

Supporting Statement for
**FERC-725R (Mandatory Reliability Standards: BAL Reliability Standards),
as modified by the Order in Docket No. RD18-7**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve FERC-725R (Mandatory Reliability Standards: BAL Reliability Standards), as discussed in Docket No. RD18-7.¹ The communications (and related burden) are already covered under FERC-725R, and the additional information is de minimis. Therefore the Commission is not making a program change to the burden estimate. (We are making an adjustment to the number of respondents based on updated figures.²) The Commission is submitting this to OMB as a non-material or non-substantive change to a currently approved collection.

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. 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. Once approved, the Reliability Standards may be enforced by the ERO, subject to Commission oversight, or by the Commission independently.

Section 215 of the FPA requires a Commission-certified 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 or by the Commission independently. In 2006, the Commission certified NERC (now called the North American Electric Reliability Corporation) as the ERO pursuant to section 215 of the FPA.

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. In the intervening years, numerous changes have been made to update, eliminate, or establish various Reliability Standards.

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

¹ The Final Rule (Order 835, issued 1/19/2017) is available at <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=14469204>. Order 835 established the version of the Reliability Standard (BAL-002-2) which is being replaced by the new version of the standard BAL-002-3, approved in Docket No. RD18-7.

² The number of entities is decreasing to 99 (from 105) for BAL-002-3. The change is due to normal fluctuations in industry (e.g., companies merging or splitting, or entering or exiting the field).

The North American Electric Reliability Corporation (NERC) submitted a Petition³ to the Commission dated August 17, 2018. The Petition says in part [footnotes omitted]:

“Reliable operation of the Bulk Power System depends on the ability of responsible entities to balance resources and demand and to recover from a system contingency through frequency restoration and the deployment of reserves necessary to replace lost capacity and energy. Reliability Standard BAL-002-3 is designed to ensure that “the Balancing Authority [(“BA”)] or Reserve Sharing Group [(“RSG”)] balances resources and demand and returns the [BA]’s or [RSG]’s Area Control Error [(“ACE”)] to defined values (subject to applicable limits) following a Reportable Balancing Contingency Event.” To support this goal, Requirement R1 mandates certain actions upon a Reportable Balancing Contingency Event to (i) return Reporting ACE to defined values within the Contingency Event Recovery Period; (ii) document Reportable Balancing Contingency Events; and (iii) deploy Contingency Reserves. Within this rubric, Requirement R1 Part 1.3 provides a limited exemption from the BA’s or RSG’s obligation to restore Reporting ACE within the Contingency Event Recovery Period if the entity is recovering from an emergency event under NERC Emergency Preparedness and Operations (“EOP”) Reliability Standards and meets certain other qualifications.

In Order No. 835, the Commission approved Reliability Standard BAL-002-2 while highlighting the “need to address the underlying concern . . . that a balancing authority that is operating out-of-balance for an extended period of time is ‘leaning on the system’” Accordingly, the Commission directed NERC to revise the standard to require an entity seeking to avail itself of the exemption in Requirement R1.3 “to obtain an extension of the 15-minute ACE recovery period by informing the reliability coordinator [(“RC”)] of the circumstances and providing it with an ACE recovery plan and target time period.”⁴

In response to Order No. 835, NERC established Project 2017-06 to develop revisions to Reliability Standard BAL-002-2 to implement the Commission’s directive. The standard drafting team’s (“SDT’s”) proposed modifications also intend to clarify that communication with the RC should proceed in accordance with Energy Emergency Alert procedures within the EOP Reliability Standards. The proposed modifications would ensure that Reliability Standard BAL-002-3 addresses the Commission’s concern in a manner that coordinates with emergency procedures in other Reliability Standards. NERC respectfully requests that the Commission approve proposed Reliability Standard BAL-002-3 and the associated Implementation Plan as just, reasonable, not unduly discriminatory or preferential, and in the public interest.”

The FERC Delegated Letter Order,⁵ issued 9/25/2018, approving the request includes the following.

³ The Petition is available at <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=15053916> .

⁴ Order No. 835 at P37.

⁵ The Delegated Letter Order is posted in FERC’s eLibrary at <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=15053916> .

“On August 17, 2018, the North American Electric Reliability Corporation (NERC) filed a petition seeking approval of proposed Reliability Standard BAL-002-3 (Disturbance Control Standard—Contingency Reserve for Recovery from a Balancing Contingency Event) and the retirement of currently-effective Reliability Standard BAL-002-2. NERC submitted proposed Reliability Standard BAL-002-3 in response to the Commission’s directive in Order No. 835 to develop modifications to Reliability Standard BAL-002-2, Requirement R1 to require balancing authorities or reserve sharing groups: (1) to notify the reliability coordinator of the conditions set forth in Requirement R1, Part 1.3.1 preventing it from complying with the 15-minute ACE recovery period; and (2) to provide the reliability coordinator with its ACE recovery plan, including a target recovery time.

NERC’s filing was noticed on August 17, 2018, with interventions, comments and protests due on or before September 10, 2018. No comments were received.”

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

The use of current or improved technology and the medium are not covered in Reliability Standards, and are therefore left to the discretion of each respondent. 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

There is no similar information available.

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

FERC considers the impact to be de minimis.

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 508 .

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

If the requirements of this standard (and its associated information collection requirements) were performed less frequently, NERC would not be provided the necessary information to appropriately maintain reserves nor adequately define events that predicate action under the BAL-002-3 Reliability Standard. Without this data, NERC would not be able to ensure that interconnection frequency is maintained within predefined limits to improve reliability.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances, unless an entity is found to be non-compliant (as highlighted below in the excerpt from the standard in NERC's Petition (highlighting added)).

“1.2. Evidence Retention

The following evidence retention period(s) identify the period of time an entity is required to retain specific evidence to demonstrate compliance. For instances where the evidence retention period specified below is shorter than the time since the last audit, the Compliance Enforcement Authority may ask an entity to provide other evidence to show that it was compliant for the full-time period since the last audit.

The Responsible Entity shall retain data or evidence to show compliance for the current year, plus three previous calendar years, unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation.

If a Responsible Entity is found noncompliant, it shall keep information related to the noncompliance until found compliant, or for the time period specified above, whichever is longer.

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

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

The Commission issued a notice⁶ about the filing of the NERC Petition and provided an opportunity for public comment; no comments were received.

In addition the Commission published in the Federal Register a separate Paperwork Reduction Act notice (83 FR 50652, 10/9/2018) providing public utilities and licensees, state commissions, Federal agencies, and other interested parties another opportunity to submit data, views, comments or suggestions concerning the proposed collections of data. No comments were received.

⁶ <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=15000839>

The 30-day PRA notice is being published in the Federal Register on 3/11/2019.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

No payments or gifts have been made to respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

According to the NERC Rules of Procedure⁷, "...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 due to 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.

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

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

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

Component Affected by Docket No. RD18-7. The only IC affected (adjustment in estimate) by the order in Docket RD18-7 is labelled 'BAL -002-3 (from RD18-7) [updating BAL-002-2 from RM16-7 Final Rule]'. The other ICs are unchanged.

The respondents are Balancing authorities and reserve sharing groups.

According to the NERC Compliance Registry as of 8/24/2018, there are 99 balancing authorities in the United States. [This is a reduction of 6 (from 105) based on current information and normal fluctuations in the industry.. It will be shown as an adjustment decrease of 6 respondents and adjustment decrease of 72 hours.] The Commission bases individual burden estimates on the time needed for balancing authorities to develop tools needed to facilitate reporting that are required in the Reliability Standard. These burden estimates are consistent with estimates for similar tasks in other Commission-approved Reliability Standards.

FERC-725R, Reliability Standard BAL-002-3, as approved in Docket No. RD18-7^{8,9}

⁷ Section 1502, Paragraph 2, available at NERCs website

⁸ Reliability Standard BAL-002-3 applies to balancing authorities and reserve sharing groups. However, the burden associated with the balancing authorities complying with

	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden Hours & Cost Per Response (\$) (4)	Total Annual Burden Hours & Total Annual Cost (\$) (3)*(4)=(5) (rounded)	Cost per Respondent (\$) (5)÷(1)
BA/RSG: ¹⁰ Develop and Maintain annually, Operating Process and Operating Plans	99	1	99	8 ¹¹ hrs.; \$842.32	792 hrs.; \$83,390	\$842.32
BA/RSG: Record Retention	99	1	99	4 hrs.; \$158.72	396 hrs.; \$15,713	\$158.72
TOTAL			198		1,188 hrs.; \$99,103	

There are only de minimis changes to the FERC-725R; this is a submittal for non-material or non-substantive change to the collection.

Components Not Affected by Docket No. RD18-7. The existing inventory figures follow for the parts of FERC-725R not affected by Docket No. RD18-7.

Requirements R1 and R3 is not included in this table because that burden doesn't change and the Commission already accounted for it under Commission-approved Reliability Standard BAL-002-1.

⁹ The estimated hourly cost (wages plus benefits) is based on Bureau of Labor Statistics (BLS) information (available at http://www.bls.gov/oes/current/naics2_22.htm and, for benefits, <https://www.bls.gov/news.release/ecec.nr0.htm>).

The hourly cost (wages plus benefits) for developing and maintaining operating process and plans is \$105.29 and is an average for an electrical engineer (Occupation code 17-2071, \$66.90/hour) and Legal (Occupation code 23-0000, \$143.68).

The hourly cost (wages plus benefits) for record retention is \$39.68 for information and record clerks (Occupation code 43-4199).

¹⁰ BA=Balancing Authority; RSG=Reserve Sharing Group.

¹¹ This figure of 8 hours/response is an average of the hourly burden per response for Years 1-3. Year 1 burden: 12 hours per response; Years 2-3, each: 6 hours/response. The average annual burden for Years 1-3 is 8 hours/response (or [12 hours + 6 hours + 6 hours] ÷ 3).

Components of FERC-725R, Not Affected by Docket No. RD18-7					
IC	Number and Type of Respondents (1)	Number of Responses per Respondent (2)	Total Number of Responses (1)×(2)=(3)	Average Burden Hours per Response (4)	Total Annual Burden Hours (3)×(4)=(5)
RM13-11 Final Rule (and retirement of BAL-004 in RD17-1)	No change	No change	3586 (No change)	No change	29,502 hrs. (No change)
RM14-10 Final Rule	No change	No change	106 (No change)	No change	1272 hrs. (No change)
RM16-13 Final Rule (BAL-005-1)	No change	No change	99 (No change)	No change	99 hrs. (No change)

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up or other non-labor costs.

Total Capital and Start-up cost: \$0

Total Operation, Maintenance, and Purchase of Services: \$0

All of the costs are associated with burden hours (labor) and described in Questions #12 and #15 in this supporting statement.

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 Paperwork Reduction Act (PRA) Administrative Cost is the average annual FERC 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. It also includes the cost of publishing the necessary notices in the Federal Register.

FERC-725R	Number of Employees (FTEs)	Estimated Annual Federal Cost
Analysis and Processing of filings	0	\$0
Paperwork Reduction Act Administrative Cost		\$4,931

TOTAL		\$4,931
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15. REASONS FOR CHANGES IN BURDEN INCLUDING THE NEED FOR ANY INCREASE

The reporting and recordkeeping requirements (and corresponding burden per response) are not changing due to Docket No. RD18-7. However we are adjusting (‘adjustment in estimate’) the number of respondents to reflect normal fluctuations in industry (e.g., companies merging or splitting, or entering or leaving the industry). The decrease of 6 respondents reduces responses by 12 and burden hours by 72.

This submittal is for a non-material or non-substantive change. A summary of the current OMB-approved inventory follows.

FERC-725R	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	3,989	4,001	-12	0
Annual Time Burden	32,061	32,133	-72	0
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

There are no tabulating, statistical or tabulating analysis or publication plans for the collection of information.

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.