

Supporting Statement for
**FERC-725G2, Reliability Standards for the Bulk Power System: Reliability
Standard PRC-025-2,
as modified in Docket RD18-4-000**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve the information collection requirements in FERC-725G2¹ under OMB Control No. 1902-0281 as modified by Docket No. RD18-4-000.

Background

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 law². EPAAct 2005 added a new 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.

Section 215 of the FPA requires a Commission-certified ERO to develop mandatory and enforceable Reliability Standards, subject to Commission review and approval.³ Once approved, the Reliability Standards may be enforced by the ERO subject to Commission oversight or by the Commission independently.⁴ In 2006, the Commission certified NERC (North American Electric Reliability Corporation) as the ERO⁵ pursuant to section 215 of the FPA.⁶

On March 16, 2007 (pursuant to section 215(d) of the FPA), the Commission issued Order No. 693, approving 83 of the 107 initial Reliability Standards filed by NERC. Order 693 addressed several PER and PRC Reliability Standards.

¹ FERC-725G2 is a temporary place holder information collection number for the new requirements (Version 2 of the standard). FERC-725G (OMB Control No. 1902-0252) is pending review at OMB in an unrelated ICR and two pending actions for the same collection number cannot be at OMB at the same time. As a result, the burden associated with the new version of the standard is being placed in temporary information collection no. FERC-725G2.

The burden associated with the current version of the standard is included in FERC-725G. Because FERC-725G is pending OMB review, the reduction associated with the retirement of Version 1 of the standard is not being taken at this time. However the estimates for burden are included for information in this supporting statement; the reduction will be taken in the future.

² 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).

³ *Id.* 824o(c), (d).

⁴ *Id.* 824o(e).

⁵ “Electric Reliability Organization” or “ERO” means the organization certified by the Commission the purpose of which is to establish and enforce Reliability Standards for the Bulk-Power System, subject to Commission review.

⁶ *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh’g and compliance*, 117 FERC ¶ 61,126 (2006), *order on compliance*, 118 FERC ¶ 61,190, *order on reh’g*, 119 FERC ¶ 61,046 (2007), *aff’d sub nom. Alcoa Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

Development of Reliability Standards on Relay Loadability: Pursuant to its authority under section 215(d) of the FPA, on March 18, 2010, the Commission issued a Final Rule (Order No. 733) approving Reliability Standard PRC-023-1 (Transmission Relay Loadability), a Standard that requires transmission owners, generator owners, and distribution providers to set load-responsive phase protection relays according to specific criteria to ensure that the relays reliably detect and protect the electric network from all fault conditions, but do not operate during non-fault load conditions.⁷ In addition, under section 215(d)(5) of the FPA, the Commission directed NERC to (1) make certain modifications to the Reliability Standard, (2) submit a timeline for the development of a new Reliability Standard to address generator protective relay loadability, and (3) develop a new Reliability Standard addressing the issue of protective relay operation during stable power swings.

On September 30, 2013, NERC submitted a petition seeking approval of Reliability Standard PRC-025-1 (Generator Relay Loadability) “to respond to Commission directives in Order No. 733 to address generator protective relay loadability.” In Order No. 799, the Commission approved Reliability Standard PRC-025-1.⁸

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

With the passage of EPOA 2005 Congress entrusted FERC with the authority to approve and enforce rules to assure reliability of the Nation’s Bulk Power System. Section 1211 of EPOA 2005 created a new section 215 to the Federal Power Act (FPA) (16 U.S.C. 824o), which provides for a system of mandatory and enforceable Reliability Standards. Section 215(d)(1) of the FPA provides that the ERO must file each Reliability Standard or modification to a Reliability Standard that it proposes to be made effective, i.e., mandatory and enforceable, with the Commission. The law mandates that all users, owners, and operators of the Bulk-Power System in the United States will be subject to the Commission-approved Reliability Standards.

Section 215(d)(2) of the FPA provides that the Commission may approve, by rule or order, a proposed Reliability Standard or modification to a proposed Reliability Standard if it meets the statutory standard for approval, giving due weight to the technical expertise of the ERO. Alternatively, the Commission may remand a Reliability Standard pursuant to section 215(d)(4) of the FPA. Further, the Commission may order the ERO to submit to the Commission a proposed Reliability Standard or a modification to a Reliability Standard that addresses a specific matter if the Commission considers such a new or

⁷ Transmission Relay Loadability Reliability Standard, Order No. 733, 130 FERC ¶ 61,221 (2010), order on reh’g and clarification, Order No. 733-A, 134 FERC ¶ 61,127 (2011); clarified, Order No. 733-B, 136FERC61,185, (2011). Order No. 733-B issued concurrently with the Notice of Proposed Rulemaking.

⁸ Order No.799 148 FERC 61,042.

FERC-725G2 (OMB Control No. 1902-0281)
Order (issued 5/2/2018) in Docket No.: RD18-4-000
(updated 9/24/2018)

modified Reliability Standard appropriate to “carry out” section 215 of the FPA. This Delegated Order is based on its authority in accordance with section 215 of the FPA.

On August 14, 2003, a blackout that began in Ohio affected significant portions of the Midwest and Northeast United States, and Ontario, Canada (2003 blackout). This blackout affected an area with an estimated 50 million people and 61,800 megawatts of electric load. The subsequent investigation and report completed by the U.S.-Canada Power System Outage Task Force (Task Force) concluded that a substantial number of lines disconnected when backup distance and phase relays operated under non-fault conditions. The Task Force determined that the unnecessary operation of these relays contributed to cascading outages at the start of the blackout and accelerated the geographic spread of the cascade. Seeking to prevent or minimize the scope of future blackouts, both the Task Force and NERC made recommendations to ensure that these types of protective relays do not contribute to future blackouts.

FERC-725G2, as affected in Docket RD18-4-000. On March 16, 2018, the North American Electric Reliability Corporation (NERC, the Commission-approved ERO) submitted for Commission approval proposed Reliability Standard PRC-025-2, Generator Relay Loadability. The PRC-025-2 Reliability Standard addresses setting load-responsive protective relays associated with generation facilities at a level to prevent unnecessary tripping of generators during a system disturbance for conditions that do not pose a risk of damage to the associated equipment. Reliability Standard PRC-025-2 improves upon currently-effective Reliability Standard PRC-025-1 by addressing certain relay setting application issues and by clarifying certain terminology and references. NERC requested that the Commission approve the Reliability Standard and find that the proposed standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest. NERC also requested that the Commission approve: (i) the associated Implementation Plan; (ii) the associated Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs), which remain unchanged from PRC-025-1; and (iii) the retirement of currently-effective Reliability Standard PRC-025-1.

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

In March 2018, North American Electric Reliability Corporation (“NERC”) issued a petition to retire the effective Reliability Standard PRC-025-1 and replace it with Reliability Standard PRC-025-2 (Generator Relay Loadability).

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. 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 periodically reviews filing requirements concurrent with OMB review or as the Commission deems necessary to eliminate duplicative filing and to minimize the filing burden. This information is not available elsewhere.

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

In general, small entities may reduce their burden by taking part in a joint registration organization or a coordinated functional registration. These options allow a small entity to share the compliance burden with other entities and, thus, to minimize their own compliance burden. Detailed information regarding these options is available in NERC's Rule of Procedure at Sections 507 and 508⁹.

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

The information collected by the FERC-725G2 is required to implement the statutory provisions of section 215 of the Federal Power Act (FPA) (16 U.S.C. 824o). Section 215 of the FPA buttresses the Commission's efforts to strengthen the reliability of the interstate grid. Without this Reliability Standard (and its corresponding reporting and

⁹ http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC_ROP_Effective_20161031.pdf

record retention requirements), the Bulk-Electric System would be at a greater risk of uncontrolled outages due to unnecessary generator tripping.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances related to the FERC-725G2 information collection.

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

FERC publishes 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 collections of data.

The ERO process to develop Reliability Standards is a collaborative process involving the ERO, Regional Entities and other stakeholders developing and reviewing drafts, and providing comments, vetting and voting (possibly multiple rounds) on the standards, with the final proposed standard submitted to the FERC for review and approval.¹⁰

On May 2, 2018, pursuant to the relevant authority delegated to the Director, Office of Electric Reliability under 18 C.F.R. § 385.713 (2017) the Commission approved Reliability Standard PRC-025-2 and the retirement of PRC-025-1.

In accordance with OMB requirements, the Commission published a 60-day notice¹¹ and a 30-day notice¹² to the public regarding this information collection on 5/13/2018 and 7/27/2018 respectively. The Commission received no comments from the public in response to the 60-day notice regarding the FERC-725G2 information collection.

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

¹⁰ Details of the current ERO Reliability Standard processes are available on the NERC website at http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/Appendix_3A_StandardProcessesManual_20130626.pdf.

¹¹ 83 FR 22661

¹² 83 FR 35630

According to the NERC Rules of Procedure¹³, “...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 for 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.

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

Currently, the FERC-725G2¹ information collection has 0 approved annual responses and respondents and no annual time burden (0 hours).

The following table provides the estimated annual burden and cost related to information collection requirements in RD18-4-000.¹⁴

FERC-725G2, Mandatory Reliability Standard PRC-025-2, in Docket No. RD18-4-000						
	No. of Respondents¹⁵ (1)	Annual No. of Responses per Respondent	Annual No. of Responses (1)*(2)=(3)	Average Burden Hrs. & Cost Per Response¹⁶	Total Annual Burden Hours & Total	Cost per Respondent (\$) (5)÷(1)=(6)

¹³ Section 1502, Paragraph 2, available at NERCs website.

¹⁴ TO=transmission owner; GO=generator owner; DP=distribution provider.

¹⁵ According to the NERC compliance registry as of March 9, 2018, NERC has registered 415 distribution providers (DP), 985 generator owners (GO) and 336 transmission owners (TO). However, under NERC’s compliance registration program, entities may be registered for multiple functions, so these numbers incorporate some double counting. The number of unique entities responding will be approximately 994 entities registered as a transmission owner, a distribution provider, or a generator owner that is also a transmission owner and/or a distribution owner. This estimate assumes all of the unique entities apply load-responsive protective relays.

¹⁶ The hourly cost (for salary plus benefits) uses the figures from the Bureau of Labor Statistics, May 2017, for two positions involved in the reporting and recordkeeping requirements. These figures include salary (https://www.bls.gov/oes/current/naics2_22.htm) and benefits <http://www.bls.gov/news.release/ecec.nr0.htm>) and are: Engineer: \$64.91/hour, and File Clerk: \$31.16/hour. Hourly costs for the engineer are used for the one-time costs, and hourly costs for the file clerk are used for the ongoing record retention.

FERC-725G2 (OMB Control No. 1902-0281)
 Order (issued 5/2/2018) in Docket No.: RD18-4-000
 (updated 9/24/2018)

		dent (2)		(\$) (4)	Annual Cost (\$) (3)*(4)=(5)	
(One-time) Review & documentation of relay settings to ensure compliance	994 GO/TO/DP	1	994	20 hrs.; \$1,298.20	19,880 hours; \$1,290,410. 80	\$1,298.20
(On-going) Record Retention (of compliance records for R1 and M1, for 3 years or until mitigation complete)	994 GO/TO/ DP	1	994	2 hrs.; \$62.32	1,988 hours; \$61,946.08	\$62.32

The 19,880 hours of one-time burden will be averaged over the course of Years 1-3. One-third of the one-time 19,880 burden hours is 6,627 (rounded).

In Years one, two and three, the total burden will be 8,255 (or 6,267 + 1,988).

The following table illustrates reductions that are intended for the FERC-725G information collection. However, these reductions cannot be made at the current time due to FERC-725G being under OMB review for another unrelated FERC activity¹⁷. These changes are shown here for information only:

FERC-725G, Mandatory Reliability Standard PRC-025-1, Retirement in Docket No. RD18-4-000						
Entity	No. of Respondents (1)	Annual No. of Response s per Responde nt (2)	Annual No. of Responses (1)*(2)=(3)	Average Burden Hrs. & Cost Per Response (\$) (4)	Total Annual Burden Hours & Total Annual Cost (\$) (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)=(6)
(One-time) Review & documentati on of relay settings to ensure compliance (reduction)	1,019 GO/DP/TO	1	1,019	20 hrs.; \$1,192.40 (reduction)	20,380 hours; \$1,215,055.60 (reduction)	\$1,192.40 (reduction)
(On-going) Record Retention (of compliance	1,019 GO/DP/TO	1	1,019	2 hrs.; \$57.90 (reduction)	2,038 hours; \$59,000.10 (reduction)	\$57.90 (reduction)

¹⁷ ICR No. 201804-1902-008 (related to the Final Rule in RM16-22-000) submitted on 6/25/2018.

records for R1 and M1, for 3 years or until mitigation complete) (reduction)						
--	--	--	--	--	--	--

The net changes due to RD18-4-000:

- RD18-4-000 (PRC-025-2) is adding 94 responses and respondents and 8,255 annual hours of burden. (FERC-725G2); and
- [RD18-4-000 (PRC-025-1 Retirement) is removing responses and burden from FERC-725G, but is not being taken at this time.]

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no start-up, capital, or other non-labor hour cost associated with FERC-725G2. All of the costs 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 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.

The PRA Administrative Cost (estimate of \$ 4,931 per collection annually) is a Federal Cost associated with preparing, issuing, and submitting materials necessary to comply with the Paperwork Reduction Act of 1995 (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 or orders, and other changes to the collection, as well as necessary publications in the Federal Register.

	Number of Employees (FTE)	Estimated Annual Federal Cost
Analysis and Processing of filings	0	0
PRA ¹⁸ Administrative Cost		\$4,931
FERC Total		\$4,931

¹⁸ Paperwork Reduction Act of 1995 (PRA)

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

There are changes to reporting requirements for the FERC-725G information collection. However, FERC-725G is currently under OMB review for an unrelated FERC activity¹⁷ so these changes are not being taken at this time. The net changes are due to the retirement of Reliability Standard PRC-025-1 and the approval of PRC-025-2.

Per the Order in RD18-4-000, the additional burden due to the approval of PRC-025-2 is being added to the FERC-725G2 in the amount of 994 responses and 8,255 annual burden hours.

Currently, the FERC-725G2 information collection has 0 approved annual responses and respondents and no annual time burden (0 hours). In the above table, we provided the estimates for burden in FERC-725G2. We are adding 8,255 hours of burden (one-time averaged over 3 years, plus ongoing).

FERC-725G2	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	994	0	0	994
Annual Time Burden (Hr.)	8,255	0	0	8,255
Annual Cost Burden (\$)	0	0	0	0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

FERC does not publish any data associated with FERC-725G2.

17. DISPLAY OF EXPIRATION DATE

The expiration date is displayed at <http://www.ferc.gov/docs-filing/info-collections.asp>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.

FERC-725G2 (OMB Control No. 1902-0281)
Order (issued 5/2/2018) in Docket No.: RD18-4-000
(updated 9/24/2018)