

FERC-725T (OMB Control No. 1902-0273)

Supporting Statement

**FERC-725T, Mandatory Reliability Standards for the Bulk-Power System: TRE Reliability Standards**

Three-year approval of extension requested

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review and approve the FERC-725T (Mandatory Reliability Standards for the Bulk-Power System: TRE Reliability Standards) information collection for a three-year period under OMB Control Number 1902-0273. The information collection requirements are contained in the Commission's regulations in 18 CFR Part 40.

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

On August 8, 2005, the Electricity Modernization Act of 2005, which is Title XII, Subtitle A, of the Energy Policy Act of 2005 (EPAAct 2005), was enacted into law.<sup>1</sup> EPAAct 2005 added a new Section 215 to the 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, an ERO would enforce the Reliability Standards which are subject to Commission oversight.<sup>2</sup>

On February 3, 2006, the Commission issued Order No. 672, implementing section 215 of the FPA.<sup>3</sup> Pursuant to Order No. 672, the Commission certified one organization, NERC, as the ERO.<sup>4</sup> The ERO is required to develop Reliability Standards, which are subject to Commission review and approval.<sup>5</sup> The Reliability Standards applies to users, owners and operators of the Bulk-Power System, as set forth in each Reliability Standard.

Section 215(d)(2) of the FPA and the Commission's regulations provide that the Commission may approve a proposed Reliability Standard if it determines that the proposal is just, reasonable, not unduly discriminatory or preferential, and in the public interest. The Commission specified in Order No. 672 certain general factors it would consider when assessing whether a

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

2 16 USC 824o(e)(3) (2012).

3 Rules Concerning Certification of the Electric Reliability Organization; Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards, Order No. 672, 71 FR 8662 (February 17, 2006), FERC Stats. & Regs. ¶ 31,204 (2006), order on reh'g, Order No. 672-A, 71 FR 19814 (April 18, 2006), FERC Stats. & Regs. ¶ 31,212 (2006).

4 North American Electric Reliability Corp., 116 FERC ¶ 61,062 (ERO Certification Order), order on reh'g & compliance, 117 FERC ¶ 61,126 (ERO Rehearing Order) (2006), order on compliance, 118 FERC ¶ 61,030 (2007) (January 2007 Compliance Order).

5 Section 215(a)(3) of the FPA defines the term Reliability Standard to mean "a requirement, approved by the Commission under this section, to provide for reliable operation of the Bulk-Power System. This 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 the 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." 16 U.S.C. 824o(a)(3).

particular Reliability Standard is just and reasonable.<sup>6</sup> According to this guidance, a Reliability Standard must provide for the Reliable Operation of Bulk-Power System facilities and may impose a requirement on any user, owner or operator of such facilities. It must be designed to achieve a specified reliability goal and must contain a technically sound means to achieve this goal. The Reliability Standard should be clear and unambiguous regarding what is required and who is required to comply.

On September 18, 2013, NERC and the Texas (Regional Entity)RE filed a joint petition (Petition) seeking approval of regional Reliability Standard BAL-001-TRE-01 (Primary Frequency Response), implementation plan, and the associated violation risk factors and violation severity levels. The Petition states that regional Reliability Standard BAL-001-TRE-01 complies with the Commission's directive in Order No. 693. The Petition further states that, while the regional Reliability Standard requires individual generators to provide frequency response, it does not restrict the balancing authority from obtaining frequency response from other sources to meet the Interconnection's required level of performance.<sup>7</sup>

NERC asserts that regional Reliability Standard BAL-001-TRE-01 improves upon Electric Reliability Council of Texas (ERCOT) existing practices for frequency response, is necessitated by physical differences in the ERCOT system and represents an alternative, more stringent means of ensuring frequency response performance than the continent-wide NERC Reliability Standard.<sup>8</sup>

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

Reliability Standard BAL-001-TRE-01 applies to entities registered as Generator Owners (GOs), Generator Operators (GOPs), and Balancing Authorities (BAs) within the Texas RE region.

Regional Reliability Standard BAL-001-TRE-01 is more comprehensive than the existing continent-wide Reliability Standards addressing frequency response, BAL-001-0.1a and BAL-003-0.1b in that the regional standard includes additional requirements and applies to generator owners and generator operators as well as balancing authorities. The expanded applicability of the regional Reliability Standard, thus, increases the reporting burden for entities that operate within the ERCOT Interconnection.

The information collection requirements entail the setting or configuration of the Control System software, identification and recording of events, data retention, and submitting frequency measurable events to the compliance enforcement authority (Regional Entity or NERC).

Control System software: Each GO must set its governor settings according to Requirement R6. In order to modify its settings the GO may have to generate governor test reports,

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<sup>6</sup> Order No. 672 at P 262, 321-37.

<sup>7</sup> Petition at 11.

<sup>8</sup> *Id.* at 3.

governor setting sheets, and/or performance monitoring reports.

Submitting frequency measurable events: As per Requirement R1, the BA has to identify and post information regarding Frequency Measurable Events (FME). Further, the BA has to calculate and report to the Compliance Enforcement Authority data related to Primary Frequency Response (PFR) performance of each generating unit/generating facility.

Data retention: The BA, GO, and GOP shall keep data or evidence to show compliance, as identified below, unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation. Compliance audits are generally about three years apart.

- The BA shall retain a list of identified Frequency Measurable Events and shall retain FME information since its last compliance audit for Requirement R1, Measure M1.
- The BA shall retain all monthly PFR performance reports since its last compliance audit for Requirement R2, Measure M2.
- The BA shall retain all annual Interconnection minimum Frequency Response calculations, and related methodology and criteria documents, relating to time periods since its last compliance audit for Requirement R3, Measure M3.
- The BA shall retain all data and calculations relating to the Interconnection's Frequency Response, and all evidence of actions taken to increase the Interconnection's Frequency Response, since its last compliance audit for Requirements R4 and R5, Measures M4 and M5.
- Each GOP shall retain evidence since its last compliance audit for Requirement R8, Measure M8.
- Each GO shall retain evidence since its last compliance audit for Requirements R6, R7, R9 and R10, Measures M6, M7, M9 and M10.

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

The use of current or improved technology and the medium are not covered in Reliability Standards and are, therefore, left to the discretion of each respondent.

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 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.**

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. The Reliability Standard BAL-001-TRE-1 does not duplicate any other collections.

The Commission is unaware of any other source of information similar to the additional requirements.

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

In general, small entities may reduce their burden by taking part in a joint registration organization or a coordinated functional registration. These options allow an entity to share its compliance burden with other entities.

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

The purpose of BAL-001-TRE-01 is to establish and maintain adequate frequency response in the ERCOT region. If the frequency in a system gets out of balance it can lead to load shedding and blackouts. The information collection requirements help ensure adequate levels of frequency response. The frequency of the requirements was vetted and approved by industry consensus in the NERC standard development process. Reduced frequency would likely lead to increased risk of load shedding and blackout.

**7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION**

There are no special circumstances related to the information collection.

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

In accordance with OMB requirements, the Commission published a 60-day notice<sup>9</sup> and a 30-day notice<sup>10</sup> to the public regarding this information collection on 3/17/2017 and 5/31/2017 respectively. Within the public notices, the Commission noted that it would be requesting a

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9 82 FR 14215  
10 82 FR 24963

three-year extension of the public reporting burden. The Commission received no comments (from the 60-day notice) from the public regarding this information collection.

**9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS**

There are no payments or gifts to respondents.

**10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS**

According to the NERC Rule of Procedure<sup>11</sup>, "...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.

Responding entities do not submit the information collected due to the Reliability Standards 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.

**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 associated with the FERC-725T reporting requirements.

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

The Commission estimates the Public Reporting burden for the FERC-725T information collection as follows:

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| <b>FERC-725T (Mandatory Reliability Standards for the Bulk-Power System: TRE Reliability Standards)</b> |
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<sup>11</sup> Section 1502, paragraph 2, available at NERCs website

|  | Number of Respondents<br>(1) | Annual Number of Responses per Respondent<br>(2) | Total Number of Responses<br>(1)*(2)=(3) | Average Burden & Cost Per Response <sup>12</sup><br>(4) | Total Annual Burden Hours & Total Annual Cost<br>(3)*(4)=(5) | Cost per Respondent (\$)<br>(5)÷(1) |
|--|------------------------------|--|--|---|--|-------------------------------------|
| Maintenance and Submission of Event Log Data | 1 <sup>13</sup>              | 1  | 1  | 16 hrs.;<br>\$1,029                                     | 16 hrs.;<br>\$1,029  | \$1,029                             |
| Evidence Retention                           | 130 <sup>14</sup>            | 1  | 130                                      | 2 hrs.;<br>\$76 <sup>15</sup>                           | 260 hrs.;<br>\$9,815   | \$76                                |
| <b>TOTAL</b>                                 |                              |  | <b>131</b>                               |   | <b>276 hrs.;</b><br><b>\$10,844</b>                          |                                     |

This burden estimate comprises the entirety of the FERC-725T information collection burden. The total annual burden (276 hours) includes all of the ongoing burden for this collection.

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

There are no capital or start-up costs associated with this collection. All of the costs are associated with the burden hours and accounted for in Question #12.

### 14. ESTIMATE OF THE TOTAL ANNUAL COST TO FEDERAL GOVERNMENT

|   | Number of Employees (FTE) | Estimated Annual Federal Cost |
|---|---------------------------|-------------------------------|
| Analysis and Processing of filings <sup>16</sup>    | 0                         | \$0                           |
| PRA <sup>17</sup> Administrative Cost <sup>18</sup> |                           | \$5,723                       |
| <b>FERC Total</b>                                   |                           | <b>\$5,723</b>                |

12 The estimates for cost per hour are based on 2015 wage figures and derived as follows:

- \$64.29/hour, the average salary plus benefits per engineer (from Bureau of Labor Statistics at [https://www.bls.gov/oes/current/naics2\\_22.htm](https://www.bls.gov/oes/current/naics2_22.htm))
- \$37.75/hour, the average salary plus benefits per information and record clerks (from Bureau of Labor Statistics at [https://www.bls.gov/oes/current/naics2\\_22.htm](https://www.bls.gov/oes/current/naics2_22.htm))

The results of calculations are rounded to the nearest dollar within the burden table.

13 BA (balancing authority)

14 BA (balancing authority), GO (generator owner), and GOP (generator operator)

15 Rounded from \$75.50.

16 The data garnered due to this Reliability Standard is not transmitted to the Commission. Rather, it is developed, stored, and exchanged between and by NERC registered entities within ERCOT.

17 Paperwork Reduction Act of 1995 (PRA)

18 The PRA Administrative Cost is the average annual FERC 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. It also includes the cost of publishing the necessary notices in the Federal Register.

The Commission bases its estimate of the “Analysis and Processing of filings” cost to the Federal Government on salaries and benefits for professional and clerical support. This estimated cost represents staff analysis, decision-making, and review of any actual filings submitted in response to the information collection.

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

There is a revision to FERC-725T reporting requirements. One-time burden (associated with modifying governor controller settings in the amount of 114 responses and 304 hours) is removed from the FERC-725T information collection in this ICR. The one-time burden was originally averaged over three years (in ICR No. 201403-1902-009). The activity associated with the one-time burden has been satisfied.

The remaining (i.e. ongoing) burden is related to the maintenance and submission of event log data and evidence retention (i.e. record retention) as illustrated in Question #12 of this supporting statement. One additional response annually more accurately represents the burden associated with event log submission and is intended to correct burden presentation of this response category. This additional response does not result in a change to ongoing burden.

The following table shows the change to the burden due to the adjustments mentioned above. The table reflects format used in reginfo.gov and ROCIS.

|                            | <b>Total Request</b> | <b>Previously Approved</b> | <b>Change due to Adjustment in Estimate</b> | <b>Program Change Due to Agency Discretion</b> |
|----------------------------|----------------------|----------------------------|---|--|
| Annual Number of Responses | 131                  | 244                        | 1   | -114   |
| Annual Time Burden (Hr.)   | 276                  | 580                        | 0   | -304   |
| Annual Cost Burden (\$)    | 0                    | 0                          | 0   | 0  |

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

There are no tabulations, statistical analysis, or publications of information planned for the FERC-725T information 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**

The Commission will not be using statistical survey methodology for this information collection.