

FERC-725V (OMB Control Number: 1902-0277)
Final Rule (Order 808, issued 4/16/2015) in Docket No. RM14-13-000
RIN 1902-AE92
(updated 7/31/2015)

Supporting Statement

**FERC-725V, Mandatory Reliability Standards: Reliability Standards COM-001-2 and
COM-002-4**

Final Rule in Docket No. RM14-13-000

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review and approve the FERC-725V, Mandatory Reliability Standards: Reliability Standards COM-001-2 and COM-002-4, information collection as included in the Final Rule in Docket No. RM14-13-000.¹

**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. EPAAct 2005 added section 215 to the Federal Power Act (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. The ERO enforces the Reliability Standards either subject to Commission oversight or by the Commission independently.

On February 3, 2006, the Commission issued Order No. 672, implementing section 215 of the FPA. Pursuant to Order No. 672, the Commission certified one organization, NERC, as the ERO who is required to develop Reliability Standards, which are subject to Commission review and approval. The Reliability Standards apply 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 Reliability Standard if it determines that the standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest. The Commission specified in Order No. 672 factors it would consider when assessing whether a particular Reliability Standard is just and reasonable. 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.

¹ The Final Rule is posted at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13841838>.

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On May 14, 2014, NERC filed a petition seeking approval of two revised communication standards, COM-001-2 (Communications) and COM-002-4 (Operating Personnel Communications Protocols).² As described by NERC, Reliability Standard COM-001-2 establishes a set of requirements for the communications capabilities various functional entities must maintain to enable communications with other identified functional entities. Reliability Standard COM-002-4 requires applicable entities to develop documented communications protocols. NERC stated in its petition that these revised standards are intended to address all relevant Commission directives from Order No. 693. In addition, NERC stated that the revisions reflected in COM-002-4 are intended to address Recommendation No. 26 from the final report on the August 2003 blackout issued by the U.S.-Canada Power System Outage Task Force (Blackout Report) concerning the need to “[t]ighten communications protocols, especially for communications during alerts and emergencies.”³

Reliability Standard COM-001-2 established a clear set of requirements for what communications capabilities various functional entities must maintain for reliable communications.⁴ Reliability Standard COM-002-4 requires entities to have or create a set of documented communications protocols that include certain minimum mandatory protocols.⁵

On April 16, 2015, pursuant to section 215 of the FPA, the Commission issued a Final Rule approving Reliability Standards COM-001-2 and COM-002-4, as well as NERC’s retirement of currently-effective Reliability Standards COM-001-1.1 and COM-002-2. (“COM” stands for Communication.)

In approving the revised standards, the Commission noted that Reliability Standard COM-001-2 establishes Interpersonal Communication capability necessary to maintain reliability, while Reliability Standard COM-002-4 improves communications related to Operating Instructions, requiring issuers of Operating Instructions to adopt predefined communications protocols and requiring both issuers and recipients of Operating Instructions to use three-part communications. The Commission found that the revised standards would enhance reliability over the currently effective version of the standards by expanding their applicability, eliminating certain ambiguities in the currently-effective standards, and clarifying that the use of three-part communication is required for issuance and receipt of all Operating instructions.

² The COM Reliability Standards are not attached to the Final Rule. The complete text of the two Reliability Standards is available on the Commission’s eLibrary document retrieval system in Docket No. RM14-13 and is posted on the ERO’s web site, *available at*: <http://www.nerc.com>.

³ NERC Petition at 3 (quoting *U.S.-Canada Power System Outage Task Force, Final Report on the August 14, 2003 Blackout in the United States and Canada: Causes and Recommendations* at 3 (April 2004) (Blackout Report), *available at* <http://energy.gov/sites/prod/files/oeprod/DocumentsandMedia/BlackoutFinal-Web.pdf>).

⁴ See NERC Petition at 2.

⁵ See NERC Petition at 2.

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

As noted above, FERC recently approved Reliability Standards COM-001-2 and COM-002-4, which will require entities to maintain certain additional records subject to review by the NERC and NERC's Regional Entities. In this information collection request FERC is requesting approval for information collection requirements and associated burden of these standards.

NERC stated in its petition seeking review of the revised standards that Reliability Standard COM-001-2 establishes requirements for Interpersonal Communication capabilities necessary to maintain reliability. NERC explained that Reliability Standard COM-001-2 applies to reliability coordinators, balancing authorities, transmission operators, generator operators, and distribution providers. The approved Reliability Standard includes eleven requirements and two new defined terms, "Interpersonal Communication" and "Alternative Interpersonal Communication," that, according to NERC, collectively provide a comprehensive approach to establishing communications capabilities necessary to maintain reliability.⁶ NERC stated that the definitions provide clarity that an entity's communication capability must be redundant and that each of the capabilities must not utilize the same medium. According to NERC, the definitions improve the language used in the current Reliability Standard by eliminating the use of the more ambiguous phrases "adequate and reliable" and "redundant and diversely routed" that relate to "telecommunications facilities for the exchange of Interconnection and operating information."⁷

The first six requirements of COM-001-2 address the Interpersonal Communication capability and Alternative Interpersonal Communication capability of the reliability coordinator, transmission operator, and balancing authority functions. Requirement R1 requires each reliability coordinator to have Interpersonal Communication capability with all transmission operators and balancing authorities within its reliability coordinator area, and with each adjacent reliability coordinator within the same interconnection. Requirement R2 requires each reliability coordinator to designate Alternative Interpersonal Communication capability with those same identified entities. Requirements R3 and R4 set out the communications capability requirements for a transmission operator. Under Requirement R3, Interpersonal Communication capability is required between the transmission operator's reliability coordinator, each balancing authority within its transmission operator area, each distribution provider and generator operator within its

⁶ *Id.* at 15. NERC defines Interpersonal Communication as "[a]ny medium that allows two or more individuals to interact, consult, or exchange information" and Alternative Interpersonal Communication as "[a]ny Interpersonal Communication that is able to serve as a substitute for, and does not utilize the same infrastructure (medium) as, Interpersonal Communication used for day-to-day operation." *Id.*

⁷ *Id.* at 15-16.

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transmission operator area, and each adjacent transmission operator whether synchronously or asynchronously connected. Under Requirement R4, Alternative Interpersonal Communication capability must be designated between the transmission operator's reliability coordinator, each balancing authority within its transmission operator area, and each adjacent transmission operator. Requirements R5 and R6 set out similar requirements for each balancing authority, again identifying the specific functional entities for which the balancing authority must maintain Interpersonal Communication capability and for which it must designate Alternative Interpersonal Communication capability.

Requirements R7 and R8 address the communications capability that distribution providers and generator operators must maintain, with each required to have Interpersonal Communications capability with its balancing authority and its transmission operator.

Requirement R9 requires each reliability coordinator, transmission operator, and balancing authority to test its Alternative Interpersonal Communication capability at least once each calendar month, and to initiate action to repair or designate a replacement if the test is unsuccessful. Requirement R10 requires the same entities to notify applicable entities (as identified in R1, R3 and R5) of the detection of an Interpersonal Communication capability failure that lasts 30 minutes or longer. Finally, Requirement R11 requires distribution providers and generator operators to consult with affected balancing authorities and transmission operators when a failure is detected in their Interpersonal Communication capability, and to determine a mutually agreeable action for the restoration of that capability.

NERC stated in its petition that Reliability Standard COM-002-4 improves communications surrounding the issuance of Operating Instructions by requiring the use of predefined communications protocols to reduce the possibility of miscommunication that could lead to action or inaction harmful to reliability.⁸ NERC noted that the standard requires use of the same protocols regardless of operating condition (*i.e.*, Emergency or non-emergency), but requires operating personnel to use the documented communication protocols for three-part communications "without exception" during an Emergency.⁹ As NERC explained:

[T]he proposed Reliability Standard employs the phrase
"Operating Instruction during an Emergency" in certain

⁸ *Id.* at 23. NERC stated that COM-002-3 (which was adopted by the NERC Board but not submitted to the Commission for approval) is proposed for retirement in the Implementation Plan because the Reliability Standard has been combined with COM-003-1 to create Reliability Standard COM-002-4. NERC stated that Reliability Standard COM-002-3 has not been submitted to the Commission for approval, therefore, the currently effective version of COM-002 is COM-002-2. *Id.* at 23 n.43. Reliability Standard COM-002-4 combines Reliability Standard COM-002-3 and the former draft COM-003-1 into a single standard that addresses communications protocols for operating personnel in Emergency and non-emergency conditions. *Id.* at 23-24.

⁹ *Id.* at 3.

requirements (R5, R6, R7) to provide a demarcation for what is subject to a zero-tolerance compliance approach and what is not.¹⁰

NERC explained that, for Operating Instructions issued during non-emergency operations, “an entity will be assessed under a compliance approach that focuses on whether an entity meets the initial training Requirement (either R2 or R3) and whether an entity performed the assessment and took corrective actions according to Requirement R4.

In approving the revised COM standards, the Commission found that the revised standards would enhance reliability over the currently effective version of the standards by expanding their applicability, eliminating certain ambiguities in the currently-effective standards, and clarifying that the use of three-part communication is required for issuance and receipt of all Operating instructions.

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

How entities use information technology to meet the information collection requirements is not an area specifically covered in the approved 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.

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 is unaware of any other source of information related to communication protocols and standards. No serious concerns of duplication were raised by participants during the standard development process that occurred prior to this rulemaking process.

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

¹⁰ *Id.* at 25.

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Small entities generally can reduce their burden by taking part in a joint registration organization or a coordinated function registration. These options allow an entity the ability to share its compliance burden with other similar entities.

Detailed information regarding these options are available in NERC's Rules of Procedure at sections 507 and 508.¹¹

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

The paperwork requirements in this collection are that entities document compliance with substantive requirements, including the preparation of a documented communications protocol by reliability coordinators, balancing authorities and transmission operators, and maintaining such documents. The paperwork and data retention requirements were vetted and approved by industry consensus in the NERC standard development process, and is ultimately designed to support the reliability of the bulk electric system.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances for this collection.

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

The ERO process to establish Reliability Standards is a collaborative process, with the ERO, Regional Entities and other stakeholders developing and reviewing drafts and providing comments, and the final proposed standard submitted to the FERC for review and approval.¹² In addition, each FERC rulemaking (both proposed and final rules) 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 proposed collection of data. A notice of proposed rulemaking (NOPR) was issued on September 19, 2014, proposing to approve of the revised standards, and interested

¹¹ Available at

http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC_ROP_Effective_20140701_updated_20140602.pdf.

¹² Details of the current ERO Reliability Standard processes are available on the NERC website at <http://www.nerc.com/pa/Stand/Resources/Documents/Appendix3AStandardsProcessesManual.pdf>.

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entities were given 60 days to comment.¹³ No comments were received addressing the paperwork burden. The final rule approving the revised standards was published in the Federal Register on April 22, 2015 (80 FR 22385).

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

According to the NERC Rule of Procedure 1502,¹⁴ “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 under the approved Reliability Standards to FERC. Rather, they maintain it internally. Since there are no submissions made to FERC, FERC provides no specific provisions in order to protect confidentiality unless and until any such information is submitted to FERC as part of an enforcement action or other compliance review.

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.

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

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The Commission’s estimate of the number of respondents is based on the NERC compliance registry as of August 15, 2014. According to the NERC compliance registry, NERC has registered 179 transmission operators (TOP), 107 balancing authorities (BA), 15 reliability coordinators (RC), 475 distribution providers (DP), and 853 generator operators (GOP) within the United States. However, under NERC’s compliance registration program, entities may be registered for multiple functions, so these numbers incorporate some double counting, which

¹³ *Communications Reliability Standards*, Notice of Proposed Rulemaking, 79 FR 58709 (Sept. 30, 2014).

¹⁴ Section 1502, Paragraph 2, available at NERC’s website.

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have been accounted for in the table below. The Commission estimates the annual reporting burden and associated cost as follows:

Information Collection Requirement	Number and Type of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Avg. Burden & Cost Per Response¹⁵ (4)	Total Annual Burden Hours & Total Annual Cost¹⁶ (3)*(4)=(5)
(One-time) Development of Communication Protocols [COM-002-4 R1]	212 (BA, RC & TOP)	1	212	8 hrs. & \$522.72	1,696 hours & \$110,816.64
(On-going) Maintain evidence of Interpersonal Communication capability [COM-001-2 R7 and R8] ¹⁷	1,217 (DP & GOP)	1	1,217	4 hrs. & \$133.68	4,868 hours & \$162,688.56

¹⁵ The estimated hourly costs (salary plus benefits) are based on Bureau of Labor Statistics (BLS) information, as of March 19, 2015, for an electrical engineer (\$65.34/hour for review and documentation) and for an Information and Record Clerk (\$33.42/hour for record retention). These figures have been updated since issuance of the NOPR, and are available at http://bls.gov/oes/current/naics3_221000.htm#17-0000. The first row of the table (one-time burden) is done by an engineer, and the latter three rows (ongoing burden) are done by a file clerk.

¹⁶ This dollar burden figure in row 3 of this chart was incorrectly stated in the NOPR, which led to an incorrect estimate of the total dollar burden for the industry in row 5. Both estimates as stated in the NOPR were higher than the corrected and updated estimate reflected in this Final Rule.

¹⁷ No change is expected in the record-keeping burden under COM-001-2 for reliability coordinators, balancing authorities, and transmission operators as compared to the currently-effective COM-001 standard.

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(On-going) Maintain evidence of training and assessments [COM-002-4 R2, R4, R5 and R6]	212 (BA, RC & TOP)	1	212	8 hrs. & \$267.36	1,696 hours & \$56,680.32
(On-going) Maintain evidence of training [COM-002-4 R3, and R6]	1,217 (DP & GOP)	1	1,217	8 hrs. & \$267.36	9,736 hours & \$ 325,377.12
TOTAL			2,858		17,996 hours & \$655,562.64

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This information collection captures the burden contained in the requirements and measure of Reliability Standards COM-001-2 and COM -002-4.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up or other non-labor costs associated with the information collection.

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. Any involvement by the Commission is covered under the FERC-725 collection (OMB Control No. 1902-0225) and is not part of this request or package.

FERC-725V	Number of Employees (FTEs)	Estimated Annual Federal Cost
Analysis and Processing of filings	0	\$0
Paperwork Reduction Act Administrative Cost ¹⁸		\$5,193

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

The new collection and associated new burden are due to agency discretion. The burden is due to the new information requirements associated with COM-002-4, R1; COM-002-4, R2, R3, R4, R5 and R6; and COM-001-2 R7 and R8.

Reliability Standards COM-001-2 and COM-002-4 do not require responsible entities to file information with the Commission, but only to maintain records of the availability of communication mediums (systems) used for Bulk Electric System (BES) operations (Interpersonal Communications and Alternate Interpersonal Communications systems). COM-001-2 complies with Commission ordered directives to add the Distribution Provider and Generator Operator as applicable entities as per Order 693, Paragraph 508. Additionally the revision altered some of the language in COM-001-2 to facilitate the audit process. COM-002-4 requires balancing authorities, reliability coordinators, and transmission operators to develop, utilize and maintain documented communication protocols; provide evidence of training on the protocols; and their annual assessment of the protocol utilization

¹⁸ 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, and other changes to the collection.

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which includes utilization of three-part communications protocol for BES operations. The revision of COM-002-4 complies with the August 2003 Blackout Report Recommendation 26 to "Tighten Communication Protocols" as per Commission Order 693, Paragraph 532 and Paragraph 540 to add Distribution Providers as an applicable entity.

Our estimate below shows the increase in record-retention or information collection burden which is detailed in the table in Question #12, based on the requirements to:

- (1) develop communications protocols (a one-time burden under COM-002-4, R1),
- (2) maintain evidence of required training, assessments, and use of three-part communications, as applicable (an on-going burden under COM-002-4, R2, R3, R4, R5 and R6); and
- (3) maintain evidence to demonstrate Interpersonal Communication capability (a new, on-going burden for distribution providers and generator operators under COM-001-2 R7 and R8).

The Commission's estimate of the number of respondents is based on the NERC compliance registry as of August 15, 2014. According to the NERC compliance registry, NERC has registered 179 transmission operators (TOP), 107 balancing authorities (BA), 15 reliability coordinators (RC), 475 distribution providers (DP), and 853 generator operators (GOP) within the United States. However, under NERC's compliance registration program, entities may be registered for multiple functions, so these numbers incorporate some double counting, which have been accounted for in the table below. The Commission estimates the annual reporting burden and associated cost as follows:

FERC-725V	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	2,858	0	0	2,858
Annual Time Burden (Hr)	17,996	0	0	17,996
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

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There is no publication of data as part of this collection of information.

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.