

FERC-516A (OMB Control No. 1902-0203), as modified by
Final Rule in Docket No. RM16-8-000 (issued 7/21/2016)
RIN No. 1902-AF19

**SUPPORTING STATEMENT FOR
FERC-516A (Standardization of Small Generator
Interconnection Agreements and Procedures),
as modified by the Final Rule in Docket No. RM16-8-000**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve FERC-516A “Standardization of Small Generator Interconnection Agreements and Procedures,” as modified in the Final Rule in Docket No. RM16-8-000.¹

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

Under sections 205 and 206 of the Federal Power Act (FPA),² the Commission is charged with ensuring just and reasonable electric transmission rates and charges as well as ensuring that jurisdictional providers do not subject any person to any undue prejudice or disadvantage.

The lack of consistent and readily accessible terms and conditions for connecting resources to the grid led to a large number of disputes between jurisdictional transmission providers and small generators³ in the late 1990s and early 2000s. In response, the Commission directed transmission providers to include Commission-approved, standard, *pro-forma* interconnection procedures (small generator interconnection procedures or SGIP) and a single, uniformly applicable interconnection agreement (small generator interconnection agreement or SGIA) in their open-access transmission tariffs (OATTs). The requirement to create and file these documents was first put in place August 12, 2005, by Commission Order No. 2006⁴ and is codified in 18 CFR 35.28(f).

¹ The Final Rule is available in FERC’s eLibrary at <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=14313399> .

² 16 U.S.C. §§ 824d, 824e.

³ “Small generators” are generating facilities having a capacity of no more than 20 megawatts (MW).

⁴ *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, FERC Stats. & Regs. ¶ 31,180, *order on reh’g*, Order No. 2006-A, FERC Stats. & Regs. ¶ 31,196 (2005), *order granting clarification*, Order No. 2006-B, FERC Stats. & Regs. ¶ 31,221 (2006)

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Since the issuance of Order No. 2006, many aspects of the energy industry have changed, including the growth of small generator interconnection requests,⁵ particularly solar photovoltaic (PV) installations, driven in part by state renewable energy goals and policies. For example, approximately 3,300 MW of grid-connected PV capacity were installed in the U.S. in 2012,⁶ compared to 79 MW in 2005, the year Order No. 2006 was issued.⁷

In February 2012, pursuant to sections 205 and 206 of the FPA and Rule 207 of the Commission's Rules of Practice and Procedures,⁸ and noting that the Commission encouraged stakeholders to submit proposed revisions to the regulations set forth in Order No. 2006,⁹ the Solar Energy Industries Association (SEIA) filed a Petition to Initiate Rulemaking (Petition). The Petition requested the Commission revise the *pro forma* SGIA and SGIP set forth in Order No. 2006. SEIA asserted that the *pro forma* SGIP and SGIA as applied to small solar generation were no longer just and reasonable, had become unduly discriminatory, and presented unreasonable barriers to market entry.¹⁰

On February 28, 2012, the Commission issued a Notice of Petition for Rulemaking (NOPR) in Docket No. RM12-10-000 seeking comments on the Petition and held a technical conference to discuss issues related to the Petition.

Order No. 792 (issued 11/22/2013) in Docket No. RM13-2. The Commission issued Order No. 792 to revise the *pro forma* SGIP and the *pro forma* SGIA to provide the interconnection customer with more flexibility and options when seeking to interconnect. The FERC-516A as modified by Order No. 792: (1) provided interconnection customers with the option of requesting from the transmission provider a pre-application report

⁵ See, e.g., *Cal. Indep. Sys. Operator Corp.*, 133 FERC ¶ 61,223, at P 3 (2010) (stating that an increasing volume of small generator Interconnection Requests had created inefficiencies); *Pacific Gas & Elec. Co.*, 135 FERC ¶ 61,094, at P 4 (2011) (stating that increased small generator Interconnection Requests resulted in a backlog of 170 requests over three years); *PJM Interconnection, LLC*, 139 FERC ¶ 61,079, at P 12 (2012) (stating that smaller projects comprised 66 percent of recent queue volume).

⁶ Sherwood, Larry, U.S. Solar Market Trends 2012, 4, <http://www.irecusa.org/wp-content/uploads/2013/07/Solar-Report-Final-July-2013-1.pdf>.

⁷ U.S. Solar Market Insight Report, 2012 Year in Review, Executive Summary Table 2.1, <http://www.seia.org/research-resources/us-solar-market-insight-2012-year-in-review>.

⁸ 18 C.F.R. § 385.207.

⁹ SEIA Petition at 4 (citing Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 118).

¹⁰ SEIA Petition at 12.

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providing existing information about system conditions at a possible point of interconnection; (2) revised the 2 MW threshold for participation in the Fast Track Process included in section 2 of the *pro forma* SGIP; (3) revised the customer options meeting and the supplemental review following failure of the Fast Track screens so that the supplemental review is performed at the discretion of the interconnection customer and includes minimum load and other screens to determine if a small generating facility may be interconnected safely and reliably; (4) revised the *pro forma* SGIP Facilities Study Agreement to allow the interconnection customer the opportunity to provide written comments to the transmission provider on the upgrades required for interconnection; (5) revised the *pro forma* SGIP and the *pro forma* SGIA to specifically include energy storage devices; and (6) clarified certain sections of the *pro forma* SGIP and the *pro forma* SGIA.

Final Rule in Docket RM16-8-000. FERC revises the *pro forma* SGIA originally set forth in Order No. 2006 and revised in Order No. 792.¹¹ In this Final Rule, the Commission modifies the *pro forma* SGIA pursuant to its authority under section 206 of the FPA to ensure that rates, terms and conditions of jurisdictional service remain just and reasonable and not unduly discriminatory or preferential. The adopted revisions require small generating facilities interconnecting through the SGIA to have the capability to ride through abnormal frequency and voltage events and not disconnect during such events. The Commission modifies the *pro forma* SGIA to address the Commission's concerns that it would be unduly discriminatory to impose these requirements on large generating facilities and not small generating facilities. The Commission believes that small generating facilities should now have ride through requirements comparable to large generating facilities. This would necessitate a one-time filing in Year 1 after implementation of a Final Rule in this docket.

The FERC-516A policies and regulations are necessary because they set and maintain a standard in transmission provider OATTs for their consistent consideration and processing of small generator interconnection requests.

¹¹ *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, FERC Stats. & Regs. ¶ 31,180, *order on reh'g*, Order No. 2006-A, FERC Stats. & Regs. ¶ 31,196 (2005), *order granting clarification*, Order No. 2006-B, FERC Stats. & Regs. ¶ 31,221 (2006); *Small Generator Interconnection Agreements and Procedures*, Order No. 792, 78 FR 73,240 (Nov. 22, 2013), 145 FERC ¶ 61,159 (2013), *clarifying*, Order No. 792-A, 146 FERC ¶ 61,214 (2014).

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

Transmission providers and small generators seeking interconnection to the power grid use the *pro forma* policies and procedures included in the FERC-516A.

If the FERC-516A policies, procedures and *pro forma* language were not included in transmission provider OATTs, the reliability of the grid could be compromised. The absence of ride through requirements increases the risk that an initial voltage or frequency disturbance may cause a significant amount of small generators to trip across an interconnection.

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

All transmission providers must include the FERC-516A *pro forma* small generator interconnection procedures and agreements as part of their tariff. The tariffs are electronically filed, and the FERC-516A materials in the tariffs are available to the public on the internet through FERC's eTariff viewer.¹² The easy electronic access to FERC-516A materials minimizes the work interconnecting generators must complete to request interconnection. The uniformity of the materials and policies eliminates guess work and the need to start from scratch when a small generator and a transmission provider begin working to interconnect a resource. All compliance filings from transmission providers to adopt Commission orders related to the FERC-516A are reviewed to ensure all tariffs are current and fully consistent with the Commission's FERC-516A procedures and policies. The compliance filings and agency action on the filings are also available on ferc.gov in eLibrary.

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

¹² More information on eTariff is posted at <http://www.ferc.gov/docs-filing/etariff.asp>.

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The FERC-516A consists of language that transmission providers must incorporate into their tariffs to standardize their interconnection processes. Each transmission provider's FERC-516A is consistent with FERC regulations. Small generators compile project-specific information within the FERC-516A processes. Nevertheless, each interconnection request is unique to the transmission provider system and the customer seeking access to the grid. There are specifications associated with each generation resource and the interconnection point. There are no similar sources for any of this information that a customer or transmission provider could use or modify to achieve interconnection in a standard way that is consistent with FERC regulatory requirements.

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

This collection was instituted in August 2005 to reduce existing burden on small entities, namely the small generator seeking new transmission interconnection. Prior to beginning this collection, small generators would follow case-by-case interconnection procedures for each interconnection they sought. They would have to draft and submit customized applications to transmission providers.

Small generators have benefitted because they can access *pro forma* interconnection documents for each transmission system through the internet and Commission's eTariff viewer. Transmission providers have benefitted because they no longer need to negotiate and process small generator interconnection requests on a case-by-case basis. Typical information needed for interconnection from each small generator seeking interconnection is asked for uniformly.

The one-time filing required in the Final Rule in RM16-8-000 is expected to take 7.5 burden hours (burden cost of \$558.75).

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

Jurisdictional transmission providers make an initial compliance filing to implement the standard provisions of FERC-516A policies and procedures. Afterwards, transmission providers must only file any nonconforming agreements they must undertake to interconnect a generator. The FERC-516A policies and procedures may be updated, if needed, to reflect system changes and/or administrative organizational changes. It is not possible to require

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the FERC-516A be completed less frequently because the filings occur only as necessary so the transmission provider's OATT is up-to-date and accurate. Interconnection requests through the FERC-516A policies and procedures occur when a generator seeks interconnection, not on a prescribed schedule.

The filing required in the Final Rule in RM16-8-000 is a one-time filing.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances.

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

The Commission published a Notice of Proposed Rulemaking in RM16-8-000 in the Federal Register (81 FR 15481, 3/23/2016) to give interested members of the public, industry, and government an opportunity to comment. Eleven entities submitted substantive comments. The substantive comments generally support the proposal to modify the *pro forma* SGIA.¹³ Commenters agree with the need for fair and equitable treatment between small and large generating facilities, the need for effective protections for system operation while also avoiding increased costs, and the potential to improve system stability and reliability over the coming years by adopting the proposed modifications to the *pro forma* SGIA.¹⁴ Commenters acknowledge the proposal's benefits, stating it will simplify operational conditions, especially considering the rising small generator penetration levels on the distribution system.¹⁵ Some commenters agree that the absence of ride-through requirements for small generating facilities increases the risk that an initial voltage or frequency disturbance may cause a significant number of small generating facilities to trip offline,

¹³ Peak Reliability Comments at 3; Idaho Power Comments at 2; PNM Comments at 1; SoCal Edison Comments at 2; ISO/RTO Council Comments at 6; Trade Associations Comments at 4; Bonneville Comments at 1; EPRI Comments at 7; NERC Comments at 2; PG&E Comments at 2.

¹⁴ SoCal Edison Comments at 2; Peak Reliability Comments at 3; EPRI Comments at 7.

¹⁵ PNM Comments at 2; Trade Associations Comments at 7.

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exacerbating the initial disturbance.¹⁶

In the Final Rule, the Commission responded to commenters who sought clarification of issues that fell into three broad categories: (1) comments on the need for the proposal; (2) comments on referencing specific technical standards; and (3) comments on addressing regional differences. There were no comments on the burden or cost estimates.

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

The FERC-516A information submitted to the Commission is public and, therefore, is not considered confidential. Specific requests for confidential treatment to the extent permitted by law will be considered pursuant to 18 CFR 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.

There are no questions of a sensitive nature in the reporting requirements.

12. ESTIMATED BURDEN OF THE COLLECTION OF INFORMATION

The estimated changes to burden and cost in the Final Rule in RM16-8-000 follow. *These one-time changes are expected to occur in Year 1 after implementation of the Final Rule in RM16-8.*

¹⁶ PNM Comments at 2; Trade Associations Comments at 7.

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FERC 516A, revisions in Final Rule in RM16-8¹⁷					
	No. of Respondents¹⁸ (1)	Annual No. of Responses per Respondent (2)	Total No. of Responses (1)*(2)=(3)	Average Burden (Hrs.) & Cost (\$) Per Response (4)	Total Annual Burden Hrs. & Total Annual Cost (\$) (3)*(4)=(5)
Conforming SGIA changes to incorporate proposed revisions	118	1	118	7.5 hrs.; \$558.75	885 hrs.; \$65,932.50
Total			118	7.5 hrs.; \$558.75	885 hrs.; \$65,932.50

For administrative purposes for this submittal to OMB, the additional 885 burden hours (in Year 1) will be averaged over Years 1-3, giving an average additional burden per year of 295 hours. After Year 3, the additional 295 hours will be removed.

13. ESTIMATE OF TOTAL ANNUAL COST OF BURDEN TO RESPONDENTS

There are no annual costs to respondents other than those associated with burden hours discussed in questions 12 and 15.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The estimated annualized cost to the Federal Government related to the proposed FERC-516A requirements in RM16-8-000 follows.

¹⁷ Commission staff estimates that industry is similarly situated in terms of hourly cost (wages plus benefits). Based on the Commission average cost (wages plus benefits) for 2016, \$74.50/hour is used.

¹⁸ Number of Applicable Registered Entities.

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	FERC Staff Time	Estimated Annual Federal Cost
Analysis and Processing of filings ¹⁹	900 hrs.	\$67,050
PRA ²⁰ Administrative Cost ²¹		\$5,481
FERC Total		\$72,531

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

In the Final Rule in RM16-8-000, the Commission modifies the *pro forma* SGIA. The *pro forma* SGIA establishes the terms and conditions under which public utilities must provide interconnection service to small generating facilities of no larger than 20 megawatts. All newly interconnecting small generating facilities will be required to have the capability to ride through abnormal frequency and voltage events and not disconnect during such events. As stated in the NOPR, the Commission already requires generators interconnecting under the Large Generator Interconnection Agreement to have this capability, and it would be unduly discriminatory not to also impose these requirements on small generating facilities. The Commission believes that small generating facilities should now have ride through

¹⁹ The cost is based upon FERC’s 2016 annual average salary plus benefits of \$154,647 (or \$74.50/hour).

²⁰ Paperwork Reduction Act of 1995 (PRA).

²¹ The PRA Administrative Cost is 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 this rulemaking), and other changes to the collection.

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requirements comparable to large generating facilities.

The Final Rule states the Commission requires “each public utility transmission provider that has an SGIA within its OATT to submit a compliance filing within 65 days following publication in the Federal Register. The compliance filing will be subject to the Commission’s jurisdiction to demonstrate that it meets the requirements set forth in this proposal. The proposed changes to the OATT in each public utility’s compliance filing should be effective on the date it is submitted to the Commission, unless the Commission grants another effective date when approving the compliance filing.”²²

The Final Rule also addresses another recently issued final rule in Docket No. RM16-1-000,²³ directing transmission providers to submit SGIA revisions related to reactive power requirements to the Commission.²⁴ The Commission notes that it requires the compliance filings to be filed in one combined filing in order to facilitate administrative efficiency. The Commission will provide a short extension to the compliance dates in both proceedings such that the compliance dates are the same.

The following table provides a summary view of the burden changes for FERC-516A, as proposed in the Final Rule in RM16-8-000. The burden is one-time and is expected to be completed in Year 1 after implementation of a Final Rule in Docket RM16-8-000.

For administrative purposes for this submittal to OMB, the additional one-time 885 burden hours (in Year 1) will be averaged over Years 1-3, giving an average additional burden per year of 295 hours. After Year 3, the additional 295 hours will be removed.

FERC-516A	Total Request	Previously Approved	Change due to Adjustment	Change Due to Agency Discretion
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²² For purposes of this Final Rule, a public utility is a utility that owns, controls, or operates facilities used for transmitting electric energy in interstate commerce, as defined by the FPA. See 16 U.S.C. 824(e). A non-public utility that seeks voluntary compliance with the reciprocity condition of an OATT may satisfy that condition by filing an OATT, which includes an SGIA.

²³ Order 827, issued 6/16/2016 in Docket No. RM16-1 is pending OMB review under FERC-516B (OMB Control No. 1902-0286, ICR 201606-1902-004).

²⁴ *Reactive Power Requirements for Non-Synchronous Generation*, Order No. 827, 81 Fed. Reg. 40,793 (Jun. 23, 2016), 155 FERC ¶ 61,277 (2016).

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			in Estimate	
Annual Number of Responses	3,359	3,241	0	+118
Annual Time Burden (Hr.)	16,516	16,221	0	+295 hrs.
Annual Cost Burden (\$)	0	0	0	0

16. TIME SCHEDULE FOR PUBLICATION OF THE DATA

The Commission does not publish any results from this collection.

17. DISPLAY OF 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.