

FERC-516B (OMB Control No. 1902-0286)
as implemented by the Final Rule in Docket No. RM16-1-000
RIN: 1902-AF15
(updated 9/21/2016)

Supporting Statement for
**FERC-516B, Electric Rates Schedules and Tariff Filings,
in the Final Rule in RM16-1**

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review the information collection requirements in the Final Rule of information collection under Docket RM16-1-000 and contained within the FERC-516B information collection.

NOTE: The FERC-516B is a temporary information collection number, to facilitate a timely submission to OMB of the proposed revisions in RM16-1. These changes related to Docket RM16-1 (described here) would normally be included in FERC-516 (OMB Control No. 1902-0096), however an unrelated Final Policy Statement (in Docket No. PL15-3; ICR No. 201604-1902-003¹) was pending OMB review when this ICR (201606-1902-004) in RM16-1 was submitted to OMB on 6/23/2016. (Only one item per OMB Control No. may be pending OMB review at a time.) We plan to move the requirements and related burden in Docket RM16-1 to FERC-516 within three years.

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

Transmission providers require reactive power to control system voltage for efficient and reliable operation of an alternating current transmission system. At times, transmission providers need generators to either supply or consume reactive power. Starting with Order No. 888, which included provisions regarding reactive power from generators as an ancillary service in Schedule 2 of the *pro forma* Open Access Transmission Tariff (OATT), the Commission issued a series of orders intended to ensure that sufficient reactive power is available to maintain the reliability of the electric grid.

Starting with Order No. 2003, the Commission adopted standard procedures and a standard agreement for the interconnection of large generation facilities, the *pro forma* Large Generator Interconnection Agreement (LGIA), which included the reactive power requirement. The Commission recognized in Order No. 2003-A that the *pro forma* LGIA was “designed around the needs of large synchronous generators and that generators relying on newer technologies may find that either a specific requirement is inapplicable or that it calls for a slightly different approach” because such generators “may have unique electrical characteristics.” Therefore, the Commission exempted wind generators from the reactive power requirement and added a blank

¹ ICR 201604-1902-003 (related to Docket PL15-3) was submitted to OMB on 5/26/2016 and is currently under OMB’s review. Please note that ICR 201604-1902-003 (for FERC-516) was approved by OMB on 8/16/2016; this instant ICR for FERC-516B in RM16-1 was submitted for review on 6/29/2016.

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Appendix G to the *pro forma* LGIA as a placeholder for future interconnection requirements for newer technologies.

In June 2005, the Commission issued Order No. 661, establishing interconnection requirements in Appendix G to the *pro forma* LGIA for large wind generators. Recognizing that, unlike traditional synchronous generators, wind generators had to “install costly equipment” in order to maintain reactive power capability, the Commission in Order No. 661 preserved the exemption for large wind generators from the reactive power requirement unless the transmission provider shows, through a System Impact Study, that reactive power capability is required to ensure safety or reliability. The Commission explained that this qualified exemption from the reactive power requirement for large wind generators would provide certainty to the industry and “remove unnecessary obstacles to the increased growth of wind generation.”

In May 2005, the Commission issued Order No. 2006, in which it adopted standard procedures and a standard agreement for the interconnection of small generation facilities, the *pro forma* Small Generator Interconnection Agreement (SGIA). In Order No. 2006, the Commission completely exempted small wind generators from the reactive power requirement. The Commission reasoned that, similar to large wind generators, small wind generators would face increased costs to provide reactive power that could create an obstacle to the development of small wind generators. Additionally, the Commission reasoned that small wind generators would “have minimal impact on the Transmission Provider’s electric system” and therefore the reliability requirements for large wind generators that were eventually imposed in Order No. 661 were not needed for small wind generators.

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

The reforms approved in this Final Rule would amend the Commission’s standard generator interconnection agreements in accordance with section 35.28(f)(1) of the Commission’s regulations² to require that each public utility transmission provider amend its *pro forma* LGIA and *pro forma* SGIA to: (1) eliminate the exemptions for wind generators from the requirement to provide reactive power; and (2) require that all newly interconnecting non-synchronous generators, as well as all existing non-synchronous generators making upgrades to their generation facilities that require new interconnection requests, provide reactive power as a condition of interconnection, as of the effective date of the final rule. The reforms approved are necessary to ensure that rates are just and reasonable and not unduly discriminatory or preferential. The Final Rule would require filings of *pro forma* LGIAs and *pro forma* SGIAs with the Commission. The Commission anticipates the reforms approved in this Final Rule, once implemented, would not significantly change currently existing burdens on an ongoing

² 18 CFR 35.28(f)(1).

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basis. With regard to those public utility transmission providers that believe that they already comply with the reforms approved in this Final Rule, they could demonstrate their compliance in the filing required 90 days after the effective date of the final rule in this proceeding.

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

There is no specific use of information technology associated with these revisions. Commission staff expects to receive all filings via eTariff. FERC implemented its eTariff system (fully implemented in 2010) for the electronic filing of tariffs.

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. This revision is related to a Commission jurisdictional tariff. Therefore, the Commission would be the only entity requiring and collecting this information.

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

FERC estimates that there are 11³ small entities applicable to this rule. FERC considers the impact of the rule to be very minimal, since the burden associated with this rule is only 7.5 hours per response. Commission staff has found no apparent way to minimize this burden for respondents.

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

This collection cannot occur less frequently since it is a one-time filing to implement tariff changes. In a sense, to conduct these filings less frequently (i.e. not conducting them at all), the Commission would be unable to ensure that rates are just and reasonable and not unduly discriminatory or preferential.

³ 8.33% of affected entities

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7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The FERC-516B presents no special circumstances.

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

Each FERC activity that results in the revision of an information collection 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 collections of data.

The NOPR was issued on 11/19/2015 and published in the Federal Register on 11/25/2016 (80 FR 73683). The Commission received ~25 comments and reply comments. The comments are available in FERC's eLibrary General and Advanced searches under the Docket No. RM16-1. The comments are summarized and addressed in the Final Rule in paragraphs 15-73. No comments were submitted on Paperwork Reduction Act-related issues including the burden and/or cost related to information collection requirements.

The Final Rule was published in the Federal Register on 6/23/2015 (81 FR 40793).

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

The data involved and affected by the RM16-1-000 revisions is public. In general, for all submittals to the Commission, filers may submit specific requests for confidential treatment to the extent permitted by law; details are available in 18 C.F.R. Section 388.112.

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.

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

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The estimated one-time public reporting burden due to these revisions in Docket RM16-1-000 follows:

Final Rule in Docket RM16-1-000 (FERC-516B ⁴)					
	Number of Applicable Registered Entities (1)	Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden Hours & Cost Per Response ⁵ (4)	Total Burden Hours & Total One-time Cost (3)*(4)=(5)
Conforming LGIA changes to incorporate proposed revisions	132	1	132	7.5 hours \$540	990 hours \$71,280
Conforming SGIA changes to incorporate proposed revisions	118	1	118	7.5 hours \$540	885 hours \$63,720
TOTAL			250	7.5 hours \$540	1,875 hours \$135,000

FERC-516B	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	250	0	0	250
Annual Time Burden (Hr)	1,875	0	0	1,875
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

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

⁴ Currently, there was an unrelated package (in Docket PL15-3) pending OMB review under FERC-516. Because only one item per OMB Control No. can be pending OMB review at a time, the reporting requirements in the NOPR in RM16-1 are being submitted to OMB for review under FERC-516B (a temporary 'placeholder' collection number, OMB Control No. to be determined)..

⁵ Commission staff estimates that industry is similarly situated in terms of hourly cost (wages plus benefits). Based on the Commission's average cost (wages plus benefits) for 2015, \$72/hour is used.

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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 estimated annualized cost to the Federal Government for FERC-516B as related to the requirements in the revisions in RM16-1-000.

FERC-516B	Number of Employees (FTEs)	Estimated Annual Federal Cost
FERC-516B Analysis and Processing of filings ⁶	0.5	\$74,745
Paperwork Reduction Act Administrative Cost ⁷		\$5,193
TOTAL		\$79,938

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

The revisions in RM16-1-000 would require filings of *pro forma* LGIAs and *pro forma* SGIAs with the Commission. Commission staff anticipates the reforms approved here, once implemented, would not significantly change currently existing burdens on an ongoing basis.

As mentioned before, the FERC-516B is a temporary information collection number. It was created to facilitate a timely submission to OMB

16. TIME SCHEDULE FOR PUBLICATION OF DATA

⁶ Based upon 2015 FTE average salary plus benefits (\$149,489.00).

⁷ 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 these proposed revisions), and other changes to the collection.

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There are no tabulating, statistical or tabulating analysis 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.