

## **FERC-725F (OMB Control No. 1902-0249)**

Supporting Statement for

### **FERC-725F, Mandatory Reliability Standard for Nuclear Plant Interface Coordination**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve the FERC-725F, Mandatory Reliability Standard for Nuclear Plant Interface Coordination, for a three-year period. FERC-725F is an existing Commission data collection, as stated by 18 Code of Federal Regulations, Part 40. No changes are being made to the reporting or recordkeeping requirements at this time.

**Background.** FERC-725F includes only one Reliability Standard (NUC-001-3<sup>1</sup>). Compliance with this Reliability Standard is mandatory and enforceable for the applicable categories of entities identified in the Reliability Standard. Reliability Standards are approved by the Commission pursuant to its authority under section 215 of the Federal Power Act (FPA), which authorizes the Commission to approve a Reliability Standard proposed by the Electric Reliability Organization (ERO) if the Commission determines that it is just and reasonable, not unduly discriminatory or preferential and in the public interest.

#### **A. Justification**

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

In the aftermath of the 1965 Blackout in the northeast United States, the electric industry established the North American Electric Reliability Council (NERC)<sup>2</sup>, a voluntary reliability organization. Since its inception, NERC has developed Operating Policies and Planning Standards that provide voluntary guidelines for operating and planning the North American bulk-power system. In April 2005, NERC adopted “Version 0” reliability standards that translated the NERC Operating Policies, Planning Standards and compliance requirements into a comprehensible set of measurable standards. While NERC had developed a compliance enforcement program to ensure compliance with the reliability standards it developed, industry compliance had been voluntary and not subject to mandatory enforcement penalties. Although NERC’s efforts had been important in maintaining the reliability of the nation’s bulk-power system, NERC itself had recognized the need for mandatory, enforceable reliability standards and had been a proponent of legislation to establish a FERC-jurisdictional ERO that would propose and enforce mandatory reliability standards.

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<sup>1</sup> Reliability Standard NUC-001-3 was approved in a Delegated Letter Order (posted at <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13675845>) issued on 11/4/2014 in Docket No. RD14-13. The Reliability Standard is posted at <http://www.nerc.com/pa/Stand/Reliability%20Standards/NUC-001-3.pdf>.

<sup>2</sup> On January 1, 2007, NERC became the North American Electric Reliability Corporation and continues to use the same acronym.

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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>3</sup> EPAAct 2005 added section 215 to the FPA, which requires a Commission-certified ERO to develop mandatory and enforceable Reliability Standards, which are subject to Commission review and approval. Once approved, the Reliability Standards may be enforced by the ERO subject to Commission oversight, or the Commission can independently enforce Reliability Standards.<sup>4</sup>

On February 3, 2006, the Commission issued Order No. 672, implementing section 215 of the FPA.<sup>5</sup> Pursuant to Order No. 672, the Commission certified one organization, NERC, as the ERO.<sup>6</sup> The Reliability Standards developed by the ERO and approved by the Commission apply to users, owners and operators of the Bulk-Power System, as set forth in each Reliability Standard.

In accordance with section 215(d)(2) of the FPA and § 39.5(c) of the Commission's regulations, the Commission is required to give due weight to the technical expertise of the ERO with respect to the content of a Reliability Standard or to a Regional Entity organized on an Interconnection-wide basis with respect to a proposed Reliability Standard or a proposed modification to a Reliability Standard to be applicable within that Interconnection.<sup>7</sup>

The ERO must file with the Commission each new or modified Reliability Standard that it proposes to be made effective (or standard proposed for deletion) under section 215 of the FPA. The Commission can then approve or remand the Reliability Standard. The Commission also can, among other actions, direct the ERO to modify an approved Reliability Standard to address a specific matter if it considers this appropriate to carry out section 215 of the FPA.<sup>8</sup> Only Reliability Standards approved by the Commission will become mandatory and enforceable.

A Reliability Standard defines obligations or requirements of utilities and other entities that operate, plan and use the Bulk Power System in North America. Meeting these requirements helps ensure the reliable planning and operation of the Bulk Power System. Each NERC Reliability Standard details the purpose of the standard, the entities that must comply, the

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<sup>3</sup> Energy Policy Act of 2005, Pub. L. No. 109-58, Title XII, Subtitle A, 119 Stat. 594, 941 (2005), 16 U.S.C. 824o.

<sup>4</sup> 16 U.S.C. 824o(e)(3).

<sup>5</sup> 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 (Feb. 17, 2006), FERC Stats. & Regs. 31,204 (2006), order on reh'g, Order No. 672-A, 71 FR 19814 (Apr. 18, 2006), FERC Stats. & Regs. 31,212 (2006).

<sup>6</sup> 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) (Jan. 2007 Compliance Order), appeal docket sub nom. Alcoa, Inc. v. FERC, No. 06-1426 (D.C. Cir. Dec. 29, 2006).

<sup>7</sup> 16 U.S.C.824o as implemented in 18 CFR 39.5(c)(1).

<sup>8</sup> Section 215(d)(5) of the FPA.

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specific actions that constitute compliance, and how the standard and compliance will be measured.

Reliability Standards address aspects of the operation and planning of the bulk power system such as: real-time transmission operations, balancing load and generation, emergency operations, system restoration and blackstart, voltage control, cyber security, vegetation management, facility ratings, disturbance reporting, connecting facilities to the grid, certifying system operators, and personnel training. The Reliability Standards detail how the system should perform, but not how the system should be designed. Individual owners, operators and users of the bulk power system determine if the system should be expanded or changed, and how, in order to achieve the intent of the Standards.

### **Reliability Standard NUC-001-3**

Reliability Standard NUC-001-3 was approved in a FERC Delegated Order<sup>9</sup> on 11/4/2014 in Docket No. RD14-13; OMB approved related ICR 201501-1902-005 on 6/15/2015.

The Reliability Standards implement the Congressional mandate of EPACT 2005 to develop mandatory and enforceable Reliability Standards to better ensure the reliability of the nation's Bulk-Power System. Specifically, the Nuclear Reliability Standard NUC-001-3 ensures that system operating limits (SOLs) used in the reliability planning and operation of the Bulk-Power System are coordinated with nuclear licensing requirements to ensure the safe operation and shut down of nuclear power plants.

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

Reliability Standard NUC-001-3 applies to nuclear plant generator operators; transmission operators, owners, planners, and service providers; balancing authorities; reliability coordinators; planning coordinators; distribution providers; load-serving entities; and generator owners and operators..

In its Petition<sup>10</sup> (dated 9/15/2014), submitting the Reliability Standard which FERC later approved on 11/12/2014, NERC stated [footnote omitted] that "...Reliability Standard NUC-

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<sup>9</sup> The Order is available in FERC's eLibrary at <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13675845> .

<sup>10</sup> The Petition is posted at <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13635987>, with the standard (Exhibit A) at <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13635988> . The approved Reliability Standard is also posted on NERC's website at <http://www.nerc.com/pa/Stand/Reliability%20Standards/NUC-001-3.pdf> .

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001-3 requires coordination between Nuclear Plant Generator Operators and Transmission Entities for the purpose of ensuring safe operation and shutdown of nuclear power plants.”

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

Reliability Standard NUC-001-3 does not require information to be filed with the Commission. However, it does contain information collection requirements for which using current technology is an option.

### **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**

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

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

This Reliability Standard does not contain provisions for minimizing the burden of the collection for small entities. All the requirements in the Reliability Standard apply to every applicable entity, be it large or small. The universe of users, owners, and operators established this standard through a collaborative process with no special provisions for small entities.<sup>11</sup>

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

The NUC-001-3 Reliability Standard requires the Nuclear Plant Generator Operators and Transmission Entities to which they interconnect to execute and implement interface agreements for coordinating operations to meet nuclear licensing requirements. These agreements must incorporate Nuclear Plant Interface Requirements (NPIRs) into their operating analyses of the Bulk Electric System (BES) and operate the Transmission system to comply with the NPIRs. The lack of these agreements or compliance to these agreements can bring about lack of

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<sup>11</sup> In general for Reliability Standards, small entities subject to a given Reliability Standard can reduce their burden by taking part in a joint registration organization or a coordinated function registration. These options allow an entity to share its compliance burden with other similar entities. Detailed information regarding these options are available in NERC’s Rules of Procedure at <http://www.nerc.com/aboutnerc/pages/rules-of-procedure.aspx> .)

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coordination of operations between a nuclear plant and its transmission entities. This lack of communication between entities can lead to an unanticipated separation from the Bulk Power System (BPS) placing the BPS at risk.

Periodic revisions and strict compliance to these agreements are the means by which the ERO and Regional Entities ensure the reliability of the BPS and provide an assessment to FERC of the long-term reliability of the BPS to make recommendations as needed.

Therefore, if the NUC-001-3 Reliability Standard required the information collection requirements less frequently or not all, it would increase risk and be detrimental to the BPS.

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

Some of the record keeping requirements in the Reliability Standard may require entities to maintain records for a period that exceeds OMB guidelines in 5 CFR 1320.5(d)(2)(iv) of not retaining records for longer than three years. Specifically, the Reliability Standard requires entities to document and/or keep data or evidence to show compliance as identified (in Section C.1.3 (Data Retention) of the Reliability Standard) unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation.

The Data Retention requirements (in Compliance section 1.3) state:

“The Responsible Entity 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:

- For Measure 1, the Nuclear Plant Generator Operator shall keep its latest transmittals and receipts.
- For Measure 2, the Nuclear Plant Generator Operator and each Transmission Entity shall have its current, in-force Agreement.
- For Measure 3, the Transmission Entity shall have the latest planning analysis results.
- For Measures 4, 6 and 8, the Transmission Entity shall keep evidence for two years plus current.
- For Measures 5, 6 and 7, the Nuclear Plant Generator Operator shall keep evidence for two years plus current.

If a Responsible Entity is found non-compliant it shall keep information related to the noncompliance until found compliant.

The Compliance Enforcement Authority shall keep the last audit records and all stored and submitted subsequent audit records.”

[The Compliance Enforcement Authority is the Regional Entity.]

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

The ERO process to develop Reliability Standards is a collaborative process with the ERO, Regional Entities and other stakeholders developing and reviewing drafts, providing comments, vetting, and voting on the draft Reliability Standard.<sup>12</sup> The final proposed standard is then submitted to the Commission for review and approval.

In addition, FERC issued, on 12/19/2017, a public 60-day notice<sup>13</sup> for the 3-year renewal request for NUC-001-3 Reliability Standard (in Docket No. IC18-3) and 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 collection of data. No comments were received in response to the notice.

The Commission also issued a 30-day public notice which is being published in the Federal Register (83 FR 13275, 3/28/2018).<sup>14</sup>

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

The Commission does not make payments or provide gifts for respondents related to this collection.

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

Responding entities do not submit the information collected or retained (to show compliance with the Reliability Standards) to FERC. Rather, they submit the information to NERC, the Regional Entities, 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 Rule of Procedure section 1502<sup>15</sup>, "...a Receiving Entity shall keep in

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<sup>12</sup> Details of the ERO (NERC) standards development process are available on the NERC website at

[http://www.nerc.com/comm/SC/Documents/Appendix\\_3A\\_StandardsProcessesManual.pdf](http://www.nerc.com/comm/SC/Documents/Appendix_3A_StandardsProcessesManual.pdf) (effective 6/26/2013). Section 4.0 (on page 15) includes Figure 1: Process for Developing or Modifying a Reliability Standard.

<sup>13</sup> The Notice was posted at <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=14780206> and published at 82 FR 60980 (12/26/2017).

<sup>14</sup> The 30-day Notice is posted at <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=14844978>.

<sup>15</sup> Section 1502, Paragraph 2, Confidentiality, available at NERC's website

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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.

### **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 include any questions of a sensitive nature.

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

The current reporting and record retention requirements are not changing. The estimates for responses and burden hours follow.

The Commission estimates that the total universe of respondents for this collection is 143 unique entities.<sup>16</sup> This includes 26 unique owners of nuclear facilities and 117 transmission entities that provide services related to NPIRs. FERC also estimated that there are 65 unique nuclear plant sites involved in this collection. In order to estimate the burden the Commission considered two categories: establishing new agreements; and making modifications to existing agreements. The Commission assumes there may be as many as 10 new agreements established each year. Because applicable entities should already be in compliance with NUC-001-2 (meaning that all nuclear sites should already have agreements in place), new agreements would only come about due to company mergers or new interconnections between nuclear plant sites and other entities.

[http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC\\_ROP\\_Effective\\_20160504.pdf](http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC_ROP_Effective_20160504.pdf)

<sup>16</sup>The NUC-001-3 Reliability Standard is applicable to:

#### 4.1. Functional Entities:

##### 4.1.1 Nuclear Plant Generator Operators.

4.2. Transmission Entities shall mean all entities that are responsible for providing services related to Nuclear Plant Interface Requirements (NPIRs). Such entities may include one or more of the following:

##### 4.2.1 Transmission Operators.

##### 4.2.2 Transmission Owners.

##### 4.2.3 Transmission Planners.

##### 4.2.4 Transmission Service Providers.

##### 4.2.5 Balancing Authorities.

##### 4.2.6 Reliability Coordinators.

##### 4.2.7 Planning Coordinators.

##### 4.2.8 Distribution Providers.

##### 4.2.9 Load-Serving Entities.

##### 4.2.10 Generator Owners.

##### 4.2.11 Generator Operators.

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FERC further assumes that each agreement involves one nuclear plant site and an average of two transmission entities.

For modifications to existing agreements, the Commission assumes that each nuclear plant site will be required to make up to two modifications a year to existing agreements. Because the Commission assumes that each agreement involves an average of two transmission entities, the burden for this category also includes two transmission entities per nuclear plant site (or 130 in total). FERC estimates that some of these transmission entities are involved in multiple agreements (as stated above, the number of unique transmission entities is estimated at 117).

The Commission estimates the average annual burden and cost <sup>17</sup> for this information collection as follows.

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<sup>17</sup> The wage and benefit figures are based on the Bureau of Labor Statistics (BLS) data (at [https://www.bls.gov/oes/current/naics2\\_22.htm](https://www.bls.gov/oes/current/naics2_22.htm)) for May 2016 for Sector 22, Utilities. (The benefits figure is based on BLS data as of September 8, 2017, which indicates that wages are 69.6% and benefits are 30.4% of total salary (<http://www.bls.gov/news.release/ecec.nr0.htm>).) The estimated hourly cost (for wages plus benefits) for reporting requirements is \$84.23/hour, based on the average for an electrical engineer (occupation code 17-2071, \$68.12/hour), legal (occupation code 23-0000, \$143.68/hour), and office and administrative staff (occupation code 43-000, \$40.89/hour).

The estimated hourly cost (wages plus benefits) for record keeping is \$32.74/hour for a file clerk (occupation code 43-4071).



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<b>FERC-725F</b>	<b>No. of Respondents (1)</b>	<b>Annual No. of Responses Per Respondent (2)</b>	<b>Total No. of Responses (1)*(2)=(3)</b>	<b>Average Burden Hrs. &amp; Cost Per Response (\$) (rounded) (4)</b>	<b>Total Annual Burden Hrs. &amp; Total Annual Cost (\$) (rounded) (3)*(4)=(5)</b>	<b>Cost per Respondent (\$) (rounded) (5)÷(1)</b>
New or Modifications to Existing Agreements (Reporting)	60 nuclear plants + 120 transmission entities <sup>18</sup>	2	360	66.67 hrs.; \$5,616	24,001 hrs.; \$2,021,621	\$11,231
New or Modifications to Existing Agreements (Record Keeping)	60 nuclear plants + 120 transmission entities	2	360	6.67 hrs.; \$218	2,401 hrs.; \$78,615	\$437
<b>Total</b>			360 <sup>19</sup>		26,402 hrs., <sup>20</sup> \$2,100,236	

The Commission believes that this estimate is conservative because most, if not all of the applicable entities currently have interface agreements in place to provide for coordination between a nuclear plant generator operator and its local transmission, distribution and off-site power suppliers. Furthermore, multiple plants are located on certain sites, and one entity may

<sup>18</sup> This figure of 120 transmission entities is based on the assumption that each agreement will be between 1 nuclear plant and 2 transmission entities (60 X 2 = 120). However, there is some double counting in this figure because some transmission entities may be party to multiple agreements with multiple nuclear plants. The double counting does not affect the burden estimate, and the correct number of unique respondents will be reported to OMB.

<sup>19</sup> The 180 respondents affected by the reporting requirements are also affected by the recordkeeping requirements.

<sup>20</sup> The reporting requirements have not changed. The decrease in the number of respondents is due to: a) normal fluctuations in industry (e.g., companies merging and splitting, and coming into and going out of business), and b) no new agreements being issued due to the lack of new nuclear plants being developed.

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operate multiple plants, providing for potential economies in updating, drafting and executing the interface agreements.

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

The Commission projects the average annualized record storage for NUC-001-3 Reliability Standard cost to be:

143 entities x \$15.25/year/entity<sup>21</sup> = \$2,181 (rounded).

All other costs are related to burden hours and are discussed in Questions 12 and 15.

**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, which is covered under the FERC-725 collection (OMB Control No. 1902-0225) and is not part of this request or package. Any involvement by the Commission (other than what is listed as PRA Administrative Cost) is also covered under the FERC-725 collection (OMB Control No. 1902-0225) and is not part of this request or package.

The Commission does incur the costs associated with obtaining OMB clearance for this collection under the Paperwork Reduction Act of 1995 (PRA). The 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, other changes to the collection, and associated publications in the Federal Register. The following table contains the cost to the Federal Government for FERC-725F

	<b>Number of Employees (FTE)</b>	<b>Estimated Annual Federal Cost</b>
FERC-725F Analysis and Processing of Filings	0	0
PRA Administrative Cost		\$5,723
<b>FERC Total</b>		<b>\$5,723</b>

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

There are no changes to the reporting or recordkeeping requirements..

- The decrease in the number of respondents (and resulting change to number of responses), the decrease in estimated average burden per response (from 152.95 hrs. [for reporting and recordkeeping] to 73.34 hrs.) is due to: a)normal fluctuations in industry

<sup>21</sup> This is based on the estimated cost related to 1 GB of data.

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(e.g., companies merging and splitting, and coming into and going out of business), and  
b) no new agreements being issued due to the lack of new nuclear plants being developed.

- Decrease in number of respondents and average burden per response can be related to the decommissioning of nuclear plants in the upcoming years.

The burden associated with Reliability Standard NUC-001-3 follows. .

FERC-725F	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	360	420	-60	0
Annual Time Burden (Hr.)	26,402	64,240	-37,838	0
Annual Cost Burden (\$)	\$2,181	\$2,181	0	0

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

There are no data published as a result of this collection.

### 17. DISPLAY OF THE 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.