FERC-725A and FERC-725Z (OMB Control Nos. 1902-0244 and 1902-0276)
Final Rule (Order 817, issued 11/19/2015) in Docket RM15-16, RIN 1902-AF05
[FERC-725Z correction to #15 on 12/1/2015]

Supporting Statement for
FERC-725A (Mandatory Reliability Standards for the Bulk-Power System), and FERC-725Z (Mandatory Reliability Standards: IRO Reliability Standards), as modified by the Final Rule in Docket RM15-16

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve FERC-725A (Mandatory Reliability Standards for the Bulk-Power System), and FERC 725Z, (Mandatory Reliability Standards: IRO Reliability Standards), as modified by the Final Rule (Order 817) in RM15-16, [1] for a three-year period.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Pursuant to section 215 of the Federal Power Act (FPA),[2] the Commission approves revisions to the Transmission Operations (TOP) and Interconnection Reliability Operations and Coordination (IRO) Reliability Standards, developed by the North American Electric Reliability Corporation (NERC), the Commission-certified Electric Reliability Organization (ERO). The Commission believes that the proposed TOP and IRO Reliability Standards improve on the currently-effective standards by providing a more precise set of Reliability Standards addressing operating responsibilities and improving the delineation of responsibilities between applicable entities. The Commission also believes that the revised TOP Reliability Standards eliminate gaps and ambiguities in the currently-effective TOP requirements and improve efficiency by incorporating the necessary requirements from the eight currently-effective TOP Reliability Standards into three cohesive, comprehensive Reliability Standards. Further, the Commission believes that the proposed standards clarify and improve upon the currently-effective TOP and IRO Reliability Standards by designating requirements in the proposed standards that apply to transmission operators for the TOP standards and reliability coordinators for the IRO standards. Thus, the Commission finds that there are benefits to clarifying and bringing efficiencies to the TOP and IRO Reliability Standards, consistent with the Commission's policy promoting increased efficiencies in Reliability Standards and reducing requirements that are either redundant with other currently-effective requirements or have little reliability benefit.[3]

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1 The Final Rule (Order 817, issued 11/19/2015) is available in FERC's eLibrary system at http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=14049251 .
2 16 U.S.C. 824o (2012).
3 *Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards*, Order No. 788, 145 FERC ¶ 61,147 (2013).

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

The applicable entities of the Reliability Standards (Reliability Coordinator, Transmission Operator, et al.) will use the information to coordinate several reliability functions on the bulk-power system. These functions include planning, operations, data sharing, monitoring, and analysis. Without collecting this information, reliability of the bulk-power system could become compromised, potentially resulting in wide spread outages.

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

The information technology to meet the information collection requirements is not specifically covered in the Reliability Standard, leaving the decision up to the entities, and NERC.

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.

Reliability Standards are developed by a collaborative process which requires industry participation (as described further in Question 8 and Footnote 5).

The Commission is unaware of any other source of information similar to the additional requirements.

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

This Reliability Standards do not contain provisions for minimizing the burden of the collection for small entities. All the requirements in the Reliability Standards apply to

every applicable entity. However, 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 is available in NERC's Rules of Procedure at sections 507 and 508.[4]

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

The nature of the operation of the bulk-power system requires applicable entities to utilize and operate with the most recent information possible to provide adequate bulk-power system reliability. If the information was collected less frequently, it could adversely affect system reliability, potentially resulting in bulk-power system outages.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances as described in 5 CFR 1320.5(d)(2) relating to this information collection.

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

The ERO process to establish Reliability Standards is a collaborative process with the ERO, Regional Entities and others developing and reviewing drafts, and providing comments, and voting, with the final proposed standard submitted to the FERC for review and approval.[5]

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 collections of data. The proposed rule was published in the Federal Register on 6/24/2015 (80 FR 36293).

Timely comments on the NOPR were filed by: NERC; Arizona Public Service Company (APS), Bonneville Power Administration (BPA), Dominion Resources Services, Inc.

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

5 Details of the ERO standards development process are available on the NERC website at http://www.nerc.com/docs/standards/sc/Standard_Processes_Manual_Approved_May_2010.pdf.

(Dominion), the Edison Electric Institute (EEI); Electric Reliability Council of Texas, Inc. (ERCOT), Independent Electricity System Operator (IESO), ISO/RTOs, International Transmission Company (ITC); Midcontinent Independent System Operator, Inc., Northern Indiana Public Service Company (NIPSCO), Occidental Energy Ventures, LLC (Occidental), Peak Reliability (Peak), and Transmission Access Policy Study Group (TAPS). None of the comments were related to the burden estimates, but were instead responses to the four technical area questions asked by the Commission in the Notice of Proposed Rulemaking.

The Final Rule will be published in the Federal Register on 11/27/2015.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

No payments or gifts have been made to respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

According to the NERC Rules of Procedure[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 due to the Reliability Standards to FERC. Rather, they submit the information to NERC, the regional entities, 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

The Commission estimates the annual reporting burden and cost as follows:

6 Section 1502, Paragraph 2, available at NERCs website

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Final Rule (Order 817, issued 11/19/2015) in Docket RM15-16, RIN 1902-AF05
[FERC-725Z correction to #15 on 12/1/2015]

Final Rule in Docket RM15-16-000						
	Number of Respondents[7] (1)	**Annual Number of Responses per Respondent (2)**	**Total Number of Responses (1)*(2)=(3)**	**Average Burden & Cost Per Response[8] (4)**	**Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)**	**Cost per Respondent ($) (5)÷(1)**
FERC-725A						
TOP-001-3	196 (TOP & BA)	1	196	96 hrs.; $6,369.60	18,816 hrs., $1,248,441.60	96 hrs, $6,369.60
TOP-002-4	196 (TOP & BA)	1	196	284 hrs. $18,843.40	55,664hrs., $3,693,306.40	284 hrs., $18,843.40
TOP-003-3	196 (TOP & BA)	1	196	230 hrs. $15,260.50	45,080 hrs., $2,991,058.00	230 hrs., $15,260.50
Sub-Total for FERC-725A					119,560 hrs.[9], $7,932,806.00	
FERC-725Z						
IRO-001-4[10]	177 (RC & TOP)	1	177	0 hrs. $0	0 hrs. $0	0 hrs. $0
IRO-002-4	11 (RC)	1	11	24 hrs. $1,592.40	264 hrs., $17,516.40	24 hrs., $1,592.40
IRO-008-2	11 (RC)	1	11	228 hrs. $15,127.80	2,508 hrs., $166,405.80	228 hrs., $15,127.80
IRO-010-2	11 (RC)	1	11	36 hrs. $2,388.60	396 hrs., $26,274.60	36 hrs., $2,388.60
IRO-014-3	11 (RC)	1	11	12 hrs. $796.20	132 hrs., $8,758.20	12 hrs., $796.20
IRO-017-1	180 (RC, PC, & TP)	1	180	218 hrs. $14,464.30	39,240 hrs., $2,603,574.00	218 hrs., $14,464.30
Sub-Total for FERC-725Z					42,540 hrs., $2,822,529.00	
Retirement of current standards, currently in FERC-725A	457(RC, TOP, BA, TSP, LSE, PSE, & IA)	1	457	-223 hrs. -$14,796.05	-101,911 hrs., -$6,761,794.85	-223 hrs. -$14,796.05

7 The number of respondents is the number of entities in which a change in burden from the current standards to the proposed exists, not the total number of entities from the current or proposed standards that are applicable.
8 The estimated hourly costs (salary plus benefits) are based on Bureau of Labor Statistics (BLS) information, as of April 1, 2015, for an electrical engineer ($66.35/hour). These figures are available at http://bls.gov/oes/current/naics3_221000.htm#17-0000.
9 In the final rule, this figure was inadvertently given as 123,252 hrs.
10 IRO-001-4 is a revised standard with no increase in burden.

NET TOTAL of Final Rule in RM15-16				**60,189 hrs, $3,993,540.15**	

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up or other non-labor costs.

Total Capital and Start-up cost: $0
Total Operation, Maintenance, and Purchase of Services: $0

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

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-725A and FERC-725Z as related to the requirements in the Final Rule in RM15-16-000, is as follows.

FERC-725A	**Number of Employees (FTEs)**	**Estimated Annual Federal Cost**
Analysis and Processing of filings	0	$0
Paperwork Reduction Act Administrative Cost[11]		$5,193
TOTAL		$5,193

FERC-725Z	**Number of Employees (FTEs)**	**Estimated Annual Federal Cost**
Analysis and Processing of filings	0	$0

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 Final Rule), and other changes to the collection.

Paperwork Reduction Act Administrative Cost[12]		$5,193
TOTAL		$5,193

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

In this Final Rule, "the Commission approves revisions to the Transmission Operations (TOP) and Interconnection Reliability Operations and Coordination (IRO) Reliability Standards, developed by the North American Electric Reliability Corporation (NERC), the Commission-certified Electric Reliability Organization (ERO). The TOP and IRO Reliability Standards improve on the currently-effective standards by providing a more precise set of Reliability Standards addressing operating responsibilities and improving the delineation of responsibilities between applicable entities. The revised TOP Reliability Standards eliminate gaps and ambiguities in the currently-effective TOP requirements and improve efficiency by incorporating the necessary requirements from the eight currently-effective TOP Reliability Standards into three comprehensive Reliability Standards. Further, the standards clarify and improve upon the currently-effective TOP and IRO Reliability Standards by designating requirements in the proposed standards that apply to transmission operators for the TOP standards and reliability coordinators for the IRO standards. Thus, we conclude that there are benefits to clarifying and bringing efficiencies to the TOP and IRO Reliability Standards, consistent with the Commission's policy promoting increased efficiencies in Reliability Standards and reducing requirements that are either redundant with other currently-effective requirements or have little reliability benefit.

The Commission also finds that NERC has adequately addressed the concerns raised by the Commission in the Notice of Proposed Rulemaking issued in November 2013 concerning the proposed treatment of system operating limits (SOLs) and interconnection reliability operating limits (IROLs) and concerns about outage coordination. Further, the Commission approves the definitions for operational planning analysis and real-time assessment, the implementation plans and the violation severity level and violation risk factor assignments. However, the Commission directs NERC to make three modifications to the standards as discussed below within 18 months of the effective date of this Final Rule."

The increase in the number of responses is due to natural changes and fluctuations in the industry. The changes (net increase in burden for FERC-725A, and increase in burden for FERC-725Z) were directed in previous Commission orders in order to increase

12 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 Final Rule), and other changes to the collection.

reliability of the bulk-power system. Before submittal to FERC for approval, these changes were voted on by the industry as necessary for maintaining reliability.

A summary of the current OMB-approved inventory and the changes due to the Final Rule in RM15-16 follows.

	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
FERC-725A (OMB Control No. 1902-0244)				
Annual Number of Responses	3,966	3,770		+196
Annual Time Burden (Hr.)	1,642,395	1,624,746		+17,649
Annual Cost Burden ($)	$126,725	$126,725	0	0
FERC-725Z (OMB Control No. 1902-0276)				
Annual Number of Responses	6,661	6,315		+346
Annual Time Burden (Hr.)	48,855	6,315		+42,540
Annual Cost Burden ($)	0	0	0	0

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

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

17. DISPLAY OF THE 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

There are no exceptions.