Supporting Statement for

**FERC-516E(Electric Rate Schedules and Tariff Filings) and**

**FERC-717 (Open Access Same-Time Information System and Standards for Business Practices and Communication Protocols),**

**as modified by the Final Rule in Docket Nos. RM05-5-025, -026, and -027**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review FERC-516E (Electric Rate Schedule and Tariff Filings)[[1]](#footnote-1) and FERC-717 (Standards for Business Practices and Communication Protocols for Public Utilities), as revised by the Final Rule in Docket No. RM05-5, Sub-docket Nos. -025, -026, and -027. This is a consolidated supporting statement that will be submitted to OMB under two separate Information Collection Requests (for FERC-516E and FERC-717).

The Commission is revising its regulations to incorporate by reference, with certain enumerated exceptions, the latest versions (Version 003.2) of the Standards for Business Practices and Communication Protocols for Public Utilities. The Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB) adopted the revised Standards as mandatory enforceable requirements. The WEQ Version 003.2 Standards (RM05-5-027) build upon the standards included in the WEQ Version 003.1 Standards (RM05-5-025) and include, in their entirety, the modifications submitted to the Commission in WEQ Version 003.1, which were the subject of an earlier Notice of Proposed Rulemaking (NOPR), with the addition of certain revisions and corrections. As an exception to the incorporation of WEQ Version 003.2, the Commission is not incorporating by reference WEQ Version 003.2 of WEQ-006, the Manual Time Error Correction standards, but instead will incorporate WEQ Version 003.1 (RM05-5-026). This issue was also the subject of a separate earlier NOPR.

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

The Federal Power Act Section 205[[2]](#footnote-2) requires the Commission to ensure that the rates and charges for the wholesale sale of electric energy are just and reasonable. Section 205 also requires that the rules and regulations affecting or pertaining to the rates and charges for the wholesale sale of electric energy be just and reasonable.

Industry-wide business practice standards help the industry achieve increased levels of efficiency. The WEQ Version 003.1 and Version 003.2 Business Practice Standards build on the Commission’s work in preventing undue discrimination and preference in transmission service (in Order Nos. 890, 890-A, 890-B and 890-C), and include six Open Access Same-Time Information System (OASIS) related standards that NAESB modified in response to directives and guidance provided in Order Nos. 676-E, 676-H, and 890[[3]](#footnote-3).

In addition, in WEQ Version 003.1, NAESB developed two new suites of standards in coordination with the North American Electric Reliability Corporation (NERC). These two NAESB new suites of standards would establish: (1) NAESB Electric Industry Registry (EIR) business practice standards that replace the NERC Transmission System Information Networks (TSIN) as the tool to be used by wholesale electric markets to conduct electronic transactions via electronic tagging (e-Tags); and (2) Modeling Business Practice Standards to support and complement NERC’s proposed retirement of its “MOD A” Reliability Standards. NAESB also adopted revisions to NAESB standards that need to match up with NERC’s Interchange Scheduling and Coordination Reliability Standards. In the Final Rule, the Commission is incorporating by reference the WEQ-022 Electric Industry Registry (EIR) Business Practice Standards, but declines to incorporate by reference in its entirety the WEQ-023 Modeling Business Practice Standards. The Commission is incorporating by reference only the WEQ-023 standards that were moved from the WEQ-001 Standards by the changes made to WEQ Version 003.1. The Commission declines to adopt the remaining WEQ-023 Modeling Business Practice Standards as they are the subject of a separate proceeding.

The WEQ Version 003.2 Standards also include other changes that were made to support consistency with NERC Reliability Standards. NAESB made these changes as a result of continuing coordination with NERC regarding dynamic tagging and pseudo-ties, and the finalization of the transition of the industry registry tool from NERC to NAESB. NAESB also made additional changes to seven suites of the WEQ Business Practices to ensure the standards accurately reflect revisions to the NERC Reliability Standards. In addition, NAESB made changes to support market operator functionalities to support the full use of the market operator as a separate role within the EIR and on e-Tags.

The Commission does not incorporate by reference NAESB’s latest version of the WEQ-006 Manual Time Error Correction Business Practice Standards. Version 003.2 of NAESB’s WEQ-006 Manual Time Error Correction Business Practice Standards proposes to retire the Manual Time Error Correction Business Practice Standard, which have been the subject of a separate notice of proposed rulemaking.**[[4]](#footnote-4)** The Commission does not incorporate Version 003.2 of this standard because the proposal to retire the Manual Time Error Correction Business Practice Standard has not been adequately supported by NAESB.

Finally, the Commission lists for informational purposes NAESB’s Smart Grid Standards (set out in Standards WEQ-018 and WEQ-019) in Part 2 of the Commission’s Regulations in order to match the latest iteration of those standards. These revisions update earlier versions of the WEQ-018 and WEQ-019 Standards that the Commission previously listed in Part 2 of our regulations as non-mandatory guidance at 18 CFR 2.27 in Order No. 676-H.

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

**FERC-516E**. The Final Rule requires public utilities that own and/or control facilities used for the transmission of electricity in interstate commerce (public utilities) to modify their existing tariffs to reference the standards and state that transactions made under their respective tariffs would be performed in accordance with the Version 003.2 standards. Tariffs provide the Commission and the public with information regarding a utility’s rates and service conditions. Without tariffs, FERC and the public would not be able to properly evaluate rates.

**FERC-717**. The Final Rule requires public utilities to operate in compliance with the WEQ Version 003.2 business practice standards.

In a previous Final Rule (Order No. 889), the Commission required public utilities to establish OASIS sites to provide transmission customers with equal and timely access to information about transmission and ancillary services provided in the tariffs. This requirement was established because the Commission has determined that transmission customers must have simultaneous access to the same information available to the Transmission Provider in order to achieve nondiscriminatory transmission services.

The Commission determined that standardization of business practices and communication processes benefits the electric industry by providing uniform methods for public utilities to conduct business with different transmission providers. Many participants in electric markets conduct business transactions involving a number of different transmission providers. Establishing a uniform set of procedures and communication protocols increases the efficiency of such transactions.

The public utilities subject to this Final Rule will be required to make tariff filings (FERC-516E) referencing the WEQ Version 003.2 standards and stating that they will implement their tariff in accordance with the requirements of the WEQ Version 003.2 standards. Public utilities currently collect and post information on various systems such as OASIS currently in use by the industry. The revisions in these revised NAESB standards may adjust some of the business practices around this information but do not substantially affect the amount or content of the information. Without these standards, the same transactions would occur. However, the details regarding each transaction would vary from utility to utility hindering standardization.

**General.** The substance of the reporting requirements (described above) is incorporated by reference into FERC’s regulations at 18 CFR (making the standards mandatory). However the standards themselves are copyrighted by NAESB. Links to the NAESB submittals in the dockets are included under Supplementary Documents. (See “Links from FERC’s eLibrary to Submittals from NAESB in Docket Nos. RM05-5-025, -026, and -027.”)

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

FERC has made no significant changes in information technology use for complying with the FERC-516E because these issues were already addressed by FERC in a rule implementing the Commission’s eTariff system (fully implemented in 2010) for the electronic filing of tariffs. Applicable entities also continue to use OASIS (under the FERC-717 collection), providing the public online access to transmission service information.

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**

FERC periodically reviews rules and data requirements in conjunction with OMB clearance expiration dates. This process includes a review of FERC's regulations and data requirements to identify duplication. The information to be submitted, generated, kept, or posted, pursuant to this Final Rule is not readily available from other sources and, therefore, no duplicate information is available that would serve as a substitute for this information and for performing oversight and review responsibilities under applicable legislation (e.g. FPA, Energy Policy Act of 1992 (EPAct)).

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

FERC estimates that these requirements apply to 26[[5]](#footnote-5) small public utilities. FERC considers the impact of the rule to be very minimal. The Commission does consider waivers for small entities, which serves as an option for small entities to reduce their burden. The Commission grants these waivers on a case-by-case basis.

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

The Commission promotes an open transmission system through its policies and regulations. The NAESB WEQ Version 003.2 standards were developed and vetted through an industry consensus process. If the information collection components of the standards were conducted less frequently, then the standards would not fully achieve their purpose of promoting efficiency in the wholesale electric industry. Further, anything different from the standards under consideration here would not be in accordance with what the industry has already vetted and approved in an open consensus building process through NAESB.

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**

NAESB is a non-profit standards development organization established in January 2002 that serves as an industry forum for the development and promotion of business practice standards that promote a seamless marketplace for wholesale and retail natural gas and electricity. Since 1995, NAESB and its predecessor, the Gas Industry Standards Board, have been accredited members of the American National Standards Institute (ANSI), complying with ANSI’s requirements that its standards reflect a consensus of the affected industries.

NAESB’s standards include business practices intended to standardize and streamline the transactional processes of the natural gas and electric industries, as well as communication protocols and related standards designed to improve the efficiency of communication within each industry. NAESB supports the WEQ, the Wholesale Gas Quadrant, and the Retail Market Quadrant.**[[6]](#footnote-6)** All participants in the gas and electric industries are eligible to join NAESB and participate in standards development.

NAESB develops its standards under a consensus process so that the standards draw support from a wide range of industry members. NAESB’s procedures are designed to ensure that all industry members can have input into the development of a standard, whether or not they are members of NAESB, and each standard NAESB adopts is supported by a consensus of the relevant industry segments. Standards that fail to gain consensus support are not adopted. NAESB’s consistent practice has been to submit a report to the Commission after it has revised existing business practice standards or has developed and adopted new business practice standards. NAESB’s standards are voluntary standards, which become mandatory for public utilities upon incorporation by reference by the Commission.

NAESB approved the standards under its consensus procedures. Adoption of consensus standards is appropriate because the consensus process helps ensure the reasonableness of the standards by requiring that the standards draw support from a broad spectrum of all segments of the industry. Moreover, since the industry itself must conduct business under these standards, the Commission's regulations should reflect those standards that have the widest possible support. In section 12(d) of the National Technology Transfer and Advancement Act of 1995, Congress affirmatively requires federal agencies to use technical standards developed by voluntary consensus standards organizations, like NAESB, to carry out policy objectives or activities.

Each FERC rulemaking (both proposed and final rules) is 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 proposed collection of data. The proposed rule to adopt Version 003.2 of NAESB’s Business Practice Standards was published in the Federal Register on 5/24/2019 (84 FR 24050). The proposed rule to adopt Version 003.1 of NASEB’s standards was published on July 28, 2016 (81 FR 49580) and the proposed rule to adopt Version 003.1 of WEQ-006, Manual Time Error Correction, was published on 10/12/2018 (83 FR 51654). .

In the proposed rules in RM05-5-025, -026, and -027, the Commission requested comment on various aspects of the new business practice standards including the PRA-related burden estimates, who has to comply, and compliance costs, as provided in the NOPR. No comments were filed addressing the reporting burden, who has to comply or compliance costs.

Public utilities were also asked to comment on the time frame in which they must make a compliance filing to comply with the requirements of this final rule through eTariff (i.e., no later than 90 days from the date the final rule is published in the Federal Register).  The Commission proposed to establish an effective date for the proposed tariff changes in the order(s) on compliance filings.  To give parties sufficient time to make computer and other modifications required by this final rule, the Commission proposed to set an effective date no earlier than five months from the date the final rule is published in the Federal Register.  A few commenters requested additional time to make compliance filings. For example, EEI points to the need to develop software to implement the revisions to ATC; but as discussed earlier, the ATC standards will be addressed in a separate proceeding. Other comments request additional time to implement both Versions 003.1 and 003.2. However, the Commission determined that this final rule adopts only Version 003.2, except for WEQ-006 Manual Time Error Correction, and therefore does not require combined implementation. Thus, the Commission found no reason to extend the normal implementation schedule.

The Final Rule in Docket No. RM05-5-025, -026, and -027 (Order 676-I)[[7]](#footnote-7) was issued on 2/4/2020 and published in the Federal Register on 2/25/2020 (85 FR 10571).

1. **EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS**

There are no payments or gifts to respondents for these collections.

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

Any data filed are public information and, therefore, not confidential. However, a company may request confidential treatment of some or all parts of the information requirement under the FERC regulations at 18 CFR 388.112. The Commission will review each request for confidential treatment on a case-by-case basis.

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 in the reporting requirements.

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

The revisions for both the FERC-516E and FERC-717 are one-time in nature. These one-time changes are expected to occur in Year 1 after implementation of the requirements in the Final Rule in Docket No. RM05-5-025, -026, and -027. The estimated burden and cost[[8]](#footnote-8) follow.

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| **Modifications Due to the Final Rule** **in Docket No. RM05-5-025, -026, and -027** |
|  | **No. of Respondents****(1)** | **Annual No. of Responses Per Respondent****(2)** | **Total No. of Responses (1)\*(2)=(3)** | **Average Burden (Hrs.) & Cost ($) Per Response****(4)** | **Total Annual Burden Hrs. & Total Annual Cost ($)****(3)\*(4)=(5)** |
| FERC-516E (one-time tariff filing)**[[9]](#footnote-9)**  | 165 | 1 | 165 | 6 hrs.;$480 | 990 hrs.;$79,200 |
| FERC-717 (compliance with standards, one-time)**[[10]](#footnote-10)** | 165 | 1 | 165 | 30 hrs.;**[[11]](#footnote-11)** $2,400 | 4,950 hrs.;$396,000 |
| **TOTAL** |  | 330 |  | 5,940 hrs.;$475,200 |

For administrative purposes for ROCIS and Reginfo.gov, the one-time burdens will be averaged over three years (Years 1-3) as follows:

* FERC-516E, 990 hours/3 = 330 hours/year
* FERC-717, 4,950 hrs./3=1,650 hrs./year
1. **ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

There are no non-labor costs currently associated with the either the FERC-516E or the FERC-717.

All of the costs in the Final Rule are associated with labor and are shown in Questions #12 and 15.

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

The estimated annualized cost to the Federal Government for FERC-516E and FERC-717, as related to the requirements in the Final Rule in RM05-5-027 follows. Please note that the federal cost for FERC-516E is already accounted for in the FERC-516 information collection (OMB Control No. 1902-0096). The federal effort as a result of this Final Rule is 2.5 FTEs for analysis and processing of the filings. This figure replaces the added federal effort in FERC-516 due to the RM16-6-000 Final Rule (ICR No. 201710-1902-001). In the chart below, no federal effort is cited for FERC-516E here to avoid duplicating federal effort between this temporary information collection number (FERC-516E) and FERC-516.

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 Final Rule.

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. This estimate is updated annually.

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| --- | --- | --- |
|  | **Number of Full-Time Equivalent Employees (FTEs)** | **Estimated Annual Federal Cost[[12]](#footnote-12)** |
| FERC-516E, Analysis and Processing of filings | - | - |
| FERC-717, Analysis and Processing of filings | 0.5 | $83,546 |
| PRA Administrative Cost (for FERC-516E) |  | $4,832 |
| PRA Administrative Cost (for FERC-717) | $4,832 |
| **FERC Total** | $93,210 |

For FERC-516E, the federal cost will be $4,832, since the rest of the federal cost is associated with FERC-516. For FERC-717, the new federal cost of $83,546 + $4,832 (above) will be added to the current cost in ROCIS ($85,100), giving a new total of $173,478.

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

The burden for both the FERC-516E and FERC-717 information collections is increasing so that the industry can implement the new and revised business practice standards adopted by NAESB and implemented in the Final Rule to be incorporated by reference into FERC’s regulations. The NAESB’s standards are voluntary standards, which become mandatory for public utilities upon incorporation by reference by the Commission. The Commission therefore incorporates by reference NAESB standards to help the industry achieve increased levels of efficiency. The WEQ Version 003.1 and Version 003.2 Business Practice Standards build on the Commission’s work in preventing undue discrimination and preference in transmission service.

The following tables show the estimated total burden and requested changes for the collections of information. The format, labels, and definitions of the table follow the ROCIS submission system’s “Information Collection Request Summary of Burden” for the metadata. (Note that the new burden is a one-time burden. However we are averaging over Years 1-3 for administrative purposes as mentioned in #12. Therefore the change due to agency discretion is 1/3 of the one-time burden.)

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| --- | --- | --- | --- | --- |
| **FERC-516E** | **Total Request** | **Previously Approved** | **Change due to Adjustment in Estimate** | **Change Due to Agency Discretion** |
| Annual Number of Responses | 165 | 0 | 0 | 165 |
| Annual Time Burden (Hr.) | 330 | 0 | 0 | 330 |
| Annual Cost Burden ($) | 0 | 0 | 0 | 0 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **FERC-717** | **Total Request** | **Previously Approved** | **Change due to Adjustment in Estimate** | **Change Due to Agency Discretion** |
| Annual Number of Responses | 335 | 170 | 0 | 165 |
| Annual Time Burden (Hr.) | 6,750 | 5,100 | 0 | 1,650 |
| Annual Cost Burden ($) | 0 | 0 | 0 | 0 |

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

FERC does not publish any data associated with these collections.

1. **DISPLAY OF EXPIRATION DATE**

The substance of the requirements is incorporated by reference into FERC’s regulations at 18 CFR (making the standards mandatory). However the standards themselves are copyrighted by NAESB, so the OMB Control Numbers and expiration dates are not displayed in the standards. The clearance information and expiration dates are posted at <http://www.ferc.gov/docs-filing/info-collections.asp>.

1. **EXCEPTIONS TO THE CERTIFICATION STATEMENT**

The data collected for the reporting requirements are not used for statistical purposes.

1. This burden should be included in FERC-516 (OMB Control No. 1902-0096 (Electric Rate Schedules and Tariff Filings)). However, another unrelated item was pending OMB review under FERC-516 (Final Rule in RM19-5-000), and only one item per OMB Control No. may be pending OMB review at a time. [That ICR #201911-1902-008 was approved by OMB on 1/22/2020.] Therefore, to ensure timely submittal to OMB of this package related to the Final Rule in RM05-5-025, -026, and -027, Commission staff is using FERC-516E (OMB Control No. 1902-0290), a temporary “placeholder” information collection number. [↑](#footnote-ref-1)
2. 16 U.S.C. 824d(a) [↑](#footnote-ref-2)
3. *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-H, 79 FR 56,939 (Oct. 24, 2014), 148 FERC ¶ 61,205, at P 77 (2014); *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-E, 74 FR 63,288 (Dec. 3, 2009), 129 FERC ¶ 61,162 (2009). *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-E, 74 FR 63,288 (Dec. 3, 2009), 129 FERC ¶ 61,162 (2009). This order also incorporated revisions made in response to Order Nos. 890, 890-A, and 890-B. *See* *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 118 FERC ¶ 61,119, *order on reh’g*, Order No. 890-A, 121 FERC ¶ 61,297 (2007), *order on reh’g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh’g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009). [↑](#footnote-ref-3)
4. *Standards for Business Practices and Communication Protocols for Public Utilities*, Notice of Proposed Rulemaking, 83 FR 51654 (Oct. 12, 2018), 165 FERC ¶ 61,007 (2018) (Time Error Correction NOPR). [↑](#footnote-ref-4)
5. This figure constitutes 3.8% of the 165 affected entities [↑](#footnote-ref-5)
6. The retail gas quadrant and the retail electric quadrant were combined into the retail markets quadrant. NAESB continues to refer to these working groups as “quadrants” even though there are now only three. [↑](#footnote-ref-6)
7. <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=15458891> [↑](#footnote-ref-7)
8. The Commission staff estimates that industry is similarly situated in terms of hourly cost (for wages plus benefits). Based on the Commission’s Fiscal Year (FY) 2019 average cost of $167,091/year (for wages plus benefits, for one full-time employee), $80.00/hour is used. [↑](#footnote-ref-8)
9. This includes any burden associated with waiver requests. [↑](#footnote-ref-9)
10. FERC-717 corresponds to OMB Control No. 1902-0173 that identifies the information collection associated with Standards for Business Practices and Communication Protocols for Public Utilities. [↑](#footnote-ref-10)
11. The 30-hour estimate was developed in Docket No. RM05-5-013, when the Commission prepared its estimate of the scope of work involved in transitioning to the NAESB Version 002.1 Business Practice Standards. *See* Order No. 676-E, 129 FERC ¶ 61,162 at P 134. We have retained the same estimate here, because the scope of the tasks involved in the transition to Version 003.2 of the Business Practice Standards is very similar to that for the transition to the Version 003 Standards. [↑](#footnote-ref-11)
12. The figure for analysis and processing is based on FERC’s 2019 FTE average annual salary plus benefits of $167,091. [↑](#footnote-ref-12)