

Supporting Statement for
FERC-725R (Mandatory Reliability Standards: BAL Reliability Standards),
as modified by the Delegated Letter Order in Docket No. RD20-9-000

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve the Commission's request in Docket No. IC20-23 for renewal of FERC-725R (Mandatory Reliability Standards: BAL Reliability Standards), as revised in Docket No. RD20-9.

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 (EPAct 2005), was enacted into law. EPAct 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 the North American Electric Reliability Corporation (NERC) 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.

At present, FERC-725R consists of a collection of information associated with the following nationwide Reliability Standards:

- BAL-001-2, Real Power Balancing Control Performance;
- BAL-002-3, Disturbance Control Standard – Contingency Reserve for Recovery from a Balancing Contingency Event; and
- BAL-003-1, Frequency Response and Frequency Bias Setting; and
- BAL-005-1, Balancing Authority Control.

On July 15, 2020, BAL-003-1 was replaced with BAL-003-2 in a Delegated Letter Order (Docket No. RD20-9-000).¹ The Commission requests that FERC-725R be renewed, as revised in Docket No. RD20-9-000.

¹ The Delegated Letter Order is posted in eLibrary at
<https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=15585069>

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

On December 19, 2019, NERC submitted a petition seeking Commission approval to replace Reliability Standard BAL-003-1 with proposed Reliability Standard BAL-003-2. On May 20, 2020, the Commission noticed the petition in Docket No. RD20-9-000. Interventions, comments, and protests were due on or before June 29, 2020. None were received. A Delegated Letter Order approving BAL-003-2 was issued on July 15, 2020, on grounds that BAL-003-02 clarifies the process and methods for calculating the amount of Frequency Response that must be provided in a given operating year to support the reliable operation of the Bulk-Power System.

On August 26, 2020, the Commission published a notice of revision of FERC-725R in Docket No. RD20-9-000 (85 FR 52584). The Commission received no comments in response to the notice of revision. The Commission now seeks renewal of FERC-725R with the revisions that the Commission has approved in Docket No. RD20-9-000.

The remaining nationwide Reliability Standards in FERC-725R would not be affected by Docket No. RD20-9-000:²

- BAL-001-2,³ Real Power Balancing Control Performance. Reliability Standard BAL-001-2 is designed to ensure that applicable entities balance generation and load by maintaining system frequency within narrow bounds around a scheduled value, and it improves reliability by adding a frequency component to the measurement of a Balancing Authority's Area Control Error (ACE).⁴
- BAL-002-3,⁵ Disturbance Control Standard – Contingency Reserve for Recovery from a Balancing Contingency Event. This standard ensures that a responsible entity, either a balancing authority or reserve sharing group, is able to recover from system contingencies by deploying adequate reserves to return their Area Control Error to defined values and replacing the capacity and energy lost due to generation or transmission equipment outages.

² There are also regional BAL Reliability Standards. They are not included in FERC-725R and are not discussed here. The regional BAL Reliability Standards are covered under other OMB Control Nos.

³ It was approved in Docket No. RM14-10.

⁴ Area Control Error is the “instantaneous difference between a Balancing Authority’s net actual and scheduled interchange, taking into account the effects of Frequency Bias, correction for meter error, and Automatic Time Error Correction (ATEC), if operating in the ATEC mode. ATEC is only applicable to Balancing Authorities in the Western Interconnection.” NERC Glossary.

⁵ It was approved in Docket No. RD18-7.

- BAL-005-1,⁶ Balancing Authority Control. This standard establishes requirements for acquiring data necessary to calculate Reporting Area Control Error (Reporting ACE). The standard also specifies a minimum periodicity, accuracy, and availability requirement for acquisition of the data and for providing the information to the System Operator. It requires balancing authorities to maintain minimum levels of annual availability of 99.5% for each balancing authority system for calculating Reporting ACE.

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 the minimum that is necessary.

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 the pertinent standards (and their 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

⁶ It was approved in Docket No. RM16-13.

under the Reliability Standards. 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.

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

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

Our estimate of the number of respondents affected is based on the NERC Compliance Registry as of July 17, 2020.⁸ According to the Compliance Registry, NERC has registered 97 Balancing Authorities (BA), 11 Response Sharing Groups (RSG), and 1 Frequency Response Sharing Group (FRSG) within the United States, as noted. The burden estimates reflect the number of

⁷ Section 1502, Paragraph 2, available at NERCs website.

⁸ NERC Compliance Registry (July 17, 2020), available at https://www.nerc.com/pa/comp/Registration%20and%20Certification%20DL/NERC_Compliance_Registry_Matrix_Excel.xlsx.

affected entities for each standard. Estimates for the average annual burden and cost⁹ follow.

FERC-725R, as Revised by RD20-9					
Function	Number & Type of Respondents (1)	Number of Annual Responses per Respondent (2)	Total No. of Annual Responses (1)x(2)=(3)	Average Burden Hours & Cost (\$) Per Response (4)	Total Annual Burden Hours & Total Annual Cost (\$) (3)x(4) =(5)
BAL-001-2					
BA Reporting Requirements	97	1	97	8 hrs.; \$561.52	776 hrs.; \$54,467.44
BA Recordkeeping Requirements	97	1	97	4 hrs.; \$164.12	388 hrs.; \$15,919.64
BAL-002-3					
BA & RSG Reporting Requirements	108	1	108	8 hrs.; \$561.52	864 hrs.; \$60,644.16
BA & RSG Recordkeeping Requirements	108	1	108	4 hrs.; \$164.12	432 hrs.; \$17,724.96
BAL-003-2 (as approved in Docket No. RD20-9-000)					
BA & FRSG Reporting Requirements	98	28	2,744	8 hrs.; \$561.52	21,952 hrs.; \$1,540,810.88
BA & FRSG Recordkeeping Requirements	98	1	98	2 hrs.; \$82.06	196 hrs.; \$8,041.88
BAL-005-1					
BA Reporting Requirements	97	1	97	1 hr.; \$70.19	97 hrs.; \$6,808.43

⁹The hourly cost estimates are based on wage data from the Bureau of Labor Statistics for May 2019 (at https://www.bls.gov/oes/current/naics2_22.htm) and benefits data for Dec. 2019 (issued March 2020, at <https://www.bls.gov/news.release/ecec.nr0.htm>). For reporting requirements, the hourly costs (for wages and benefits) are for: Electrical Engineer (Occupation code 17-2071), \$70.19. For recordkeeping requirements, the hourly costs (for wages and benefits) are for: Information and Record Clerk (Occupation code 43-4199), \$41.03.

BA Recordkeeping Requirements	97	1	97	1 hr.; \$41.03	97 hrs.; \$3,979.91
SUB-TOTAL FOR REPORTING REQUIREMENTS					23,689 hrs.; \$1,662,730.91
SUB-TOTAL FOR RECORDKEEPING REQUIREMENTS					1,113 hrs.; \$45,666.39
TOTAL FOR FERC-725R (rounded)					24,802 hrs.; \$1,708,397.30

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		\$6,475
TOTAL		\$6,475

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

We have re-organized the information collection activities in order to improve the precision of the burden estimates. The resulting program changes separate reporting requirements from recordkeeping requirements. Previously, reporting and recordkeeping requirements were combined for each Reliability Standard. The previously approved burdens were 3,989 responses and 32,061 hours. The requested burdens are 3,446 responses and 24,802 hours. There are no non-hour costs.

The net effect of the program changes is 543 fewer responses and 7,259 fewer hours.

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 at
<https://www.ferc.gov/enforcement-legal/legal/information-collections>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.