

Supporting Statement for
FERC-725K, Mandatory Reliability Standards for the SERC Region

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review the information collection requirements of FERC-725K (Mandatory Reliability Standards for the SERC Region). The FERC-725K information collection requirements are contained in 18 Code of Federal Regulations (CFR) Part 40. FERC is requesting that OMB approve the FERC-725K for three years. There are no changes to the existing FERC-725K requirements.

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 ERO may enforce the Reliability Standards, subject to Commission oversight. In 2006, the Commission certified the North American Electric Reliability Corporation (NERC) as the ERO pursuant to FPA section 215.¹

Reliability Standards that NERC proposes to the Commission may include Reliability Standards that a Regional Entity proposes to be effective in that region.² In Order No. 672, the Commission noted that:

As a general matter, we will accept the following two types of regional differences, provided they are otherwise just, reasonable, not unduly discriminatory or preferential and in the public interest, as required under the statute:

- a regional difference that is more stringent than the continent-wide Reliability Standard, including a regional difference that addresses matters that the continent-wide Reliability Standard does not; and
- a regional Reliability Standard that is necessitated by a physical difference in the Bulk-Power System.

When NERC reviews a regional Reliability Standard that would be applicable on an interconnection-wide basis and that has been proposed by a Regional Entity organized on an interconnection-wide basis, NERC must presume that the regional Reliability Standard is just,

¹ *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).

² 16 U.S.C. § 824o(e)(4). A Regional Entity is an entity that has been approved by the Commission to enforce Reliability Standards under delegated authority from the ERO. See 16 U.S.C. § 824o(a)(7) and (e)(4).

reasonable, not unduly discriminatory or preferential, and in the public interest.³ In turn, the Commission must give “due weight” to the technical expertise of NERC and of a Regional Entity organized on an interconnection-wide basis.⁴

On April 19, 2007, the Commission accepted delegation agreements between NERC and each of the eight Regional Entities.⁵ In the order, the Commission accepted SERC as a Regional Entity organized on less than an interconnection-wide basis. As a Regional Entity, SERC oversees Bulk-Power System reliability within the SERC Region, which covers a geographic area of approximately 560,000 square miles in a sixteen-state area in the southeastern and central United States (all of Missouri, Alabama, Tennessee, North Carolina, South Carolina, Georgia, Mississippi, and portions of Iowa, Illinois, Kentucky, Virginia, Oklahoma, Arkansas, Louisiana, Texas and Florida). The SERC Region is currently divided into five geographical sub-regions that are identified as Southeastern, Central, VACAR, Delta, and Gateway.

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

Prior to the enactment of Section 215 of the Federal Power Act, FERC had acted primarily as an economic regulator of the wholesale power markets and the interstate transmission grid. In this regard, the Commission acted to promote a more reliable electric system by promoting regional coordination and planning of the interstate grid through regional independent system operators (ISOs) and regional transmission organizations (RTOs).

The passage of the Energy Policy Act of 2005 added to the Commission’s efforts by giving it the authority to strengthen the reliability of the interstate electric transmission grid through the grant of new authority pursuant to Section 215 of the Federal Power Act, which provides for a system of mandatory Reliability Standards developed by the ERO, established by FERC, and enforced by the ERO and Regional Entities.

NERC stated the proposed regional Reliability Standard PRC-006-SERC-01 was developed to be consistent with the NERC Automatic Underfrequency Load Shedding (UFLS) Reliability Standard PRC-006-1. Regional Reliability Standard PRC-006-SERC-01 was designed to ensure that automatic UFLS protection schemes designed by planning coordinators and implemented by applicable distribution providers and transmission owners in the SERC Region are coordinated to effectively mitigate the consequences of an underfrequency event. The regional Reliability Standard PRC-006-SERC-01 added specificity not contained in the NERC UFLS Reliability Standard for UFLS schemes in the SERC Region. Regional Reliability Standard PRC-006-SERC-01 effectively mitigates (in conjunction with NERC Reliability

³ 16 U.S.C. § 824o(d)(3).

⁴ *Id.* § 824o(d)(2).

⁵ *North American Electric Reliability Corp.*, 119 FERC ¶ 61,060 (2007).

Standard PRC-006-1) the consequences of an underfrequency event while accommodating differences in system transmission and distribution topology among SERC planning coordinators resulting from historical design criteria, makeup of load demands, and generation resources.

Under the regional Reliability Standard, the information is used to ensure compliance with requirements associated with underfrequency load shedding plans. Without this information, it would be difficult to enforce compliance with the regional standard. A lack of compliance with this regional standard may lead to uncontrolled failure of the Interconnection.

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

These collections do not require information to be filed with the Commission. However, it does contain reporting and recordkeeping requirements such as creating and maintaining an UFLS program, for which using current technology is an option that may reduce burden compared to not using current technology.

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. OMB recently approved the information collection requirements in national Reliability Standard PRC-006-1. The information requirements in this regional Reliability Standard do not replace the requirements in the national Reliability Standard but instead apply an additional level of work to be completed by the respondents in the SERC Region. The additional requirements in the regional Reliability Standard are unique and the Commission does not know of any other source for similar information.

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

The regional Reliability Standard does not contain express provisions for minimizing the burden of the requirements for small entities. All the requirements in the regional Reliability Standard apply to every applicable entity, be it large or small. .

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 508⁶.

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

As stated in response to #2 above, failure to comply with the information collection requirements may lead to an uncontrolled failure of the Interconnection. Reducing the reporting/record retention frequency may increase the risk of such an uncontrolled failure.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

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

Much of the requisite documentation to be maintained must be kept since the last compliance audit for a given entity. Because compliance audits may occur more than 3 years apart, the records may be kept for a period that exceeds OMB guidelines in 5 CFR 1320.5(d)(2) (iv) that stipulates that records may not be retained for longer than three years. The Commission did not prescribe a set data retention period to apply to all Reliability Standards because the circumstance of each Reliability Standard varies. The regional standard and reporting and retention requirements were developed, vetted, and proposed by industry in the ERO's standards development process.

More specific language on data retention from the Reliability Standard PRC-006-SERC-01 follows:

Regional Reliability Standard PRC-006-SERC-01 requires the following evidence retention:

“Each Planning Coordinator, UFLS Entity and Generator Owner shall keep data or evidence to show compliance as identified below unless directed by SERC to retain specific evidence for a longer period of time as part of an investigation.

⁶ Details of the current ERO Reliability Standard processes are available on the NERC website at http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/Appendix_3A_StandardProcessesManual_20130626.pdf.

Each Planning Coordinator, UFLS Entity and Generator Owner shall retain the current evidence of each Requirement and Measure as well as any evidence necessary to show compliance since the last compliance audit.

If a Planning Coordinator, UFLS Entity or Generator Owner is found noncompliant, it shall keep information related to the non-compliance until found compliant or for the retention period specified above, whichever is longer.

The compliance enforcement authority shall keep the last audit records and all requested and submitted subsequent audit records.”⁷

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

In accordance with OMB requirements⁸, the Commission published a 60-day notice⁹ and a 30-day notice¹⁰ to the public regarding this information collection on 10/14/2015 and 12/22/2015 respectively. In the public notices, the Commission noted that it would be requesting a three-year extension of the public reporting burden with no change to the existing requirements concerning the collection of data. No comments were received.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no gifts or payments given to the respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

According to the NERC Rules of Procedure¹¹, “...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.

7 Page 8 of 15 of the PRC-006-SERC-01 Reliability Standard (<http://www.nerc.com/files/PRC-006-SERC-01.pdf>)

8 5 CFR 1320.8(d)

9 80 FR 61812

10 80 FR 79584

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

Responding entities do not submit the information collected under the 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, RELIGIOUS BELIEFS, AND OTHER MATTERS THAT ARE COMMONLY CONSIDERED PRIVATE.

This collection does not include any questions of a sensitive nature.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

(The figures are rounded.)

FERC-725K: Mandatory Reliability Standard for the SERC Region						
	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Response¹² (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
PCs: Design and Document Automatic UFLS Program	21 ¹³	1	21	8 hrs.; \$532	168 hrs.; \$11,172 ¹⁴	\$532
PCs: Provide Documentation and Data to SERC	21 ¹³	1	21	16 hrs.; \$1,064	336 hrs.; \$22,344	\$1,064
GOs: Provide Documentation and Data to SERC	104 ¹⁵	1	104	16 hrs.; \$1,064	1,664 hrs.; ¹⁶ \$110,656	\$1,064
GOs: Record Retention	104 ¹⁵	1	104	4 hrs.; \$150	416 hrs.; \$15,600 ¹⁷	\$150
TOTAL			125		2,584 hrs.; \$159,772	

12 The \$66.45 hourly cost figure (including benefits) comes from the cost of an engineer as posted on the Bureau of Labor Statistics (BLS) website: http://www.bls.gov/oes/current/naics2_22.htm#11-0000 (wage category 17-2071).

13 Both figures for PC respondents are not to be totaled. They represent the same set of respondents.

14 The \$66.45 hourly cost figure (including benefits) comes from the cost of an engineer as posted on the Bureau of Labor Statistics (BLS) website: http://www.bls.gov/oes/current/naics2_22.htm#11-0000 (wage category 17-2071).

15 Both figures for GO respondents are not to be totaled. They represent the same set of respondents.

16 The hourly cost for GOs uses the hourly reporting cost of \$66.45 per hour and is based on the cost (including benefits) of an engineer to implement the requirements of the rule.

17 The record retention cost of \$37.50 per hour (including benefits) comes from Commission staff research on record retention requirements (wage category 43-4199 for information and record clerks).

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 FERC-725K information collection 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-725K follows:

FERC-725K	Number of Employees (FTEs)	Estimated Annual Federal Cost
FERC-725K Analysis and Processing of filings	0	\$0
Paperwork Reduction Act Administrative Cost ¹⁸		\$5,193
TOTAL		\$5,193

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

There are no changes to reporting requirements. Thus, there is no change to the burden estimate in the FERC-725K information collection.

The following table shows the total burden of the collection of information. The format, labels, and definitions of the table follow the ROCIS submission system’s “Information Collection Request Summary of Burden” for the metadata.

18 The Paperwork Reduction Act (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, and other changes to the collection.

FERC-725K	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	125	125	0	0
Annual Time Burden (Hr.)	2,584	2,584	0	0
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

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

17. DISPLAY OF EXPIRATION DATE

The expiration dates are 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.