

Supporting Statement  
**FERC-725J, Definition of Bulk Electric System**

The Federal Energy Regulatory Commission (FERC or Commission) is requesting that the Office of Management and Budget (OMB) approve the reporting and recordkeeping requirements in the Definition of Bulk Electric System. The information collection requirements are set forth in 18 Code of Federal Regulations (CFR) Part 39.

**1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY**

On December 20, 2012, the Commission issued Order No. 773, a Final Rule approving NERC's modifications to the definition of "bulk electric system" (i.e. BES) and the Rules of Procedure exception process to be effective July 1, 2013. On April 18, 2013, in Order No. 773-A, the Commission largely affirmed its findings in Order No. 773. In Order Nos. 773 and 773-A, the Commission directed NERC to modify the definition of bulk electric system in two respects: (1) modify the local network exclusion (exclusion E3) to remove the 100 kV minimum operating voltage to allow systems that include one or more looped configurations connected below 100 kV to be eligible for the local network exclusion; and (2) modify the exclusions to ensure that generator interconnection facilities at or above 100 kV connected to bulk electric system generators identified in inclusion I2 are not excluded from the bulk electric system.

Both orders recognized that the first two years of implementation would include a higher burden associated with the work all the Registered Entities would need to accomplish. Those orders also illustrated that a reduction would occur by the third year since at that point the ongoing burden would be an amount dependent on exception requests and implementation of newly identified bulk electric system elements. These reductions also included the harmonization of all the register entities following the same definition for BES<sup>1</sup>.

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

Owners of equipment need to review their system configuration to determine which elements are part of the bulk electric system under the revised definition and create a list that is available to other parties on request. For any newly identified bulk electric system elements, owners and other entities will work together to create implementation plans to ensure compliance with reliability standards for the new elements. The lists and implementation plans are used by the owners of the equipment, entities where the operation of those elements is part of their scope of responsibility, NERC, and FERC. For some entities, part of the implementation includes

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<sup>1</sup> NPCC region had a different threshold of what a BES element would be based on the original definition and the flexibility given to Regional Entities on this matter.

compliance responsibility of information collection requirements that are part of existing approved reliability standards.

The option to request an exception is available to owners of elements and certain entities responsible for wide areas of the system.<sup>2</sup> The Rules of Procedure (ROP) exception process requires entities to provide technical data to support an exception request.

FERC uses the information filed for local distribution determinations to decide whether facilities are actually used for local distribution as set forth in the Federal Power Act.

Failure to properly perform system reviews, list creation, exception requests and implementation plans could result in the failure to properly classify elements needed for operating the interconnected transmission network and could jeopardize system reliability.

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

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 via data forms on the portals. These portals are accessible through an internet browser password protected user interface.

In preparation for the implementation of the bulk electric system definition and ROP exception process, NERC and the eight regional entities worked together to develop a new data collection system called the BESNet. This new system will contain all of the information required for the definition and exception process into one database. All owners of bulk electric system elements will follow the same procedures for submitting electronic data. The BESNet software will be 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**

Entities filing requests for local distribution determinations may use the Commission's eFiling system.

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<sup>2</sup> The ROP exception process allows entities to request elements to be included or excluded from the bulk electric system based on technical analysis. The exception process occurs after the bulk electric system is applied.

For information collected by NERC and the regional entities, the BESNet software will prevent the need for duplication of submittals. This data has not been collected in the past and is part of the implementation of the revised bulk electric system definition and ROP exception process effective July 1, 2014.

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

Generally, small entities may not have large systems, may not have a significant impact on the bulk electric system, or tend to operate at lower voltages. For those small entities that do have critical elements that are included in the bulk electric system, their obligation is to meet all the applicable standards with no exceptions. A small entity could pursue an exception request to have an element removed and it will be evaluated by the regional entities and NERC.

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

Failure to properly perform exception requests, implementation plans, and local distributions, and determination could result in the failure to properly classify elements needed for operating the interconnected transmission network and could jeopardize system reliability.

#### **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 the FERC-725J information collection. Typically, OMB guidelines in 5 CFR 1320.5(d)(2)(iv) prohibiting the retention of records for longer than three years pertain to information collections affecting NERC registered entities. However, there are no record retention requirements within the BES definition.

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

In accordance with OMB requirements, the Commission published a 60-day notice and a 30-day notice to the public regarding this information collection on 2/24/2016 and 5/12/2016<sup>3</sup> respectively. Within the public notices, the Commission noted that it approved the NERC's modifications to the definition of the BES and highlighted the associated burden reduction. The Commission invited comments regarding 1) the necessity of the collection for proper

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performance of the agency’s functions, 2) the accuracy of the agency’s burden estimate (along with the validity of the methodology), 3) any ways in which the Commission might enhance the quality/utility/clarity of the information collection, and 4) ways in which the Commission might minimize the burden of the information collection upon respondents.

**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**

No specific assurance of confidentiality has been mentioned to respondents.

**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**

The Commission considers the questions within the approved reliability standard neither sensitive in nature nor private.

**12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION**

The burden and cost of the FERC-725J information collection requirements are:

<b>FERC-725J (Definition of the Bulk Electric System)</b>						
	<b>Number of Respondents (1)</b>	<b>Annual Number of Responses per Respondent (2)</b>	<b>Total Number of Responses (1)*(2)=(3)</b>	<b>Average Burden &amp; Cost Per Response (4)</b>	<b>Total Annual Burden Hours &amp; Total Annual Cost (3)*(4)=(5)</b>	<b>Cost per Respondent (\$) (5)÷(1)</b>
Generator Owners, Distribution Providers, and Transmission Owners (Exception Request)	20	1	20	94 hrs.; \$4,978 <sup>4</sup>	1,880 hrs.; \$99,560	\$4,978

<sup>4</sup> The hourly cost figure (wages plus benefits) comes from the Bureau of Labor Statistics

All Registered Entities (Implementation Plans and Compliance)	186	1	186	350 hrs.; \$21,833 <sup>5</sup>	65,100 hrs.; \$4,060,938	\$21,833
Local Distribution Determinations	8	1	8	92 hrs.; \$7,086 <sup>6</sup>	736 hrs.; \$56,688	\$7,086
<b>TOTAL</b>			<b>214</b>		<b>67,716 hrs.; \$4,217,186</b>	

### 13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no start-up or other non-labor hour cost associated with the FERC-725J information collection..` 1

### 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. The only filings submitted to FERC under FERC-725J are the local distribution determinations. Federal effort is enumerated below:

The estimated annualized cost to the Federal Government for FERC-725J follows:

	Number of Federal Employees (FTE)	Estimated Annual Federal Cost
FERC-725J Analysis and Processing of filings <sup>7</sup>	1	\$154,647
PRA <sup>8</sup> Administrative Cost <sup>9</sup>		\$5,481
<b>FERC Total</b>		<b>\$160,151</b>

<sup>5</sup> ([http://www.bls.gov/oes/current/naics2\\_22.htm](http://www.bls.gov/oes/current/naics2_22.htm)). The figure is a weighted average comprised of hourly figures for an electric engineer (\$62.38, Occupational Code: 17-2071), file clerk (\$30.53, Occupational Code: 43-4071), and a lawyer (\$129.12, Occupational Code: 23-0000); the calculation is as follows: 60 hours of burden \* \$62.38 = \$3,743; 32 hours \* \$30.53 = \$977; 2 hours \* \$129.12 = \$258. \$3,743 + \$977 + \$258 = \$4,978.

<sup>6</sup> The hourly cost figure of \$62.38 (wages plus benefits) comes from the Bureau of Labor Statistics ([http://www.bls.gov/oes/current/naics2\\_22.htm](http://www.bls.gov/oes/current/naics2_22.htm)). The figure is for an electric engineer (Occupational Code: 17-2071).

<sup>7</sup> The hourly cost figure (wages plus benefits) comes from the Bureau of Labor Statistics ([http://www.bls.gov/oes/current/naics2\\_22.htm](http://www.bls.gov/oes/current/naics2_22.htm)). The figure is a weighted average comprised of hourly figures for an electric engineer (\$62.38, Occupational Code: 17-2071), file clerk (\$30.53, Occupational Code: 43-4071), and a lawyer (\$129.12, Occupational Code: 23-0000); the calculation is as follows: 60 hours of burden \* \$62.38 = \$3,743; 8 hours \* \$30.53 = \$244; 24 hours \* \$129.12 = \$3,099. \$3,743 + \$244 + \$3,099 = \$7,086.

<sup>8</sup> Based upon 2016 FTE average salary plus benefits (\$154,647.00).

<sup>9</sup> Paperwork Reduction Act of 1995 (PRA)

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.

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

The reduction in both the annual number of responses and the total annual hourly burden is based on the understanding that Orders 773 and 773-A have greater than three years of active status but will both have less ongoing burden than in Years 1 and 2. Order 773 and 773-A recognized that for the first two years of implementation, the total annual hourly burden would be higher since every Registered Entity would need to accomplish tasks associated with the FERC-725J (e.g. exception requests, implementation plans, local distribution determination). Another reason the burden is higher in the first two years is that NPCC entities used to be impacted more. New exclusions to the BES definition lowering the regional threshold from 200Kv to 100Kv<sup>10</sup> will exclude some of the entities previously affected by Orders 773 and 773-A. However, after the third year, a reduced ongoing burden is present as described in this supporting statement. This is because the amount of entities that need to reapply the definition (due to new assets introduced to their system or changes to their current system) will be only a small fraction in comparison to the amount of entities responding in the first two years. Therefore, the burden associated with year three and beyond will be a fraction of the front loaded burden associated with year one and two.

The estimated revised totals after the changes in FERC-725J follow:

<b>FERC-725J</b>	<b>Total Request</b>	<b>Previously Approved</b>	<b>Change due to Adjustment in Estimate</b>	<b>Change Due to Agency Discretion</b>
Annual Number of Responses	214	2,193	-240	-1,739
Annual Time Burden (Hr.)	67,716	154,073	-60,007	-26,350
Annual Cost Burden (\$)	0	0	0	0

**16. TIME SCHEDULE FOR PUBLICATION OF DATA**

There are no data publications as part of this collection

**17. DISPLAY OF EXPIRATION DATE**

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<sup>10</sup> NPCC used 200Kv as a threshold value to distinguish between BES elements and distribution elements. The original BES definition gave Regional Entities the discretion to use other values as the cutoff value. However, the revised definition uses 100Kv and takes away the Regional Entities discretion to have a uniformed definition.

FERC-725J (OMB Control No.: 1902-0259)  
Updated: 10/6/2016

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.