

Supporting Statement
FERC-725V, Mandatory Reliability Standards: COM¹ Reliability Standards
(Three-year approval for extension requested)

The Federal Energy Regulatory Commission (FERC or Commission) requests the Office of Management and Budget (OMB) extend its approval of the FERC-725V, Mandatory Reliability Standards: COM Reliability Standards, under OMB Control Number (1902-0277), for an additional three years.

NOTE: In the 60- day² and 30-day³ public notices related to this extension request, Reliability Standard COM-001-2 was incorrectly referenced. Reliability Standard COM-001-2 was retired and replaced by COM-001-3 by the Order in Docket No. RD16-9-000. NERC has been enforcing Reliability Standard COM-001-3 since 10/1/2017. The burden and cost estimates provided in both the 60-day and 30-day notices remain unchanged. There were no comments received in response to the 60-day notice as noted in Question #8 of this supporting statement.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

On August 8, 2005, The Electricity Modernization Act of 2005, which is Title XII of the Energy Policy Act of 2005 (EPAAct 2005), was enacted into law.⁴ 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, subject to Commission review and approval. Once approved, the Reliability Standards may be enforced by the ERO, subject to Commission oversight. In 2006, the Commission certified the North American Electric Reliability Corporation (NERC) as the ERO pursuant to FPA section 215.⁵

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

¹ "COM" stands for Communication

² 83 FR 10466 (3/9/2018)

³ 83 FR 22664 (5/16/2018)

⁴ The Energy Policy Act of 2005, Pub. L. No 109-58, Title XII, Subtitle A, 119 Stat. 594, 941 (2005), codified at 16 U.S.C. 824o (2006).

⁵ *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh'g & compliance*, 117 FERC ¶ 61,126 (2006), *aff'd sub nom. Alcoa, Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

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.

On April 16, 2015, pursuant to section 215 of the FPA, the Commission issued a Final Rule approving Reliability Standards COM-001-3 and COM-002-4, as well as NERC's retirement of Reliability Standards COM-001-1.1 and COM-002-2.

In approving the revised standards, the Commission noted that Reliability Standard COM-001-3 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.

On August 15, 2016, the North American Electric Reliability Corporation (NERC) filed a petition for Commission approval, pursuant to section 215(d)(1) of the Federal Power Act ("FPA")⁶ and Section 39.5⁷ of the Federal Energy Regulatory Commission's regulations, for Reliability Standard COM-001-3 (Communications), the associated Implementation Plan, retirement of currently-effective Reliability Standard COM-001-2.1, and Violation Risk Factors ("VRFs") and Violation Severity Levels ("VSLs") associated with new Requirements R12 and R13 in Reliability Standard COM-001-3. Reliability Standard COM-001-3 reflects revisions developed under Project 2015-07 Internal Communications Capabilities, in compliance with the Commission's directive in Order No. 888 that NERC "develop modifications to COM-001-2, or develop a new standard, to address the Commission's concerns regarding ensuring the adequacy of internal communications capability whenever internal communications could directly affect the reliability operation. Reliability Standards COM-001-2 and COM-002-4 do not require responsible entities to file information with the Commission. COM-001-3 requires that transmission operators, balancing authorities, reliability coordinators, distribution providers, and generator

⁶ 16 U.S.C. § 824o (2012).

⁷ 18 C.F.R. § 39.5 (2015).

operators must maintain documentation of Interpersonal Communication capability and designation of Alternate Interpersonal Communication, as well as evidence of testing of the Alternate Interpersonal Communication facilities. COM-002-4 requires balancing authorities, distribution providers, reliability coordinators, transmission operators, and generator operators to develop and maintain documented communication protocols, and to be able to provide evidence of training on the protocols and of their annual assessment of the protocols. Additionally, all applicable entities (balancing authorities, reliability coordinators, transmission operators, generator operators, and distribution providers) must be able to provide evidence of three-part communication when issuing or receiving an Operating Instruction during an Emergency.

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

The information in the FERC-725V, Mandatory Reliability Standards: COM Reliability Standards improves communications and require entities to maintain certain additional records subject to review by the NERC and NERC's Regional Entities.

Reliability Standard COM-001-3 applies to reliability coordinators, balancing authorities, transmission operators, generator operators, and distribution providers. The Reliability Standard includes eleven requirements and two defined terms, "Interpersonal Communication" and "Alternative Interpersonal Communication". 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.

The first six requirements of COM-001-3 address the Interpersonal Communication capability and Alternative Interpersonal Communication capability of the reliability coordinator, transmission operator, and balancing authority functions.

- o 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.
- o Requirement R2 requires each reliability coordinator to designate Alternative Interpersonal Communication capability with those same identified entities.
- o 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 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.

- o 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.
- o 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.
- o 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.
- o 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.
- o 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.

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.

The consequences of not collecting this information means the Commission would not be able to meet its statutory obligation under the Federal Power Act to ensure a Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest.

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 is not covered in Reliability Standards, and is therefore left to the discretion of each reporting entity.

The submittals are not made to FERC.

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 Commission is unaware of any duplication of information.

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

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 508.⁸

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

The Reliability Standard provides consistent documentation and information sharing practices for demand and energy data while promoting efficient planning practices across industry and supporting identification of necessary system reinforcements. If the Commission did not collect this information at all, it would not be able to carry out its responsibilities as specified by Section 215 to the Federal Power Act (FPA).

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

⁸ Available at

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

There are no special circumstances related to FERC-725V information 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, vetting and voting on FERC-725V.

In accordance with OMB requirements, the Commission published a 60-day notice⁹ and a 30-day notice¹⁰ to the public regarding this information collection on March 9, 2018 and May 16, 2018, respectively. Within the public notices, the Commission noted that it would be requesting a three-year extension of the public reporting burden.

The Commission received no comments in response to the 60-day notice.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

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

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

According to the NERC Rule of Procedure 1502,¹¹ “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 this 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,**

⁹ 83 FR 10466

¹⁰ 83 FR 22664

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RELIGIOUS BELIEFS, AND OTHER MATTERS THAT ARE COMMONLY CONSIDERED PRIVATE.

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

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The estimated annual public reporting burden for FERC-725V has decreased due to program decrease and has slightly increased due to in fluctuation in industry. The changes are as follows:

Originally added by ICR Ref No.: 2015-1902-01:

- One-time burden removal of 212 responses and 212 respondents and 1,696 hours [from COM-002-4 R1]. This change is a program decrease.

Originally added by ICR Ref No.: 2015-1902-01:

- Retirement of COM-001-2, caused a reduction of 37 respondents and 37 responses and 148 hours from [COM-001-2, R7 and R8]. This change is a program decrease.
- Normal fluctuations in industry (e.g., companies going into or out of business, and companies merging or splitting) caused a reduction of 11 respondents and 11 responses and 88 hours from [COM-002-4]. This is a adjustment in agency estimate (decrease).
- o In addition, in COM-002-4 [R3 and R6] we are increasing the estimates from 1,217 to 1,880 respondents and responses (+663) and correspondingly from 9,736 burden hours to 15,040 burden hours (+5,304 hrs.). This is a net change for COM-002-4 of +652 responses and respondents and +5,216 burden hours.

Net Change for FERC-725V. The changes (program changes plus changes in estimates) discussed above give a total increase of 403 respondents and responses and 3,372 burden hours:

The Commission estimates the annual reporting burden¹² and associated cost¹³ as follows:

¹² Burden is defined as the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. Refer to 5 CFR 1320.3 for additional information.

¹³ The estimated hourly cost (salary plus benefits) provided in this section are based on the salary figures for May 2016 posted by the Bureau of Labor Statistics for the Utilities sector (*available at* http://www.bls.gov/oes/current/naics2_22.htm#00-0000) and benefits effective September 2017 (issued 12/15/2017, *available at*

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	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Response (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
(On-going) Maintain evidence of Interpersonal Communication capability [COM-001-3, ¹⁴ R7, R8, R12 and R13]	1,180 (DP & GOP)	1	1,180	4 hrs.; \$216	4,720 hrs.; \$254,880	\$216
(On-going) Maintain evidence of training and assessments [COM-002-4, R2, R4, R5 and R6]	201 (BA, RC & TOP)	1	201	8 hrs.; \$432	1,608 hrs.; \$86,832	\$432

<http://www.bls.gov/news.release/ecec.nr0.htm>). The hourly estimates for salary plus benefits are: (a) Electrical Engineer (code 17-2071), \$68.12; (b) Information and Record Clerk (code 43-4199), \$39.14. The average hourly cost (salary plus benefits), weighting both of these skill sets equally, is \$53.63. For these calculations, we round the figure to \$54.00 per hour.

¹⁴ In the 30-day and 60-day notice this section was improperly labeled. The section should be labeled COM-001-3. The burden was correctly submitted in both notices but the label was incorrectly labeled COM-001-2.

(On-going) Maintain evidence of training [COM-002-4, R3 and R6]	1,880 (DP & GOP)	1	1,880	8 hrs.; \$432	15,040 hrs.; \$812,160	\$432
TOTAL			3,261		21,368 hrs.; \$1,153,872	

This information collection captures the burden contained in the requirements and measures of COM Reliability Standards.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no non-labor costs currently associated with the FERC-725V information collection.

All of the costs in this collection are associated with burden hours (labor) and described 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 this Reliability Standards; the burden and cost are included under the FERC-725 collection (OMB Control No. 1902-0225) and are not part of this request or package. Any involvement by the Commission is covered under the FERC-725 collection and is not part of this request or package.

The estimated annualized cost to the Federal Government for FERC-725V follows:

FERC-725V	Number of Employees (FTEs)	Estimated Annual Federal Cost
Analysis and Processing of filings ¹⁵	0	\$0
Paperwork Reduction Act Administrative Cost ¹⁶		\$5,723

¹⁵ Based upon FERC’s 2017 FTE average salary plus benefits (\$158,754).

FERC Total		\$5,723
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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 made in response to the information collection.

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.

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

Adjustments in Estimates.

- FERC-725V information collection experienced burden reduction due to normal industry fluctuations. This caused a decrease (adjustment) of 11 respondents and responses and 88 hours (annually) from Reliability Standard COM-002-4.
- FERC-725V is also experienced a burden increase due to a normal fluctuation (increase) in respondents in Reliability Standard COM-002-4. The number of respondents and responses increased from 1,217 to 1,880 respondents (+663). The burden increased from 9,736 burden hours to 15,040 burden hours (+5,304 hrs.).

Program Decreases.

- We are removing a one-time burden of 212 respondents and responses and 1,696 hours from Reliability Standard COM-002-4.
- We are removing 37 respondents and responses and 148 hours from Reliability Standard COM-001-2.

The Commission estimates the annual reporting burden and associated cost as follows:

¹⁶ 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.

FERC-725V	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	3,261	2,858	652	-249
Annual Time Burden (Hr.)	21,368	17,996	5,216	-1,844
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There is no publication of data associated with FERC-725V 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 for FERC-725V.