

**Supporting Statement for the FERC 1005 Collection as Required by Proposed Rule  
RM22-13-000 (Credit-Related Information Sharing)**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) approve, for three years, the information collection requirements in FERC-1005 as directed by the final rule in Docket No. RM22-13-000 (Credit-Related Information Sharing).

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

Pursuant to section 206 of the Federal Power Act (FPA),<sup>1</sup> the Commission is proposing to revise section 35.47 of Title 18 of the Code of Federal Regulations to permit organized wholesale electric markets, i.e., regional transmission organizations (RTOs) and independent system operators (ISOs), to share credit-related information with each other. The change is intended to improve RTOs'/ISOs' ability to accurately assess market participants' credit exposure and risks related to their activities across organized wholesale electric markets. The sharing of such information could also allow RTOs/ISOs to respond to credit events more quickly and effectively, minimizing the overall credit-related risks of unexpected defaults by market participants in RTOs and ISOs.

To ensure that RTOs'/ISOs' credit policies remain just and reasonable, the Commission is revising its regulations to require each RTO/ISO to adopt tariff provisions that permit it to share market participants' credit-related information with other RTOs/ISOs to enhance credit risk assessment efforts.

This collection of information includes: (1) a compliance filing submitted to the Commission by each RTO/ISO in which it will revise its tariff provisions; and (2) ongoing efforts by the RTOs/ISOs to share credit-related information between each other. Once the Commission acts on the RTO/ISO compliance filings, the only ongoing information collection would be the sharing of credit-related information among the RTOs/ISOs.

---

<sup>1</sup> 16 U.S.C. § 824e.

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

The Commission's final rule revises its regulations to:

- Require each RTO/ISO to adopt tariff provisions that permit it to share market participants' credit-related information with other RTOs/ISOs for the purpose of credit risk management and mitigation;
- Require each RTO/ISO to adopt tariff provisions that allow it to use credit-related information received from another RTO/ISO to the same extent and for the same purposes that the receiving RTO/ISO may use credit-related information collected from its own market participants; and
- Require each RTO/ISO to treat credit-related information received from another RTO/ISO as confidential under the terms set forth in the tariff of the receiving RTO/ISO.

The information sharing aspect of FERC-1005 is intended to apply to credit-related information including: (1) lists of market participants with positions in that market; (2) reports and metrics around risk and credit exposures; (3) disclosure that a market participant or affiliate has defaulted on any of its financial or contractual obligations, failed to pay invoices on a timely basis, or failed to meet a collateral call; (4) information regarding a market participant's or its affiliate's unresolved credit/collateral issues; (5) information indicating that a market participant or its affiliate has an increased risk of default, such as instances where a market participant or its affiliate has experienced a material adverse condition or material adverse change under an RTO/ISO open access transmission tariff (OATT) or related agreement; and (6) any other information on a market participant or its affiliate that indicates a possible material adverse change in creditworthiness or financial status or an unreasonable credit risk.

The purpose of this information collection is to reduce the risk of credit failures and liquidity challenges in organized wholesale electric markets, in particular for entities operating in multiple such markets. The information collection would allow RTOs/ISOs to gain additional visibility into their market participants' financial condition and to administer organized wholesale electric markets more effectively both as part of ongoing "business-as-usual" credit risk management practices and during market or credit events.

In this information collection, the Commission is not collecting credit-related information itself; instead, it is prescribing that RTOs/ISOs shall be able to share credit-related information with each other. Without this information sharing, an RTO's/ISO's ability to evaluate a market participant's creditworthiness and respond to credit events may be restricted. An RTOs'/ISO's ability to prevent or mitigate default by market participants may also be limited by an inability to receive credit-related information from other organized wholesale electric markets. Because the costs of such defaults are typically borne by non-defaulting market participants, an RTO's/ISO's lack of access to credit-related information could lead to unjust and unreasonable rates for its market participants.

The information collection from the compliance filing is necessary to ensure that RTO's/ISO's tariffs comply with the revised regulations and the final rule.

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

With this collection, the Commission would not receive credit-related information because the proposed rule is requiring RTOs/ISOs to modify their tariff provisions to share such information with each other, not with the Commission. However, the Commission supports the use of electronic transfer of the information and supports electronic submissions for the compliance filing through FERC Online eFiling.

**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 SECTION NO. 2**

Credit-related information is generally regarded as confidential information and it is not collected by the Commission. The Final Rule in Docket No. RM22-13-000 requires that this information remains within the RTOs/ISOs. The Commission does not know of any other places where this information is collected or maintained accessible to all RTOs/ISOs. Certain elements of a market participant's credit-related information may be available from financial market entities or regulators, such as credit scores and posted

collaterals, but details of a market participant's standing in any given RTO/ISO is generally only available to that RTO/ISO.

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

The Commission seeks to pose the least possible burden on all entities. However, the entities subject to the final rule in Docket No. RM22-13-000 are the six Commission-jurisdictional RTOs/ISOs that operate in the United States. These entities are not considered small entities.

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

The compliance filing to update the tariff provisions will only be collected shortly after the effective date of the final rule. Then, no data will be collected by the Commission; instead, credit-related information will be shared by RTOs/ISOs with one another, as described in an RTO's/ISO's tariff provisions. The Commission believes that these are the minimum collections required to be effective in preserving just and reasonable rates. The frequency of the ongoing information collection and sharing of the credit-related information is to be determined by the RTOs/ISOs at their discretion.

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

There are no special circumstances relating to this information collection.

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

The Commission issued a notice of proposed rulemaking (NOPR) on July 28, 2022, and received a variety of comments. For example, the ISO/RTO Council (IRC), which represents the six jurisdictional RTOs/ISOs, and Edison Electric Institute (EEI) stated that the NOPR proposal would enhance RTOs'/ISOs' ability to accurately assess market participants' credit exposure and assist RTOs/ISOs in their efforts to respond more

quickly and effectively to credit events.<sup>2</sup> The FirstEnergy Utility Companies and East Kentucky Power Cooperative, Inc. (Indicated PJM Utilities) and EEI both offered qualified support for the NOPR proposal, while requesting the Commission define more precisely “credit-related information” that RTOs/ISOs would be permitted to share.<sup>3</sup> Several commenters, including Electric Power Supply Association (EPSA) and Dominion Energy Services, Inc. (Dominion) expressed concern about the level of discretion granted to the RTOs/ISOs.<sup>4</sup> The IRC and Southwest Power Pool Market Monitoring Unit (SPP MMU) both requested the Commission decline to further define “credit-related information.”<sup>5</sup>

In response to these comments, the Commission declined to further define credit-related information and found a more specific and restrictive definition would unnecessarily narrow the information that RTOs/ISOs could share and would unnecessarily limit RTOs’/ISOs’ discretion in an area that is well within their responsibility and expertise. Further, the Commission found that providing RTOs/ISOs flexibility about what credit-related information to share and how to use credit-related information it receives would improve the RTOs’/ISOs’ ability to mitigate credit risks.

Several parties argued that existing tariff confidentiality provisions are not sufficiently uniform to provide consistent protection to market participants’ credit-related information. Indicated PJM Utilities and EEI each argued that the Commission therefore should adopt a uniform confidentiality provision applicable to market participants’ credit-related information across the organized wholesale electric markets.<sup>6</sup> In response, the Commission adopted the regulations proposed in the NOPR to require that an RTO/ISO that receives credit-related information from another RTO/ISO treat that information as it would any other credit-related information received directly from one of its own market participants.

With respect to the compliance filing information collection, New England Power Pool Participants Committee (NEPOOL) requests that the Commission allow RTOs/ISOs up to

---

<sup>2</sup> IRC Initial Comments at 2; EEI Comments at 3.

<sup>3</sup> EEI Comments at 3; Indicated PJM Utilities Comments at 13-14.

<sup>4</sup> Dominion Comments at 4-5; EPSA Comments at 6.

<sup>5</sup> IRC Comments at 3; SPP MMU Comments at 4.

<sup>6</sup> Indicated PJM Utilities Comments at 13; EEI Comments at 4.

120 days to develop revisions to their OATTs if requested by an RTO/ISO.<sup>7</sup> In response, the Commission clarified that RTOs/ISOs may ask to extend the 60-day deadline, as necessary.

Prior to the NOPR, in 2019, Energy Trading Institute (ETI) submitted a petition requesting that the Commission convene a technical conference and consider a potential rulemaking to improve RTO/ISO credit practices.<sup>8</sup> In response to ETI's petition, the Commission received comments suggesting that the industry would benefit from a discussion about best practices and the differences among RTO/ISO credit policies.

Following this petition, the Commission organized a technical conference on February 25 and 26, 2021. During the conference, Commission staff and panelists discussed principles and best practices for credit risk management in organized wholesale electric markets. Panelists at the technical conference included credit risk experts, market participants with experience in RTO/ISO credit policy compliance, and RTO/ISO risk officers. Panelists also emphasized that there could be risk management benefits from sharing market participants' credit-related information among RTO/ISO credit departments.<sup>9</sup>

The Commission further solicited post-technical conference comments and received several on the topic of information sharing between RTOs/ISOs. The IRC advocated for the Commission to require RTOs/ISOs to adopt tariff revisions implementing a permissive credit-related information sharing policy and provided a list of the kinds of credit-related information that could be shared.<sup>10</sup> ETI commented that one potential risk

---

<sup>7</sup> NEPOOL Comments at 9-10.

<sup>8</sup> Energy Trading Institute Request for Technical Conference and Petition for Rulemaking to Update Credit and Risk Management Rules and Procedures in the Organized Markets, *Credit Reforms in Organized Wholesale Electric Markets*, Docket No. AD20-6-000 (Dec. 16, 2019).

<sup>9</sup> See *RTO/ISO Credit Principles and Practices*, Technical Conference, Docket No. AD21-6-000, *et al.*, Tr. 100:24-102:20, 106:1-24 (Bloczynski) (Feb. 25, 2021); *id.* at Tr. 102:25-104:5 (Brown); *id.* at Tr. 104:7-105:9 (Prevratil); *id.* at Tr. 105:12-105:24 (Seghesio). Further, one panelist emphasized that credit-related information sharing would bring additional transparency to organized wholesale electric markets to the benefit of market participants and consumers. See *id.* at Tr. 30:15-23, 58:1-9 (Heinle).

<sup>10</sup> IRC Comments at 8.

with information sharing across RTOs/ISOs is that it would trigger the RTOs/ISOs to limit or suspend market activity to the detriment of that market participant.<sup>11</sup> NEPOOL commented that, while the general proposal to allow for the sharing of confidential information among RTOs/ISOs might be reasonable, the details to accomplish that proposal need to be considered within each RTO/ISO prior to any Commission action.<sup>12</sup>

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

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

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

The compliance filing made by each RTO/ISO will be considered public information when submitted to the Commission. However, credit-related information that is shared among RTOs/ISOs after the Commission acts on these compliance filing is not intended to be shared with the Commission. Furthermore, credit-related information would be protected consistent with each RTO's/ISO's confidentiality provisions.

## **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.**

These collections are not delivered to the Commission. This collection is a requirement for RTOs/ISOs to share credit-related information as it pertains to market participants within their own organized wholesale electric market with other RTOs/ISOs.

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

The FERC-1005 collection is separated into two activities. The first activity relates to the compliance filing with the Commission under which an RTO/ISO updates its tariff

<sup>11</sup> ETI Comments on at 12-13.

<sup>12</sup> NEPOOL Comments at 6-8.

provisions. The second activity is the ongoing burden related to information sharing among the RTOs/ISOs.

The following tables provide the estimated annual burden<sup>13</sup> and cost<sup>14</sup> related to the FERC-1005 information collection requirements:

<b>A. Collection</b>	<b>B. Number of Respondents</b>	<b>C. Annual Number of Responses per Respondent</b>	<b>D. Total Number of Responses (Column B x Column C)</b>	<b>E. Average Burden Hrs. &amp; Cost per Response</b>	<b>F. Total Annual Hr. Burdens &amp; Total Annual Cost (Column D x Column E)</b>	<b>G. Cost per Respondent (Column F ÷ Column B)</b>
RTO/ISOs (compliance filing) <sup>15</sup>	6	1	6	25 hrs.; \$2,175	150 hrs.; \$13,050	\$2,175
RTO/ISOs (ongoing information sharing) <sup>16</sup>	6	2	12	4 hrs.; \$348	48 hrs.; \$4,176	\$696
Totals		3	18	—	198 hrs.; \$17,226	\$2,871

<sup>13</sup> Burden is defined as the total time, effort, or financial resources expended by persons to generate, maintain, retain, disclose, or provide information to or for a Federal agency. For further explanation of what is included in the information collection burden, refer to Title 5 Code of Federal Regulations 1320.3. The burden hours and costs are rounded for ease of presentation.

<sup>14</sup> The Commission assumes the cost to industry for the FERC-1005 collection is comparable to the FERC 2021 Commission-wide average cost salary plus benefits of \$87.00/hour .

<sup>15</sup> The Commission’s hourly and cost estimates for the compliance filing assumes that each RTO/ISO would need to develop and file tariff revisions with the Commission.

<sup>16</sup> The Commission does not know the extent of information sharing that would occur in this proposed rule but estimates that information sharing may occur roughly twice per year on average, per RTO/ISO. The Commission invites comment by affected entities if they believe the estimate is unreasonable.



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

The total annual cost to respondents is related to burden hours and the Commission does not estimate any additional costs for FERC-1005.

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

The estimate of the cost for “analysis and processing of filings”<sup>17</sup> is based on salaries and benefits for professional and clerical support. This estimated cost represents staff analysis, decision-making, and review of any actual filings submitted in response to the information collections. The corresponding annual and hourly FERC costs use the figures for 2021, as noted.

The Paperwork Reduction Act (PRA) Administrative Cost (estimate of \$7,694 per collection annually) is the average annual FERC cost associated with preparing, issuing, and submitting materials necessary to comply with the PRA of 1995 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.

	<b>Number of Employees (FTE)</b>	<b>Estimated Annual Federal Cost</b>
--	--------------------------------------	--

---

<sup>17</sup>The estimate uses the FERC’s FY 2022 average annual salary plus benefits of one FERC FTE (full-time equivalent [\$188,922 per year or \$91.00 per hour]). (These estimates were updated in June 2021.)

Analysis and Processing of filings <sup>18</sup> for FERC-1005	0.06 (rounded) <sup>19</sup>	\$11,335 <sup>20</sup>
PRA Administrative Cost		\$7,694
<b>FERC Total</b>		<b>\$19,029</b>

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

The following table shows the total burden of the collection 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.

	<b>Total Request</b>	<b>Previously Approved</b>	<b>Change due to Adjustment in Estimate</b>	<b>Change Due to Agency Discretion</b>
Annual Number of Responses	18	-	0	0
Annual Time Burden (Hr.)	198	-	0	0
Annual Cost Burden (\$)	\$0	-	\$0	\$0

## 16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no data publications.

## 17. DISPLAY OF EXPIRATION DATE

<sup>18</sup> The FERC 1005 collection does not collect or analyze information, it requires credit-related information sharing amongst RTOs/ISOs. Therefore, the only cost to the government is the PRA related costs.

<sup>19</sup> The Commission estimates 120 hours of federal employee time required to review the compliance filing. One full employee is 2080 hours per year, when divided, it results in the total employee calculation to be .06 of an employee (rounded).

<sup>20</sup> The annual federal cost is derived from the total cost of the compliance filing divided by three years the collection would be active. The total cost is calculated to be \$10,440.

Final Rule in RM22-13-000 for FERC-1005 Credit-Related Information Sharing  
OMB Control No. 1902-0325  
RIN: 1902-AG02

FERC provides the OMB Control Numbers of the information collections along with their expiration dates on this site at [Information Collections | Federal Energy Regulatory Commission \(ferc.gov\)](#).

## **18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

There are no exceptions.