Supporting Statement for

**FERC-725Z (Mandatory Reliability Standards: IRO Reliability Standards), as modified by Order in Docket No. RD19-6-000**

The Federal Energy Regulatory Commission (Commission or FERC) requests the Office of Management and Budget (OMB) review and approve the revisions made to FERC-725Z in Docket No. RD19-6-000.

NOTE: Rather than requesting a full three years of OMB approval for the revisions to FERC-725Z, we request that OMB approve the revisions made in Docket No. RD19-6-000[[1]](#footnote-2) for the remainder of the current clearance period, to synchronize the timing of the expiration date for all requirements in FERC-725Z, which expires 10/31/2020.

**Background**

On August 8, 2005, The Electricity Modernization Act of 2005, which is Title XII of the Energy Policy Act of 2005 (EPAct 2005), was enacted into law.[[2]](#footnote-3) Under section 215 of the Federal Power Act (FPA), the Commission requires a Commission-certified Electric Reliability Organization (ERO) to develop mandatory and enforceable Reliability Standards[[3]](#footnote-4), which are subject to Commission review and approval. In 2006, the Commission established a process to select and certify an ERO and, subsequently, certified the North American Electric Reliability Corporation (NERC) as the ERO.[[4]](#footnote-5)

The ERO develops proposed Reliability Standards[[5]](#footnote-6) and, if approved by NERC, submits them to the Commission for review and approval. If and when the standards are approved by the Commission, the Reliability Standards become mandatory and must be enforced by the ERO, subject to Commission oversight. The Commission implements section 215 in 18 CFR 40.

In Order No. 693, the Commission approved 83 of 107 proposed Reliability Standards submitted by NERC; the information collection provisions of those original 83 standards were initially included under FERC-725A. Since that time, various Reliability Standards have been retired, revised, or added (to FERC-725A or other Reliability information collection numbers), including standards in FERC-725Z.[[6]](#footnote-7)

**A. Justification**

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

In a joint petition dated May 30, 2019, the North American Electric Reliability Corporation (“NERC”) and Western Electricity Coordinating Council (“WECC”) requested Commission approval for proposed Reliability Standard IRO-002-6 (Reliability Coordination, Monitoring and Analysis). NERC and WECC stated that the “proposed Reliability Standard IRO-002-6 reflects the addition of a regional Variance containing additional requirements applicable to Reliability Coordinators providing service to entities in the Western Interconnection” and “none of the continent-wide requirements have been changed from currently effective Reliability Standard IRO-002-5.”**[[7]](#footnote-8)**

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

In general, information collection and record retention requirements related to Reliability Standards are not submitted to, or retained for audit by, the Commission. Rather they are submitted to, or retained for audit by, NERC (the Commission-approved ERO) or the Compliance Enforcement Authority, as specified in each individual Reliability Standard.

In its Petition dated May 30, 2019[[8]](#footnote-9) (footnotes omitted), NERC includes the following information.

“Proposed Reliability Standard IRO-002-6 reflects the addition of a regional Variance containing additional requirements applicable to Reliability Coordinators providing service to entities in the Western Interconnection. None of the continent-wide requirements have been changed from currently effective Reliability Standard IRO-002-5.

At present, only one Reliability Coordinator, Peak Reliability, provides services in the Western Interconnection (excepting Alberta). In July 2018, Peak Reliability announced that it would cease operations at the end of December 2019. Over the course of 2018 and 2019, several entities have indicated that they will seek certification to perform the Reliability Coordinator function in their respective footprints in the Western Interconnection.

As the Western Interconnection prepares to transition to an environment in which more than one Reliability Coordinator will be providing services, focused coordination of these Reliability Coordinators will be of critical importance. To promote coordination among these Reliability Coordinators and help ensure reliability in the Western Interconnection, WECC developed the proposed regional Variance reflected in proposed Reliability Standard IRO-002-6. The WECC Variance consists of two new requirements in the IRO-002 Reliability Standard. These requirements provide that each Reliability Coordinator providing services in the Western Interconnection shall: (1) coordinate with other Reliability Coordinators to develop a common Western Interconnection-wide method to determine the modeling and monitoring of elements necessary for providing situational awareness; and (2) use the common method.

The regional Variance reflected in proposed Reliability Standard IRO-002-6 would help ensure coordination and consistency between multiple Reliability Coordinators operating within the Western Interconnection in 2020 and beyond. The regional Variance adds requirements beyond those required by the continent-wide Reliability Standard and is necessary for reliability in the Western Interconnection.”

1. **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 and the medium are not covered in Reliability Standards.

We think that nearly all of the respondents are likely to make and keep related records in an electronic format. Each of the six 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.

In general, the Commission supports the use of information technology to reduce burden.

1. **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 regulatory responsibilities under the FPA to eliminate duplication and ensure that filing burden is minimized. There are no similar sources for information available that can be used or modified for these reporting purposes.

1. **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 508.[[9]](#footnote-10)

The WECC regional Variance in proposed Reliability Standard IRO-002-6 affects Reliability Coordinators, who likely will not be small entities.

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

NERC stated in its Petition that “[a]s the Western Interconnection prepares to transition to an environment in which more than one Reliability Coordinator will be providing services, focused coordination of these Reliability Coordinators will be of critical importance. To promote coordination among these Reliability Coordinators and help ensure reliability in the Western Interconnection, WECC developed the proposed regional Variance reflected in proposed Reliability Standard IRO-002-6.”

Failure to implement the changes could directly affect the ability to effectively monitor and control and ensure reliability of the Western interconnection in the bulk electric system.

1. **EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION**

There are no special circumstances.

1. **DESCRIBE EFFORTS TO CONSULT OUTSIDE THE AGENCY: SUMMARIZE PUBLIC COMMENTS AND THE AGENCY’S RESPONSE**

The ERO process[[10]](#footnote-11) to develop and establish Reliability Standards is a collaborative process between the ERO, Regional Entities and other industry stakeholders developing, discussing, and reviewing drafts, commenting and voting on the drafts, posting responses to the comments, conducting a final ballot, and submitting the standard and implementation plan to the Board of Trustees (BOT) for adoption and approval. [This process provides several opportunities for review and comment by stakeholders and interested parties, prior to submittal to the Commission of the proposed standard. In the joint Petition, Exhibit E “Summary of Development History and Complete Record of Development” summarizes that process for this Reliability Standard.] Then the final proposed standard (if approved by the BOT) is submitted by the ERO to the Commission for review and approval. Upon approval by Commission, the standards are mandatory and enforceable according to their respective approved implementation plans.

The Commission provided the following opportunities for public utilities, natural gas and oil pipeline companies, state commissions, federal agencies, and other interested parties to submit comments or suggestions concerning the proposal.

* FERC issued a Notice of NERC’s Petition on 5/31/2019;[[11]](#footnote-12) no comments were received.
* The 60-day PRA Notice was issued in Docket No. RD19-6 on 6/21/2019[[12]](#footnote-13) and published on 6/27/2019 (84 FR 30708). The Commission received no public comments from the 60-day Notice.
* The 30-day PRA Notice in Docket No. RD19-6 will also be published in the Federal Register.
1. **EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS**

The Commission does not make payments or provide gifts to respondents.

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

Responding entities do not submit the information to FERC. Rather, they submit the information to NERC, the regions, or maintain it internally. Since there are no submittals made to FERC, FERC provides no specific provisions to protect confidentiality.

According to the NERC Rules of Procedure section 1502, “…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 or retained for NERC or Regional Entities.

1. **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**

There are no questions of a sensitive nature that are considered private.

1. **ESTIMATED BURDEN OF COLLECTION OF INFORMATION**

The estimated burden and cost[[13]](#footnote-14) related to the modifications in FERC-725Z due to Docket No. RD19-6 follow.

|  |
| --- |
| **FERC-725Z Modifications Due to Docket No. RD19-6-000** |
| **Information Collection Requirements**  | **No. of Respondents & Type of Entity[[14]](#footnote-15)****(1)** | **Annual No. of Responses per Respondent****(2)** | **Total No. of Responses (1)\*(2)=(3)** | **Average Burden Hours & Cost Per Response ($)****(4)** | **Total Annual Burden Hours & Total Annual Cost ($)****(3)\*(4)=(5)** |
| Reporting and Recordkeeping Requirements (continuing in IRO-002-6 [formerly in IRO-002-5])**[[15]](#footnote-16)** |  |  |  | no change | no change |
| **Increases, due to the Regional Variance of IRO-002-6[[16]](#footnote-17)** |
| Reporting (R2 & R3), in Yr. 1 | 2 (RC) | 3 | 6 | 52 hrs.; $3,544.84 | 312 hrs.; $21,269.04 |
| Reporting (R2 & R3), in Yr. 2 & ongoing | 2 (RC) | 1 | 2 | 480 hrs.; $32,721.60 | 960 hrs.; $65,443.20 |
| **Total Increase to FERC-725Z in Year 1** |  |  |  |  | 312 hrs.; $21,269.04 |
| **Total Increase to FERC-725Z in Year 2 and ongoing** |  |  |  |  | 960 hrs.; $65,443.20 |

We will average the estimates over 3 years, providing the following estimated annual increases, based on the table above.

1. Responses: +3.33, based on 6 responses in Yr. 1 + 2 responses each in Yrs. 2 and 3, or [(6 + 2 + 2) ÷ 3]
2. Burden Hrs.: +744 hrs., based on +312 hrs. in Yr. 1 + 960 hrs. each in Years 2 and 3, or [(312 + 960 + 960) ÷ 3]
3. **ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

The costs related to the changes due to Docket No. RD19-6 are associated with burden hours (labor) and described in #12 and #15.

1. **ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT**

The Regional Entities and NERC do most of the data processing, monitoring, auditing, and compliance work for Reliability Standards. Any involvement by the Commission is covered under the FERC-725 (OMB Control No. 1902-0255) and is not part of this request or package. The data for FERC-725Z are not submitted to FERC.

The Commission does incur the costs associated with obtaining OMB clearance for the 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.

|  |  |  |
| --- | --- | --- |
| **For FERC-725Z, as modified by Docket No. RD19-6-000** | **Number of Employees (FTE)** | **Estimated Annual Federal Cost** |
| Analysis and Processing of filings | 0.0 | $0 |
| PRA Administrative Cost |  | $4,832 |
| **FERC Total** | $4,832 |

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

As discussed in the FERC Order issued 7/11/19,

“On May 30, 2019 the North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) filed a joint petition seeking approval of proposed Reliability Standard IRO-002-6 (Reliability Coordination – Monitoring and Analysis), the associated violation risk factors and violation severity levels, and implementation plan. NERC and WECC state that proposed Reliability Standard IRO-002-6 reflects the addition of a regional variance containing additional requirements applicable to reliability coordinators providing service to entities in the Western Interconnection. None of the continent-wide requirements have been changed compared with currently-effective Reliability Standard IRO-002-5.”

The changes are necessary to ensure that the expected multiple reliability coordinators (replacing the current one) coordinate to develop a common Interconnection-wide methodology to determine the modeling and monitoring of power system elements that are internal and external to their reliability coordinator areas, necessary for providing operational awareness of the impacts on bulk electric system facilities within their respective reliability coordinator areas. The purpose of developing an Interconnection-wide methodology that creates models for performing operational planning analyses and real-time assessments is to ensure reliability for the Western Interconnection.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Total Request** | **Previously Approved** | **Change due to Adjustment in Estimate** | **Change Due to Agency Discretion** |
| Annual Number of Responses | 6,686 | 6,683 | 0 | 3 |
| Annual Time Burden (Hrs.) | 50,167 | 49,423 | 0 | 744 |
| Annual Cost Burden ($) | 0 | 0 | 0 | 0 |

**16. TIME SCHEDULE FOR PUBLICATION OF DATA**

There is no publication of data associated with the FERC-725Z.

1. **DISPLAY OF EXPIRATION DATE**

The expiration dates are posted on ferc.gov at <http://www.ferc.gov/docs-filing/info-collections.asp>.

1. **EXCEPTIONS TO THE CERTIFICATION STATEMENT**

There are no exceptions.

1. The Commission Order is available in FERC’s eLibrary at <https://elibrary-backup.ferc.gov/idmws/common/OpenNat.asp?fileID=15305556> . [↑](#footnote-ref-2)
2. The Energy Policy Act of 2005 (EPAct), Pub. L. No 109-58, Title XII, Subtitle A, 119 Stat. 594, 941 (2005), codified at 16 U.S.C. 824o (2000). [↑](#footnote-ref-3)
3. The Federal Power Act (as modified by the EPAct) states “[t]he term “reliability standard” means a requirement, approved by the Commission under this section, to provide for reliable operation of the bulk-power system. The term includes requirements for the operation of existing bulk-power system facilities, including cybersecurity protection, and the design of planned additions or modifications to such facilities to the extent necessary to provide for reliable operation of the bulk-power system, but the term does not include any requirement to enlarge such facilities or to construct new transmission capacity or generation capacity.” [↑](#footnote-ref-4)
4. 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). [↑](#footnote-ref-5)
5. The NERC Standard Processes Manual, Appendix 3A of the NERC Rules Of Procedure, (posted at <https://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/SPM_Clean_Mar2019.pdf>) describes the process for developing, modifying, withdrawing, or retiring a Reliability Standard. [↑](#footnote-ref-6)
6. More information on the Reliability program and Reliability Standards is posted on FERC’s website at <https://www.ferc.gov/industries/electric/indus-act/reliability.asp>. [↑](#footnote-ref-7)
7. The burden related to continent-wide Reliability Standard IRO-002-5 (Reliability Coordination, Monitoring and Analysis) is included in FERC-725Z (Mandatory Reliability Standards: IRO Reliability Standards, OMB Control No. 1902-0276). [↑](#footnote-ref-8)
8. NERC’s Petition is posted in the Commission’s eLibrary at https://elibrary-backup.ferc.gov/idmws/common/OpenNat.asp?fileID=15258584. [↑](#footnote-ref-9)
9. NERC Rules of Procedure Sections 507 and 508 are available at: <https://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC_ROP_Effective_20190125.pdf>. [↑](#footnote-ref-10)
10. Details of the ERO’s standard process is available on the NERC website in the Standard Process Manual (Version 4, effective 3/1/2019) at <https://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/SPM_Clean_Mar2019.pdf>. Figure 1 (Process for Developing or Modifying a Reliability Standard) on page 12 of the NERC manual includes a diagram showing the “typical process for a project identified in the Reliability Standards Development Plan that involves a revision to an existing Reliability Standard....” [↑](#footnote-ref-11)
11. https://elibrary-backup.ferc.gov/idmws/common/OpenNat.asp?fileID=15260462 [↑](#footnote-ref-12)
12. https://elibrary-backup.ferc.gov/idmws/common/OpenNat.asp?fileID=15280144 [↑](#footnote-ref-13)
13. The hourly cost figures, for salary plus benefits, for the new standard are based on Bureau of Labor Statistics (BLS) information (at http://www.bls.gov/oes/current/naics2\_22.htm), as of May 2018, and benefits information for December 2018 (at https://www.bls.gov/news.release/ecec.nr0.htm). For salary plus benefits, for reporting requirements, an electrical engineer (code 17-2071) is $68.17/hour; for the recordkeeping requirements, an information and record clerk (code 43-4199) is $40.84/hour. [↑](#footnote-ref-14)
14. Our estimates are based on the joint petition which indicates at present, only one reliability coordinator, Peak Reliability, provides reliability coordinator services in the Western Interconnection. In July 2018, Peak Reliability announced that it would cease operations at the end of December 2019. Over the course of 2018 and 2019, several entities have indicated that they will seek certification to perform the reliability coordinator function for their respective footprints in the Western Interconnection. For the purposes of this information collection, the WECC RC certification status was used to estimate the number of entities within the United States making significant progress to become certified Western Interconnection reliability coordinators. The certification progress chart and schedule are posted at the following link: <https://www.wecc.org/EventAnalysisSituationalAwareness/Pages/Certification.aspx>. [↑](#footnote-ref-15)
15. The reporting and recordkeeping requirements and the associated burden will continue in IRO-002-6 (burden formerly included in IRO-002-5). The corresponding estimated burden for the 11 RCs continues to be 30 hours per response (or a total estimated burden of 330 hours). [↑](#footnote-ref-16)
16. The estimated burden is for the development phase and the ongoing effort to administer/implement the variance requirements. [↑](#footnote-ref-17)