

Supporting Statement

FERC-725Z, (Mandatory Reliability Standards: IRO Reliability Standards) and FERC-725A(1B), (Mandatory Reliability Standards for the Bulk Power System) as modified by Order in Docket No. RD16-6¹

The Federal Energy Regulatory Commission (Commission or FERC) requests the Office of Management and Budget (OMB) review and approve the information collection in the Order in RD16-6 which implements Reliability Standards IRO-018-1 (Reliability Coordinator Real-time Reliability Monitoring and Analysis Capabilities) and TOP-010-1 (Real-time Reliability Monitoring and Analysis Capabilities).

FERC-725A(1B)² (OMB Control No. TBD) is listed in this Order as a temporary information collection number. FERC-725A was at OMB for review. Because only one item per OMB Control No. can be pending OMB review at a time, we are using a new temporary placeholder or interim collection number FERC-725A(1B) (OMB Control No. TBD) in order to ensure timely submittal of this supporting statement and related materials in RD16-6 to OMB.

This consolidated supporting statement addresses revisions to the following information collections:

1. FERC-725A(1B) (Mandatory Reliability Standards for the Bulk-Power System), OMB Control No. TBD
2. FERC-725Z (Mandatory Reliability Standards: IRO Reliability Standards), OMB Control No. 1902-0276

Background

On August 8, 2005, The Electricity Modernization Act of 2005, which is Title XII of the Energy Policy Act of 2005 (EPAct 2005), was enacted into law.³ Under section 215 of the Federal Power Act (FPA), the Commission requires a Commission-certified Electric Reliability Organization (ERO) to develop mandatory and enforceable Reliability

¹ The Order was issued on 9/22/2016 and is posted at https://elibrary.ferc.gov/idmws/doc_info.asp?document_id=14498520

² This supporting statement would normally have been submitted under the FERC-725A, but is being submitted under the temporary placeholder collection number FERC-725A(1B).

³ The Energy Policy Act of 2005 (EPAct), Pub. L. No 109-58, Title XII, Subtitle A, 119 Stat. 594, 941 (2005), codified at 16 U.S.C. 824o (2000).

Standards⁴, which are subject to Commission review and approval. In 2006, the Commission established a process to select and certify an ERO and, subsequently, certified NERC as the ERO.⁵ In Order No. 693, the Commission approved 83 of 107 proposed Reliability Standards submitted by NERC, including the original Transmission Operations (TOP) and Interconnection Reliability Operations and Coordination (IRO) Reliability Standards. The Commission also directed NERC to address issues with respect to the TOP and IRO Reliability Standards regarding monitoring and analysis capabilities.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Under section 215 of the Federal Power Act (FPA),⁶ the Commission proposes to approve Reliability Standards TOP-010-1 (Real-time Reliability Monitoring and Analysis Capabilities) and IRO-018-1 (Reliability Coordinator Real-time Reliability Monitoring and Analysis Capabilities), submitted by North American Electric Reliability Corporation (NERC). In this order, the Reliability Standards build on monitoring, real-time assessments and support effective situational awareness. The Reliability Standards accomplish this by requiring applicable entities to: (1) provide notification to operators of real-time monitoring alarm failures; (2) provide operators with indications of the quality of information being provided by their monitoring and analysis capabilities; and (3) address deficiencies in the quality of information being provided by their monitoring and analysis capabilities.

⁴ The Federal Power Act (as modified by the EPAct) states “[t]he term “reliability standard” means a requirement, approved by the Commission under this section, to provide for reliable operation of the bulk-power system. The term includes requirements for the operation of existing bulk-power system facilities, including cybersecurity protection, and the design of planned additions or modifications to such facilities to the extent necessary to provide for reliable operation of the bulk-power system, but the term does not include any requirement to enlarge such facilities or to construct new transmission capacity or generation capacity.”

⁵ North American Electric Reliability Corp., 116 FERC ¶ 61,062, order on reh’g and compliance, 117 FERC ¶ 61,126 (2006), order on compliance, 118 FERC ¶ 61,190, order on reh’g, 119 FERC ¶ 61,046 (2007), aff’d sub nom. Alcoa Inc. v. FERC, 564 F.3d 1342 (D.C. Cir. 2009).

⁶ Section 215 was added by the Energy Policy Act of 2005, Pub. L. No. 109-58, 119 Stat. 594 (2005) (codified at 16 USC 824o).

FERC-725A(1B): Proposed Reliability Standard TOP-010-1, Requirement R4 addresses situational awareness objectives by providing for operator awareness when key alarming tools are not performing as intended.

FERC-725Z: Proposed Reliability Standard IRO-018-1, Requirement R3 requires reliability coordinators to have an alarm process monitor that provides notification to system operators when the failure of a real-time monitoring alarm processor has occurred. Proposed Reliability Standard TOP-010-1, Requirement R4 contains an identical requirement applicable to transmission operators and balancing authorities.

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

In general, information collection and record retention requirements related to Reliability Standards are not submitted to, or retained for audit by, FERC. Rather they are submitted to, or retained for audit by, NERC or the Compliance Enforcement Authority, as specified in each individual Reliability Standard.

FERC-725A(1B) and FERC-725Z: Reliability Standards IRO-018-1 (Reliability Coordinator Real-time Reliability Monitoring and Analysis Capabilities) and TOP-010-1 (Real-time Reliability Monitoring and Analysis Capabilities), will improve real-time situational awareness capabilities and enhance reliable operations by requiring reliability coordinators, transmission operators, and balancing authorities to provide operators with an improved awareness of system conditions analysis capabilities, including alarm availability, so that operators may take appropriate steps to ensure reliability. 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 INFORMATION TECHNOLOGY TO REDUCE THE BURDEN AND TECHNICAL OR LEGAL OBSTACLES TO REDUCING BURDEN

The use of current or improved technology and the medium are not covered in IRO and TOP Reliability Standards.

We think that nearly all of the respondents are likely to make and keep related records in an electronic format. 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 by filling out data forms on the portals. These portals are accessible through an internet browser password-protected user interface.

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

FERC-725A(1B) and FERC-725Z: Filing requirements are periodically reviewed as OMB review dates arise or as the Commission may deem necessary in carrying out its regulatory responsibilities under the FPA in order to eliminate duplication and ensure that filing burden is minimized. There are no similar sources for information available that can be used or modified for these reporting purposes.

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

FERC-725A(1B) and FERC-725Z: The new Reliability Standard requires applicable entities to provide notification to operators of real-time monitoring of alarm failures. The new standards also require applicable entities to implement operating processes or operating procedures to: (i) provide operators with indication(s) of the quality of information being provided by their monitoring and analysis capabilities; and (ii) address deficiencies in the quality of information being provided by their monitoring and analysis capabilities.

Our estimates regarding the number of respondents are based on the NERC Compliance Registry as of April 21, 2016. According to the NERC Compliance Registry, there are 11 reliability coordinators, 100 balancing authorities and 171 transmission operators registered. The additional estimated burden and cost related to the new standards apply to transmission operators and balancing authorities for the TOP standards and reliability coordinators for the IRO standards. Thus, the Commission finds that there are benefits (for small and large entities) 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.

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

FERC-725A(1B) and FERC-725Z. The Reliability Standards improves real-time situational awareness capabilities and enhance reliable operations by requiring reliability coordinators, transmission operators, and balancing authorities to provide operators with awareness of monitoring and analysis capabilities, including alarm availability, so that operators may take appropriate steps to protect reliability. Failure to follow requirements and compliance of IRO-018-1 and TOP-010-1 could directly affect the ability to effectively monitor and control and ensure reliability of the bulk electric system.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

FERC-725A(1B). There are no special circumstances relating to this collection

FERC-725Z. The Reliability Coordinator shall retain evidence of compliance for Requirements R1 and R3 and Measures M1 and M3 of Reliability Standard IRO-018-1 the current calendar year and one previous calendar year, with the exception of operator logs and voice recordings which shall be retained for a minimum of 90 calendar days, unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation.

Reliability Coordinator shall retain evidence of compliance for Requirement R2 and Measure M2 for a rolling 30-day period, unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation.

In contrast, Reliability Standards IRO-018-1, Requirement R1 and TOP-010-1, Requirements R1 and R2 go beyond documentation and specification of data and require the development of an operating process or operating procedure to evaluate “the quality of the Real-time data necessary to perform Real-time data monitoring and Real-time Assessments or analysis functions.”⁷

⁷ NERC Petition at 18. NERC emphasizes the importance of the quality of this type of data by noting that “[e]ntities continue to address lower-priority data quality issues (i.e., data quality issues not affecting Real-time monitoring or analysis) according to their operating practices.”

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

The ERO process⁸ to develop and establish Reliability Standards is a collaborative process between the ERO, Regional Entities and other industry stakeholders developing, discussing, and reviewing drafts, commenting and voting on the drafts, posting responses to the comments, conducting a final ballot, and submitting the standard and implementation plan to the Board of Trustees (BOT) for adoption and approval. [This process provides several opportunities for review and comment by stakeholders and interested parties.] Then the final proposed standard (if approved by the BOT) is submitted by the ERO to the FERC for review and approval. Upon approval by FERC, the standards are mandatory and enforceable.

FERC notices were published in the Federal Register, thereby allowing all public utilities, natural gas and oil pipeline companies, state commissions, federal agencies, and other interested parties an opportunity to submit comments, or suggestions concerning the proposal. Notice of NERC’s petition was published on June 8, 2016 in the Federal Register, 81 Fed Reg 36,910 (2016). The 60-day Notice was published in the Federal Register (81 FR 66952, dated 09/29/2016). The 30-day Notice was published in the Federal Register (81 FR 95582, dated 12/28/2016).

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

The Commission does not make payments or provide gifts for respondents related to FERC-725A(1B) and FERC-725Z.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

Responding entities do not submit the information collections to FERC. Rather, they submit the information to NERC, the regions, or maintain it internally. Since there are no submissions made to FERC, FERC provides no specific provisions in order to protect confidentiality.

According to the NERC Rules of Procedure section 1502, “...a Receiving Entity shall keep in confidence and not copy, disclose, or distribute any Confidential Information or

⁸ Details of the ERO’s standard process is available on the NERC website in the Standard Process Manual (Version 3, effective 6/26/2013) at http://www.nerc.com/comm/SC/Documents/Appendix_3A_StandardsProcessesManual.pdf . Figure 1 (Process for Developing or Modifying a Reliability Standard) on page 15 of the NERC manual includes a diagram showing the “typical process for a project identified in the Reliability Standards Development Plan that involves a revision to an existing Reliability Standard....”

any part thereof without the permission of the Submitting Entity, except as otherwise legally required.” This serves to protect confidential information submitted to or retained for NERC or Regional Entities.

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 that are considered private in FERC-725A(1B) or FERC-725Z.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

FERC-725A(1B) is a place holder information collection number. When FERC-725 is available, FERC-725A(1B) will be administratively transferred by FERC to FERC-725A. However, the new TOP Reliability Standard will result in an increase in requirements imposed on entities to provide notification to operators of real-time situational awareness.

FERC-725Z. The new IRO Reliability Standard will result in an increase in requirements imposed on entities to provide notification to operators of real-time monitoring of alarm failures.

The estimated burdens and costs related to the changes in Docket No. RD16-6 are as follows:

FERC-725A(1B), changes due to TOP-010-1 in Docket No. RD16-6-000							
Entity	Requirements & Period	No. of Respondents⁹ (1)	Annual No. of Responses per Respondent (2)	Total No. of Responses (1)*(2)= (3)	Average Burden & Cost Per Response¹⁰ (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
BA¹¹	Year 1 Implementation (one-time reporting)	100	1	100	70 hrs.; \$4,494.00	7,000 hrs.; \$449,400.00	\$4,494.00
	Starting in Year 2 (annual reporting)	100	1	100	42 hrs.; \$2,696.40	4,200 hrs.; \$269,640.00	\$2,696.40

⁹ 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.

¹⁰ The estimated hourly costs (salary plus benefits) are based on Bureau of Labor Statistics (BLS) information, as of May 2015 (at http://www.bls.gov/oes/current/naics2_22.htm, with updated benefits information for March 2016 at <http://www.bls.gov/news.release/ecec.nr0.htm>), for an electrical engineer (code 17-2071, \$64.20/hour), and for information and record clerks record keeper (code 43-4199, \$37.69/hour). The hourly figure for engineers is used for reporting; the hourly figure for information and record clerks is used for document retention.

¹¹ Balancing Authority (BA). The following Requirements and associated measures apply to balancing authorities: Requirement R1: A revised data specification and writing the required operating process/operating procedure; and Requirement R2: quality monitoring logs and the data errors and corrective action logs.

TOP¹²	Year 1 implementation (one-time reporting)	171	1	171	70 hrs.; \$4,494.00	11,970 hrs.; \$768,474.00	\$4,494.00
	Starting in Year 2 (annual reporting)	171	1	171	40 hrs. \$2,568.00	6,840 hrs.; \$439,128.00	\$2,568.00
BA/TOP	Annual Record Retention	271	1	271	2 hrs.; \$75.38	542 hrs.; \$20,427.98	\$75.38
Total Burden Hours Per Year						19,512 hrs. \$1,238,301.98 (Year 1); 11,582 hrs. \$729,195.98 per year, (starting in Year 2)	

Averaging One-Time Burden and Responses for FERC-725A(1B), changes due to TOP-010-1 in Docket No. RD16-6-000 over Years 1-3.

- Year 1 has 19,512 hrs. of burden and record retention
- Years 2 and 3 have on-going annual burden and record retention of 11,582 hrs.

For purposes of this OMB clearance, the 19,512 one-time burden hours will be averaged over Years 1-3. After Year 3, the one-time burden hours will then be removed from the inventory. The estimated additional burden due to this Order is 14,225 [consisting of (19,512 +11,582 + 11,582) ÷ 3].

¹² Transmission Operations (TOP). The following Requirements and associated measures apply to transmission operators: Requirement R1: A revised data specification and writing the required operating process/operating procedure; and Requirement R3: alarm process monitor performance logs to maintain performance logs and corrective action plans.

FERC-725Z, changes due to Reliability Standard IRO-018-1 in Docket No. RD16-6-000							
Entity	Requirements & Period	No. of Respondents¹³ (1)	Annual No. of Responses per Respondent (2)	Total No. of Responses (1)*(2)= (3)	Average Burden Hrs. & Cost Per Response¹⁴ (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
RC¹⁵	Year 1 Implementation (reporting)	11	1	11	60 hrs.; \$3,852.00	660 hrs.; \$42,372.00	\$3,852.00
	Starting in Year 2 (annual reporting)	11	1	11	32 hrs.; \$2,054.40	352 hrs.; \$22,598.40	\$2,054.40
	Annual Record Retention	11	1	11	2 hrs.; \$75.38	22 hrs.; \$829.18	\$75.38

¹³ The number of respondents is the estimated number of entities for which there is a change in burden from the current standards to the proposed standards, not the total number of entities from the current or proposed standards that are applicable.

¹⁴ The estimated hourly costs (salary plus benefits) are based on Bureau of Labor Statistics (BLS) information, as of May 2015 (at http://www.bls.gov/oes/current/naics2_22.htm, with updated benefits information for March 2016 at <http://www.bls.gov/news.release/ecec.nr0.htm>), for an electrical engineer (code 17-2071, \$64.20/hour), and for information and record clerks (code 43-4199, \$37.69/hour). The hourly figure for engineers is used for reporting; the hourly figure for information and record clerks is used for document retention.

¹⁵ Reliability Coordinator (RC). The following Requirements and the associated measures apply to RCs: Requirement R1: A revised data specification and writing the required operating Process/Operating Procedure; Requirement R2: Quality monitoring logs and the data errors and corrective action logs; and Requirement R3: Alarm process monitor performance logs.

TOTAL BURDEN HRS. PER YEAR					682 hrs. in Year 1; 374 hrs. per year starting in Year 2	
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Averaging One-Time Burden and Responses for FERC-725Z, changes due to Reliability Standard IRO-018-1 in Docket No. RD16-6-000 over Years 1-3.

- Year 1 has a total of 682 hours. (660 hrs. of burden and 22 hrs of record retention)
- Year 2 and 3 have 374 hours. (352 hrs. of burden and 22 hrs of record retention)
- For purposes of this OMB clearance, the 682 one-time burden hours will be averaged over Years 1-3. After Year 1, the on-going burden hours will be 374 hours. The estimated additional annual burden in Years 1-3 due to this Order is 476.6 hrs. [consisting of 242 hours (220 hours implementation averaged over Yrs. 1-3 + 22 record retention) + 594 hours (220 hours implementation + 22 hours record retention + 352 hours annual reporting) + 594 hours (220 hours implementation + 22 hours record retention + 352 hours annual reporting)] ÷ 3 = 476.6]. [This figure is rounded to 476 hours in ROCIS and reginfo.gov.]

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

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

Total Capital and Start-up cost: \$0

Total Operation, Maintenance, and Purchase of Services: \$0

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

Any involvement by the Commission is covered under the FERC-725 (OMB Control No. 1902-0255). The data are not submitted to FERC.

The Commission does incur the costs associated with obtaining OMB clearance for the two collections under the Paperwork Reduction Act (PRA). FERC estimates the annual cost for this effort to be \$5,481.00 for each of the collections.¹⁶

¹⁶The 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 orders, and other changes to the collection.

	Number of Employees (FTE)	Estimated Annual Federal Cost
Analysis and Processing of filings	0.0	\$0
PRA ¹⁷ Administrative Cost ¹⁸		\$10,962.00
FERC Total		\$10,962.00

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

FERC-725A(1B) and FERC-725Z. Reliability Standards IRO-018-01 (Reliability Coordinator Real-time Reliability Monitoring and Analysis Capabilities), associated with FERC-725Z and TOP-010-1 (Real-time Reliability Monitoring and Analysis Capabilities), associated with FERC-725A(1B) improve reliability by providing rigorous functional requirements for real-time monitoring and analysis. Reliability Standards IRO-018-1 and TOP-010-1 were created to improve real-time situational awareness capabilities and enhance reliable operations by requiring reliability coordinators, transmission operators, and balancing authorities to provide operators with awareness of monitoring and analysis capabilities, including alarm availability, so that entities may take appropriate steps to ensure reliability.

The Commission approves Reliability Standards IRO-018-1 and TOP-010-1, which enhance reliability by accomplishing Blackout Report Recommendation 22 to evaluate and adopt better real-time tools for operators and reliability coordinators and establish requirements to perform real-time monitoring and analysis capabilities to support reliable system operations. The new Reliability Standards build upon existing requirements to support effective real-time monitoring and analysis and improved situational awareness, and thereby enhance reliable operations. Reliability Standard IRO-018-1 is applicable to reliability coordinators. Reliability Standard TOP-010-1 applies to transmission operators and balancing authorities.

	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion

¹⁷ Paperwork Reduction Act of 1995 (PRA)

¹⁸ The Commission bases the cost of Paperwork Reduction Act administration on staff time, and other costs related to compliance with the Paperwork Reduction Act of 1995.

FERC-725A(1B) (OMB Control No. TBD)				
Annual Number of Responses	271	0	0	271
Annual Time Burden (Hr.)	14,225	0	0	14,225
Annual Cost Burden (\$)	\$0	0	0	0
FERC-725Z (OMB Control No. 1902-0276)				
Annual Number of Responses	6,672	6,661	0	11
Annual Time Burden (Hr.)	49,331	48,855	0	476
Annual Cost Burden (\$)	0	0	0	0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There is no publication of data associated with FERC-725A(1B) or FERC-725Z collections of information.

17. DISPLAY OF EXPIRATION DATE

The expiration dates are posted on ferc.gov at <http://www.ferc.gov/docs-filing/info-collections.asp>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.