that are being added in FERC-725G reflect the entire burden associated with PRC-002-2 (which replaces PRC-018-1 and PRC-002-1). In the future, the burden hours for PRC-018-1 will administratively be removed from FERC-725A to remove the temporary double counting.

¹⁶ The 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.

It is not appropriate to display the expiration date for OMB approval of the information collected pursuant to this rulemaking affecting FERC-725G 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.