

Supporting Statement for  
**FERC-725, Certification of Electric Reliability Organization; Procedures for  
Electric Reliability Standards**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve FERC-725 (Certification of Electric Reliability Organization; Procedures for Electric Reliability Standards), as it would be revised in Docket RM21-12-000. FERC-725 (OMB Control No. 1902-0225) is an existing Commission collection of information in accordance with 18 CFR Part 39. The expiration date of OMB Control No. 1902-0225 is February 28, 2022.

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

This collection of information aids the Commission in complying with the Federal Power Act (FPA) at section 215 (16 U.S.C. 824o). Section 215, which was enacted as part of the Energy Policy Act of 2005,<sup>1</sup> authorizes the Commission to certify an Electric Reliability Organization (ERO), the purpose of which is to establish and enforce reliability standards for the bulk-power system,<sup>2</sup> subject to Commission review.

On February 3, 2006, the Commission issued Order No. 672<sup>3</sup> certifying a single ERO, i.e., the North American Electric Reliability Corporation (NERC), to oversee the reliability of the United States' portion of the interconnected North American Bulk-Power System, subject to Commission oversight. The ERO is responsible for developing and enforcing mandatory reliability standards, which apply to all users, owners and operators of the bulk-power system.

The Commission has the authority to approve all ERO actions, to order the ERO to carry out its responsibilities under 16 U.S.C. 824o, and (as appropriate) to enforce reliability standards. The ERO may delegate its enforcement responsibilities to a Regional Entity. Delegation is effective only after the Commission approves the delegation agreement. A Regional Entity also may propose a Reliability Standard to the ERO for submission to the Commission for approval.

This information collection request pertains to the proposed rule in Docket No. RM21-12-000, which would revise 18 CFR 39.3 to: (1) require the Commission-certified ERO

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<sup>1</sup> Pub. L. No. 109-58, 119 Stat. 941, Title XII, § 1211(a) (Aug. 8, 2005).

<sup>2</sup> As defined at 16 U.S.C. 824o(a), the term “bulk power system” means (1) facilities and control systems necessary for operating an interconnected electric energy transmission network (or any portion thereof); and (2) electric energy from generation facilities needed to maintain transmission system reliability.

<sup>3</sup> Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards ¶ 31,204 71 FR 8662 (2006) Order on rehearing, 71 FR 19,814 (2006), FERC Statutes and Regulations ¶ 31,212 (2006).

to submit a “self-assessment”<sup>4</sup> every three years instead of the current period of every five years; (2) add a requirement that the ERO include in its self- assessment a detailed discussion of any areas of the ERO’s statutory responsibilities, or a Regional Entity’s delegated functions, beyond those required by the Commission’s regulations, that the Commission has identified at least 90 days prior to the expected self- assessment submission date, and (3) formalize the ERO’s solicitation of recommendations via a formal public comment period from Regional Entities, users, owners, and operators of the bulk-power system, and other interested parties for improvement of the ERO’s operations, activities, oversight and procedures.

At this time, the Commission is not seeking renewal of FERC-725.

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

Without the FERC-725 information, the FERC, ERO, and Regional Entities will not have the data needed to determine whether sufficient and appropriate measures are being taken to ensure the reliability of the nation’s electric grid.

FERC-725 contains the following information collection elements that would be amended by the proposed rule.

*Frequency of Self- Assessments*

At present, 18 CFR 39.3 requires the ERO to submit to FERC a self- assessment report every five years. Each Regional Entity submits a self-assessment report to the ERO. The proposed rule would increase the frequency of these self-self-assessment reports to every three years.

The proposed amendment would improve the continuity in the Commission’s review of the ERO’s operations, activities, oversight, procedures, and evaluation of the effectiveness of each Regional Entity in the performance of delegated functions. The proposed shorter self-assessment cycle also would provide an opportunity to identify and implement potential improvements with regards to ERO performance in a more timely fashion.

*Additional Element of Self-Assessments*

The proposed rule would add subsection (iv) to 18 CFR 39.3(c)(1) to require the Commission-certified ERO to include in its self-assessments a detailed discussion of any

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<sup>4</sup> The statutory authority for this collection of information is 16 U.S.C. 824o(g), which states that the ERO “shall conduct periodic assessments of the reliability and adequacy of the bulk-power system in North America.” The term “self-assessment” is shorthand for the performance assessment report mentioned in 18 CFR 39.3(c).

areas of the ERO's statutory responsibilities, or the Regional Entities' delegated functions, beyond those required by § 39.3(c)(1)(i), (ii), and (iii), that the Commission identifies for inclusion at least 90 days prior to the expected self- assessment submission date.

The proposed amendment would provide better flexibility for the Commission's review of the performance of the ERO's activities and functions, as well as oversight of the Regional Entities' delegated functions. The Commission believes that believe 90 days' prior notice to the submission would give the ERO adequate time to address any Commission-identified topics in its self- assessment.

#### *Formalize the Solicitation of Comments Process*

The proposed rule would amend subsection (ii) of 18 CFR 39.3 to add a formal requirement for a public comment period to solicit Regional Entities, users, owners, and operators of the Bulk-Power System, and other interested parties for improvement of the ERO's operations, activities, oversight and procedures.

The intent of the comment period is to inform the content of the ERO's draft self- assessment. The ERO would meet the proposed requirement by issuing notice of a public comment period on its website specifically requesting that interested parties identify areas of improvement. The proposed amendment would provide the opportunity for more timely stakeholder feedback or direction to the ERO should issues arise.

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

All of the information that is reported to the Commission in this collection may be submitted electronically, through the Commission's eFiling system (as described at <http://www.ferc.gov/docs-filing/efiling.asp>). For the remaining information collection requirements (information not submitted to the Commission), the use of current or improved technology is not controlled by the Commission, and is therefore left to the discretion of each reporting entity.

### **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.**

Filing requirements are periodically reviewed as OMB review dates arise, or as the Commission may deem necessary in carrying out its responsibilities, in order to eliminate duplication and ensure that filing burden is minimized. The Commission believes there are no similar sources of information available that can be used or modified for these purposes.

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

This collection affects primarily NERC but also affects small registered entities. The Commission allows small entities to join a joint action agency or similar organization, which could accept responsibility for compliance with the Reliability Standards and related reporting requirements on behalf of its members. In NERC's compliance database there are 46 entries for Joint Registration Organizations (JROs). FERC does not have records to indicate how many of the 46 entries are small business entities or parties of a joint action agency or similar organization but FERC does estimate that at least half of the listed JROs are large organizations.

The Commission does not know of any barriers that prevent entities from entering into joint action agreements. Generally entities that enter into agreements do this because of shared responsibilities or geographic convenience.

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

This collection focuses on electric reliability reporting requirements that are not contained within any Reliability Standards. The Commission approves of these requirements as necessary for the reliable operation of the bulk electric system. Any reduction in frequency may diminish the ability of NERC, Regional Entities, or FERC in maintaining reliability on the bulk electric system.

**7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION**

There are no special circumstances related to this collection.

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

Each FERC rulemaking (both proposed and final rules) is published in the *Federal Register*, thereby providing the public, including public utilities and licensees, state commissions, and Federal agencies, an opportunity to submit data, views, comments or suggestions concerning the proposed collections of data.

The proposed rule pertaining to this information collection request was issued on January 19, 2021 (174 FERC ¶ 61,031) and was published in the Federal Register on January 29, 2021 (86 FR 7518). Commissioner Chatterjee and Commissioner (now-Chairman) Glick stated in a joint concurrence that they support the rulemaking in RM21-12-000, and:

Given the important and increasingly complex role the ERO plays in ensuring the reliability of the Bulk Power System, we urge interested parties to submit comments on the proposed reforms. To that end, while we encourage comments on the potential benefits of these proposed reforms, we also encourage interested parties to provide comments on the potential burdens the proposed reforms may impose on the ERO and its Regional Entities.

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

There are no payments or gifts to FERC-725 respondents.

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

The Commission generally does not consider the data to be confidential. However, certain actions have confidentiality provisions which prevent the disclosure of information relating to enforcement actions and Critical Energy/Electric Infrastructure Information (CEII).<sup>5</sup> A request for material to be treated as CEII or privileged may be made under 18 CFR Part 388.

There are procedures in 18 CFR § 39.7(b)(4), and 39.7(e)(7), which prevent disclosure of information received pursuant to Section 215 of the Federal Power Act, which pertain to violations of Reliability Standards. Section 39.7(b)(4) provides that “each violation or alleged violation shall be treated as nonpublic until the matter is filed with the Commission as a notice of penalty or resolved by an admission that the user, owner or operator of the Bulk-Power System violated a Reliability Standard or by a settlement or other negotiated disposition. The disposition of each violation or alleged violation that relates to a Cybersecurity Incident or that would jeopardize the security of the Bulk-Power System if publicly disclosed shall be nonpublic unless the Commission directs otherwise.” Similarly, Section 39.7(e)(7) provides that “a proceeding for Commission review of a penalty for violation of a Reliability Standard will be public unless the Commission determines that a nonpublic proceeding is necessary and lawful, including a proceeding involving a Cybersecurity Incident. For a nonpublic proceeding, the user, owner or operator of the Bulk-Power System that is the subject of the penalty will be given timely notice and an opportunity for hearing and the public will not be notified and the public will not be allowed to participate.”

In addition, 18 C.F.R. 388.112 provides that “any person submitting a document to the Commission may request privileged treatment by claiming that some or all of the information contained in a particular document is exempt from the mandatory public disclosure requirements of the Freedom of Information Act, 5 U.S.C. 552, and should be

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<sup>5</sup> For more information on the Commission’s CEII program (and submitting and accessing CEII materials), see <https://www.ferc.gov/legal/ceii-foia/ceii.asp>.

withheld from public disclosure.”

Finally, 18 CFR § 388.113 governs access to CEII information. Under 18 CFR §388.113(b), the Commission may restrict access to previously filed documents as well as Commission-generated documents which contain CEII information.<sup>6</sup>

**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 Commission does not consider any of the questions to be sensitive or private.

**12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION**

In this information collection request, the Commission estimates respondents’ burdens and costs only to the extent that they would be affected by: (1) the proposed rule in RM21-12-000, and (2) the need to adjust the number of Regional Entities. In order to facilitate comparisons between the modified estimates and the previously approved estimates for FERC-725, the hourly cost used in the calculating the following estimates is the same as the hourly cost used in the most recent renewal of FERC-725.

For hourly cost (for wages and benefits), we estimate that 70 percent of the time is spent by Electrical Engineers (code 17-2071, at \$66.90/hr.), 20 percent of the time is spent by Legal (code 23-0000, at \$143.68/hr.), and 10 percent by Office and Administrative Support (code 43-0000, at \$41.34/hr.). We calculated the weighted hourly cost (for wages and benefits) of \$79.70 {or  $[(0.70) * (\$66.90/\text{hr.})] + [(0.20) * \$143.68/\text{hr.}] + [(0.10) * \$41.34/\text{hr.}]$ }.

The adjustments resulting from the change in the number of Regional Entities are shown below in Item 15. The estimated annualized respondents’ burden<sup>7</sup> and cost<sup>8</sup> for the collection of information in this proposed rule are shown below in Table 12.

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<sup>6</sup> 18 CFR 388.112

<sup>7</sup> These burdens include the time, effort and employee costs incurred by respondents in complying with this collection of information.

<sup>8</sup> Costs (for wages and benefits) are based on wage figures from the Bureau of Labor Statistics (BLS) for May 2017 (at [https://www.bls.gov/oes/current/naics2\\_22.htm](https://www.bls.gov/oes/current/naics2_22.htm)) and benefits information (at <https://www.bls.gov/news.release/ecec.nr0.htm>).

**Table 12**  
**Revised Estimated Annualized Burdens Due to RM21-12-000**

<b>FERC-725 Burdens and Costs Resulting from the Proposed Rule in RM21-12-000</b>						
<b>A. Type of Respondent</b>	<b>B. Type of Response</b>	<b>C. No. of Respondent s</b>	<b>D. Annualized Responses Per Responden t</b>	<b>E. Total Annualize d Responses (Col. C x Col. D)</b>	<b>F. Average Burden Hours &amp; Cost (\$) per Response (rounded )</b>	<b>G. Estimated Total Annualize d Burden Hrs. &amp; Cost (\$) (rounded) (Col. E x Col. F)</b>
Electric Reliability Organizatio n	Self- Assessmen t	1	0.33	0.33	4,160 hrs.; \$331,552	1,373 hrs.; \$109,412
Regional Entities <sup>9</sup>	Self- Assessmen t	6	0.33	1.98	4,160 hrs.; \$331,552	8,237 hrs.; \$656,489
<b>Total Burden Hrs. and Cost</b>		7		2.31		9,610 hrs.; \$765,901

**13. ESTIMATE OF TOTAL ANNUAL COST OF BURDEN TO RESPONDENTS**

Commission staff estimates no additional non-labor costs resulting from the proposed rule in RM21-12-000, but continues to disclose the following previously approved annual non-labor related cost burden for FERC-725, i.e. \$65,000 per year: (1) \$15,000 in software costs (ERO), and (2) \$50,000 in software costs (Regional Entities).

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

	<b>Number of Employees (FTEs)</b>	<b>Estimated Annual Federal Cost</b>
PRA <sup>10</sup> Administration Cost	N/A	\$6,475
	25	\$4,177,275

<sup>9</sup> This information collection request, like the previously approved request, includes burdens incurred by Regional Entities as a result of the ERO's existing and continuing internal processes for assessing the Regional Entities' ongoing performance in their delegated activities.

<sup>10</sup> Paperwork Reduction Act of 1995 (PRA).

FERC Total		\$4,183,750
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The Commission bases its estimate of the “Data Processing and Analysis” 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 actual filings.

The “PRA Administrative Cost” is the average annual FERC cost associated with preparing, issuing, and submitting materials necessary to comply with the PRA. It also includes the cost of publishing the required notices in the Federal Register.

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

Program changes in the proposed rule would:

- Increase the required frequency of all self-assessments from one every five years to one every three years;
- Add a requirement to address in any self-assessment an subject that the Commission identifies at least 90 days prior to the expected self- assessment submission date; and
- Add a requirement, in preparing any self-assessment, that the ERO seek and respond to recommendations of Regional Entities; users, owners, and operators of the bulk-power system; and other interested parties for improvement of the ERO’s operations, activities, oversight and procedures.

In addition, the information collection analysis in the proposed rule adjusted the number of Regional Entities. The number of Regional Entities at the time of the previously approved IC request was seven. At present, there are six Regional Entities. The burden estimates in this request account for this adjustment for all of the activities in FERC-725 that pertain to Regional Entities.

The net incremental, annualized effect of the proposed rule for self-assessments would be an increase of 0.71 response and 2,956 burden hours. These changes are itemized below in Table 15-1.

Please note: ROCIS rounds some burden estimates up or down, and this rounding can have minor effects on various calculations. For example, ROCIS rounds up the estimated responses for EROs to 10 responses. As a result, the total number of hours showing in ROCIS is somewhat different than the hours shown in this supporting statement.

**Table 15-1**  
**Annualized Incremental Burden Changes in FERC-725 as a Result of Program Changes in RM21-12-000**

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<sup>11</sup> The cost estimate is based upon FERC’s FY2019 average annual salary plus benefits per FTE (full-time equivalent) of \$167,091.



<b>A. Type of Response</b>	<b>B. Requested Annualize d Responses</b>	<b>C. Requested Annualize d Hours</b>	<b>D. Previously Approved Annualize d Responses</b>	<b>E. Previously Approved Annualize d Hours</b>	<b>F. Net Change in Annualize d Responses (Column B - Column D)</b>	<b>G. Net Change in Annualize d Hours (Column C - Column E)</b>
Self- Assessment s (ERO)	0.33 response	1,373 hours	0.20 response	832 hours	+ 1.3 response	+ 541 hours
Self- Assessment s (Regional Entities)	1.98 responses	8,237 hours	1.40 responses	5,824 hours	+ 0.58 response	+ 2,413 hours
<b>Totals</b>	2.31 responses	9,610 hours	1.60 responses	6,654 hours	+ 0.71 responses	+ 2,956 hours

The impacts on FERC-725 (excluding the changes in self-assessments) as a result of adjusting the number of Regional Entities are itemized below in Table 15-2.

**Table 15-2  
 Annualized Burden Changes in FERC-725 for Regional Entities (Excluding Self-Assessments) as a Result of Adjustments**

<b>A. Type of Response</b>	<b>B. Requested Annualized Responses</b>	<b>C. Requested Annualized Hours</b>	<b>D. Previously Approved Annualized Responses</b>	<b>E. Previously Approved Annualized Hours</b>	<b>F. Net Change in Annualized Responses (Column B - Column D)</b>	<b>G. Net Change in Annualized Hours (Column C - Column E)</b>
Reliability Assessments (Regional Entities)	6 responses	93,600 hours (15,600 hours per response)	7 responses	109,200 hours (15,600 hours per response)	- 1 response	- 15,600 hours
Reliability Compliance (Regional Entities)	6 responses	224,640 hours (37,440 hours per response)	7 responses	262,080 hours (37,440 hours per response)	- 1 response	- 37,440 hours
Standards Development (Regional Entities)	6 responses	14,040 hours per response (2,340 hours per response)	7 responses	16,380 hours (2,340 hours per response)	- 1 response	- 2,340 hours
Other Reporting (Regional Entities)	6 responses	6,240 hours (1,040 hours per response)	7 responses	7,280 hours (1,040 hours per response)	- 1 response	- 1,040 hours
<b>Totals</b>	24 responses	338,520 hours	28 responses	394,940 hours	- 5 responses	- 56,000 hours

The impacts on FERC-725 overall are itemized below in Table 15-3.<sup>12</sup>

<sup>12</sup> Table 15-2 is shown in order to provide a comprehensive view of FERC-725 as it would be affected in the proposed rule.

**Table 15-3**  
**Annualized Burden Changes in FERC-725 Overall as a Result of Program Changes and Adjustments**

<b>A. Type of Response</b>	<b>B. Requested Annualized Responses<sup>13</sup></b>	<b>C. Requested Annualized Hours</b>	<b>D. Previously Approved Annualized Responses</b>	<b>E. Previously Approved Annualized Hours</b>	<b>F. Net Change in Annualized Responses (Column B - Column D)</b>	<b>G. Net Change in Annualized Hours (Column C - Column E)</b>
Self-Assessments (ERO)	0.33 response	1,373 hours	0.20 response	832 Hours	+ 0.13 response	+ 541 hours
Reliability Assessments (ERO)	5.5 responses	85,800 hours	5.5 responses	85,800 hours	0 responses	0 hours
Reliability Compliance (ERO)	2 responses	40,560 hours	2 responses	40,560 hours	0 responses	0 hours
Standards Development (ERO)	1 response	21,840 hours	1 response	21,840 hours	0 responses	0 hours
Other Reporting (ERO)	1 response	2,080 hours	1 response	2,080 hours	0 responses	0 hours
<i>ERO, Sub-Total</i>	<i>9.83 responses</i>	<i>151,653 hours</i>	<i>9.7 responses</i>	<i>151,112 hours</i>	<i>+ 0.13 response</i>	<i>+ 541 hours</i>
Self-Assessments (Regional Entities) <sup>14</sup>	1.98 responses	8,237 hours	1.4 responses	5,824 hours	+ 0.58 response	+ 2,413 hours

<sup>13</sup> Unlike the previously approved burden estimates for FERC-725, which at the time accurately accounted for seven Regional Entities, the estimated numbers of responses for Regional Entities in this IC request account for the current number of six Regional Entities.

<sup>14</sup> ROCIS rounded up the annualized number of responses for Regional Entities' self-assessments to two. This rounding-up affected the burden-hour estimate for this IC activity as well as the number of responses shown in ROCIS.

<b>A. Type of Response</b>	<b>B. Requested Annualized Responses</b>	<b>C. Requested Annualize d Hours</b>	<b>D. Previously Approved Annualize d Responses</b>	<b>E. Previously Approved Annualize d Hours</b>	<b>F. Net Change in Annualize d Responses (Column B - Column D)</b>	<b>G. Net Change in Annualize d Hours (Column C - Column E)</b>
Reliability Assessments (Regional Entities)	6 responses	93,600 hours	7 responses	109,200 hours	- 1 response	- 15,600 hours
Reliability Compliance (Regional Entities)	6 responses	224,640 hours	7 responses	262,080 hours	- 1 response	- 37,440 hours
Standards Development (Regional Entities)	6 responses	14,040 hours	7 responses	16,380 hours	- 1 response	- 2,340 hours
Other Reporting (Regional Entities)	6 responses	6,240 hours	7 responses	7,280 hours	- 1 response	- 1,040 hours
<i>Regional Entities, Sub-Total</i>	<i>25.98 responses</i>	<i>346,757 hours</i>	<i>29.4 responses</i>	<i>400,764 hours</i>	<i>- 3.42 responses</i>	<i>- 54,007 hours</i>
Stakeholder Survey (Registered Entities)	281.8 responses	2,254 hours	281.8 responses	2,254 hours	0 responses	0 hours
Reliability Compliance (Registered Entities)	1,409 responses	563,600 hours	1,409 responses	563,600 hours	0 responses	0 hours
<i>Registered Entities, Sub-Total</i>	<i>1,690.8 responses</i>	<i>565,854 hours</i>	<i>1,690.8 responses</i>	<i>565,854 hours</i>	<i>0 responses</i>	<i>0 hours</i>
<b>Totals</b>	1726.61 responses	1,064,264 hours	1,729.9 responses	1,117,730 hours	- 3.29 responses	- 53,466 hours

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

FERC-725 (OMB Control No. 1902-0225)  
RM21-12-000, RIN 1902-AF78

There are no tabulating, statistical or tabulating analysis or publication plans for the collection of information. The data are used for regulatory purposes only.

**17. DISPLAY OF EXPIRATION DATE**

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

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

There are no exceptions.