

FERC-516 (OMB Control No. 1902-0096)
Final Rule (issued 2/15/2018, with Errata Notice issued 3/5/2018)
in Docket No. RM16-6-000
RIN 1902-AF20
(Updated: 3/8/2018)

Supporting Statement for
FERC-516¹ (Electric Rate Schedules and Tariff Filings)
As modified by the Final Rule in Docket No. RM16-6-000²

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve FERC-516 (Electric Rate Schedules and Tariff Filings) under OMB Control Number 1902-0096, as modified by the Final Rule in RM16-6-000 for a three-year period.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

FERC-516 changes due to RM16-6-000. In this Final Rule, the Commission modifies the *pro forma* Large Generator Interconnection Agreement (LGIA) and the *pro forma* Small Generator Interconnection Agreement (SGIA), pursuant to its authority under section 206 of the Federal Power Act (FPA), to ensure that rates, terms and conditions of jurisdictional service remain just and reasonable and not unduly discriminatory or preferential.³ The modifications require new large and small generating facilities, including both synchronous and non-synchronous, interconnecting through a LGIA or SGIA to install, maintain, and operate equipment capable of providing primary frequency response as a condition of interconnection.

The Commission also establishes certain uniform minimum operating requirements in the *pro forma* LGIA and *pro forma* SGIA, including maximum droop and deadband parameters and provisions for timely and sustained response.

These requirements apply to newly interconnecting generation facilities that execute, or request the unexecuted filing of, an LGIA or SGIA on or after the effective date of this Final Rule.

These requirements also apply to existing large and small generating facilities that take any action that requires the submission of a new interconnection request that results in the filing of an executed or unexecuted interconnection agreement on or after the effective date of this Final

¹ In the Notice of Action (Terms of Clearance for ICR Reference No: 201611-1902-005) for FERC-516, Electric Rate Schedules and Tariff Filings, OMB included comments. Those comments state “FERC will include in the next OMB submission for this ICR a full description and accounting of the burden associated with the entire information collection whether new or existing.” This supporting statement addresses OMB’s comment.

² On an administrative note, the reporting requirements in the NOPR in Docket RM16-6 were included under FERC-516B, a temporary place holder (OMB Control No. 1902-0286), because FERC-516 was pending review at OMB in an unrelated action. The reporting requirements in this Final Rule are included under FERC-516 (OMB Control No. 1902-0096). Final Rule issued 2/15/2018. Errata notice issued 3/5/2018

<https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=14834136>

³ 16 U.S.C. 824e.

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Rule. These requirements do not apply to existing generating facilities,⁴ a subset of combined heat and power (CHP) facilities, or generating facilities regulated by the Nuclear Regulatory Commission (NRC). In addition, the Commission does not impose a headroom requirement for new generating facilities, and does not mandate that new generating facilities receive compensation for complying with the primary frequency response requirements.

The modifications address the Commission's concerns that the existing *pro forma* LGIA contains limited primary frequency response requirements that apply only to synchronous generating facilities and do not account for recent technological advancements that now enable new non-synchronous generating facilities to have primary frequency response capabilities. Further, the Commission believes that it is unduly discriminatory or preferential to impose primary frequency response requirements only on new large generating facilities but not on new small generating facilities. The reforms adopted here impose comparable primary frequency response requirements on both new large and small generating facilities.

FERC-516 components not affected by RM16-6-000. The Federal Power Act Section 205⁵ requires the Federal Energy Regulatory Commission to ensure that the rates and charges for the wholesale sale of electric energy are just and reasonable. Section 205 also requires that the rules and regulations affecting or pertaining to the rates and charges for the wholesale sale of electric energy be just and reasonable.

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

FERC-516 changes due to RM16-6-000. In this Final Rule, the Commission modifies the *pro forma* Large Generator Interconnection Agreement (LGIA) and the *pro forma* Small Generator Interconnection Agreement (SGIA), pursuant to its authority under section 206 of the Federal Power Act (FPA), to ensure that rates, terms and conditions of jurisdictional service remain just and reasonable and not unduly discriminatory or preferential.⁶ If this information is not collected the Commission would not be able to ensure that rates are just and reasonable.

FERC-516 components not affected by RM16-6-000. The requirements in this information collection (tariff filings) are the minimum necessary to comply with the statutes. If this information was not collected or retained, there would be no data available to determine if rates were just and reasonable.

⁴ As discussed below in Section II.G, we will not impose primary frequency response requirements on existing generating facilities that do not submit new interconnection requests that result in an executed or unexecuted interconnection agreement at this time.

⁵ 16 U.S.C. 824d(a)

⁶ 16 U.S.C. 824e.

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

All parts of Information Collection FERC-516 can be filed through eTariff. FERC implemented its eTariff system (fully implemented in 2010) for the electronic filing of tariffs. More information on eTariff is posted at <https://www.ferc.gov/docs-filing/etariff.asp>.

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 rules and data requirements are periodically reviewed in conjunction with OMB clearance expiration dates. This includes a review of FERC's regulations and data requirements to identify duplication. The information to be submitted, generated, retained, or posted, pursuant to this Final Rule are not readily available from other sources.

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

FERC-516 changes due to RM16-6-000. The Commission estimates that the total number of public utility transmission providers that would have to modify the LGIAs and SGIAs within their currently effective Open Access Transmission Tariff (OATTs) is 74.⁷ Of these, the Commission estimates that approximately 27.5 percent are small⁸ entities. The Commission estimates the average cost to each of these entities would be minimal, requiring on average 10 hours or \$765.00. According to SBA guidance, the determination of significance of impact “should be seen as relative to the size of the business, the size of the competitor’s business, and the impact the regulation has on larger competitors.”⁹

⁷ The NERC Compliance Registry lists 80 entities that administer a transmission tariff and provide transmission service. The Commission identifies only 74 as being subject to the proposed requirements because six are Canadian entities and are not under the Commission’s jurisdiction.

⁸ The definition of small entity refers to the definition provided in the Small Business Act, which defines a small business concern as a business that is independently owned and operated and that is not dominant in its field of operation. The Small Business Administration’s regulations at 13 CFR 121.201 define the threshold for a small Electric Bulk Power Transmission and Control entity (NAICS code 221121) to be 500 employees. See 5 U.S.C. 601(3) (citing to section 3 of the Small Business Act, 15 U.S.C. 632).

⁹ U.S. Small Business Administration, *A Guide for Government Agencies How to Comply with the Regulatory Flexibility Act*, at 18 (May 2012), <https://www.sba.gov/>

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The final rule applies to new generating facilities that execute or request the unexecuted filing of interconnection agreements on or after the effective date of any Final Rule issued.¹⁰ This rule applies to the requirements to any large or small generating facility that has an executed or has requested the filing of an unexecuted Large Generator Interconnection Agreement (LGIA) or Small Generator Interconnection Agreement (SGIA) as of the effective date of any Final Rule, but that takes any action that requires the submission of a new interconnection request on or after the effective date of any Final Rule.

FERC-516 components not affected by RM16-6-000. Existing generating facilities, a subset of combined heat and power (CHP) facilities, or generating facilities regulated by the Nuclear Regulatory Commission are not affected by this rule.

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

FERC-516 changes due to RM16-6-000. The modifications require new large and small generating facilities, including both synchronous and non-synchronous, interconnecting through a LGIA or SGIA, to install, maintain, and operate equipment capable of providing primary frequency response as a condition of interconnection. Without this information, the Commission would be unable to meet its statutory responsibility under section 206 of the Federal Power Act (FPA), to ensure that rates, terms and conditions of jurisdictional service remain just and reasonable and not unduly discriminatory or preferential.

FERC-516 components not affected by RM16-6-000. FERC requires this information in order to perform its mandated oversight and review responsibilities with respect to electric market-based rates being just and reasonable. Without this information, the Commission would be unable to meet its statutory responsibility under Section 205 of the FPA to ensure electric utility rates and tariffs are just and reasonable. Failing to meet this responsibility could result in public utilities charging rates that are not just and reasonable.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION

FERC-516. There are no special circumstances relating to FERC-516 information collection. FERC-516 is consistent with the guidelines in 5 CFR 1320.5(d).

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

[sites/default/files/advocacy/rfaguide_0512_0.pdf](#).

¹⁰ *Id.* P 54.

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FERC-516 changes due to RM16-6-000. The NOPR¹¹ and a Final Rule¹² were published in the Federal Register.

The NOPR was published on 11/25/2016. In the NOPR the Commission also solicited comments on the collection of information and the associated burden estimate.

The Commission received twenty-eight comments in response to the NOPR. The Commission did not receive any comments concerning its burden or cost estimates. Additionally, the Commission received nineteen comments in response to a Notice of Request for Supplemental Comments.¹³ A substantial number of commenters expressed general support for the NOPR proposals. Some commenters recommended modifications to some of the proposals, including the need to compensate providers of primary frequency response, changes to address the challenges certain generating facilities such as electric storage and combined heat and power (CHP) facilities would face and the preference for regional entities to establish specific operating settings.

The Final Rule was issued 3/15/18. Among other things, in the Final Rule the Commission clarified that it would consider petitions for compensation from individual entities on a case-by-case basis, provided specific operating settings addressing the unique operating characteristics of electric storage and provided an exemption for CHP facilities. Also, the Commission explained that regional flexibility would be allowed, because while the Final Rule provides minimum, uniform operating settings individual transmission providers may seek more stringent requirements if regional needs warrant that.

FERC-516 components not affected by RM16-6-000. The Commission will not impose primary frequency response requirements on existing generating facilities that do not submit new interconnection requests that result in an executed or unexecuted interconnection agreement at this time.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

FERC-516. There are no payments or gifts to respondents associated with this collection.

¹¹ 81 FR 85176

¹² The Final Rule is posted in FERC's eLibrary at https://elibrary.ferc.gov/idmws/doc_info.asp?document_id=14643623 The Errata Notice (issued 3/5/2018) is posted at https://elibrary.ferc.gov/idmws/doc_info.asp?document_id=14647259

¹³ *Essential Reliability Services and the Evolving Bulk-Power System—Primary Frequency Response*, Notice of Request for Supplemental Comments, 82 FR 40081 (Aug. 24, 2017), 160 FERC ¶ 61,011 (August 24, 2017).

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10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

FERC-516. Data filed are public information and, therefore, not confidential. However, a company may request confidential treatment of some or all parts of the information requirement under the FERC regulations at 18 CFR 388.112. The Commission will review each request for confidential treatment on a case-by-case basis.

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

FERC-516. There are no questions of a sensitive nature associated with the reporting requirements.

12. ESTIMATED BURDEN COLLECTION OF INFORMATION

FERC-516 changes due to RM16-6-000. The Commission is revising its regulations to require all newly interconnecting large and small generating facilities, both synchronous and non-synchronous, to install, maintain, and operate equipment capable of providing primary frequency response as a condition of interconnection. To implement these requirements, the *pro forma* LGIA and the *pro forma* SGIA must be revised. Specifically, the Commission is modifying the *pro forma* LGIA by revising sections 9.6 and 9.6.2.1 and adding new sections 9.6.4, 9.6.4.1, 9.6.4.2 and 9.6.4.3, and is modifying the *pro forma* SGIA by revising section 1.8 and adding new sections 1.8.4, 1.8.4.1, 1.8.4.2, and 1.8.4.3.

The estimated annual costs are as follows: 74 entities * 1 response/entity *(10 hours/response * \$76.50/hour) = \$56,610.¹⁴

¹⁴ The estimates for cost per response are derived using the following formula: Average Burden Hours per Response * \$76.50 per Hour = Average Cost per Response. This estimated hourly cost include salary plus benefits and is based on FERC's 2017 FTE average annual salary plus benefits. We assume that respondents earn at a similar rate.

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FERC 516, modifications due to Final Rule in RM16-6					
	No. of Respondents¹⁵ (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)
LGIA & SGIA changes / revisions	74	1	74	10 hours; \$765.00	740 hours; \$56,610.00
Total			74		740 hours; \$56,610.00

FERC-516 components not affected by RM16-6-000. Everything in FERC-516 that is not applicable to this final rule is still applicable for FERC-516.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no non-labor start-up costs. All costs are related to burden hours and are addressed in Questions #12 and #15.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The additional \$402,608 (detailed below) will be added to the previous federal cost of \$3,249,033, giving a new total of \$3,651,641.

	Number of Employees (FTE)	Estimated Annual Federal Cost
Analysis and Processing of Filings ¹⁶	2.5	\$396,885
PRA ¹⁷ Administrative Cost ¹⁸		\$5,723

¹⁵ The NERC Compliance Registry lists 80 entities that administer a transmission tariff and provide transmission service. The Commission identifies only 74 as being subject to the proposed requirements because 6 are Canadian entities and are not under the Commission's jurisdiction.

¹⁶ Based upon FERC's 2017 FTE average annual salary plus benefits (\$158,754).

¹⁷ Paperwork Reduction Act of 1995 (PRA).

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

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FERC Total		\$402,608
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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

FERC-516 changes due to RM16-6-000. The Federal Energy Regulatory Commission (Commission) is revising its regulations to require newly interconnecting large and small generating facilities, both synchronous and non-synchronous, to install, maintain, and operate equipment capable of providing primary frequency response as a condition of interconnection. To implement these requirements, the Commission is modifying the *pro forma* Large Generator Interconnection Agreement (LGIA) and the *pro forma* Small Generator Interconnection Agreement (SGIA). These changes are designed to address the potential reliability impact of the evolving generation resource mix, and to ensure that the relevant provisions of the *pro forma* LGIA and *pro forma* SGIA are just, reasonable, and not unduly discriminatory or preferential.

The following table is a summary of the current OMB-approved inventory and the changes due to the Final Rule in RM16-6.

FERC-516	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	5,881	5,807	0	74
Annual Time Burden (Hours)	500,647	499,907	0	740
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

Unless confidential treatment is sought, the FERC-516 tariff filing related to the Final Rule in RM16-6-000 is publicly posted in our eTariff and eLibrary web-based systems when filed. However, FERC does not publish data associated with this collection.

17. DISPLAY OF EXPIRATION DATE

an information collection. This average annual cost includes requests for extensions, all associated rulemakings, and other changes to the collection.

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The clearance information and expiration dates are available at
<http://www.ferc.gov/docs-filing/info-collections.asp>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.