

Supporting Statement for
FERC-725Z (Mandatory Reliability Standards: IRO Reliability Standards)

The Federal Energy Regulatory Commission (Commission or FERC) requests the Office of Management and Budget (OMB) review and approve the mandatory reliability standards associated with FERC-725Z for three years. This request includes the retirement of the current effective standard IRO-010-4 and updating to the reliability standard IRO-010-5.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

On August 8, 2005, The Electricity Modernization Act of 2005, Title XII of the Energy Policy Act of 2005 (EPAAct of 2005), was enacted into law.¹ EPAAct of 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.

Section 215 of the FPA requires the Commission-certified ERO to develop mandatory and enforceable Reliability Standards, subject to Commission review and approval. Once approved, the Reliability Standards may be enforced in the United States by the ERO subject to Commission oversight, or by the Commission independently. Pursuant to the requirements of FPA section 215, the Commission established a process to select and certify an ERO² and, subsequently, certified the North American Electric Reliability Corporation (NERC)³ as the ERO. Pursuant to Section 215(d)(1) of the FPA and 18 CFR 39.5, the NERC is authorized to submit for Commission approval proposed Reliability Standards, and to propose revision or retirement of such standards.

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

¹ The Energy Policy Act of 2005, Pub. L. No 109-58, Title XII, Subtitle A, 119 Stat. 594, 941 (2005), codified at 16 U.S.C. 824o (2006).

² Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards, Order No. 672, FERC Stats. & Regs. ¶ 31,204, order on reh'g, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

³ The retirements will result in the elimination of 18 of 76 Reliability Standard requirements.

RD23-6 for IRO-010-5

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.

NERC established the following IRO standards (Reliability Standards IRO-001, IRO-002, IRO-008, IRO-009, IRO-010, IRO-014, IRO-017, and IRO-018) within FERC-725Z:

Additionally, regarding data exchange, NERC cites Reliability Standard IRO-010-4 (Reliability Coordinator Data Specification and Collection) and its stated purpose of preventing instability, uncontrolled separation, or cascading outages “by ensuring the Reliability Coordinator has the data it needs to monitor and assess the operation of its Reliability Coordinator Area.”

NERC states that under Reliability Standard IRO-010-4, Requirements R1, R2 and R3, the reliability coordinator must specify the data necessary for it to perform its operational planning analyses and provide the specifications to the entities from which it needs data who then must comply with the data request using a mutually agreeable format and security protocols.

NERC observes that the performance of the requirements it cites is premised on the existence of data exchange capabilities, regardless of whether a separate requirement expressly requires the reliability coordinator to have data exchange capabilities in place.

On September 21, 2023, the North American Electric Reliability Corporation (NERC) filed a petition (NERC Petition) seeking approval of proposed Reliability Standards IRO-010-5 (Reliability Coordinator Data and Information Specification and Collection), the associated Violation Risk Factors and Violation Severity Levels, and the proposed implementation plan including the retirement of the currently effective Reliability Standards IRO-010-4.

The primary purpose of this project is to simplify administrative burdens and mitigate potential zero defects and expectations associated with the current IRO-010-4 standard, while ensuring that Registered Entities with operational responsibilities continue to request and receive the data necessary to support Operational Planning Analysis, Real-time Assessments, Real-time monitoring, and Balancing Authority analysis functions. This implementation plan reflects consideration that responsible entities will need time to develop revised data and information specifications under Reliability Standard IRO-010-5, including: (i) developing new protocols for submission periodicity,

performance criteria, and provisions to update information as needed; (ii) developing provisions for using intermediary entities to provide data; and (iii) codifying in the data and information specification the mutually agreed upon formats, process for resolving conflicts, and security protocols to use for data and information exchange. This implementation plan also reflects consideration of the time that responsible entities will need to distribute the revised data and information specifications to the reporting entities, and that the reporting entities will need to comply with the revised data and information specifications.

The effective date of reliability standard IRO-010-5, where approval by an applicable governmental authority is required, the standard shall become effective on the first day of the first calendar quarter that is eighteen (18) months after the effective date of the applicable governmental authority's order approving the standard, or as otherwise provided for by the applicable governmental authority. Although approval by an applicable governmental authority is not required, the standard shall become effective on the first day of the first calendar quarter that is eighteen (18) months after the date the standard is adopted by the NERC Board of Trustees, or as otherwise provided for in that jurisdiction. The retirement date of reliability standard IRO-010-4 shall be retired immediately prior to the effective date of reliability standard IRO-010-5 in the jurisdiction in which the revised standards are becoming effective.

3. 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 the respondents are likely to make and keep related records in an electronic format. Each of the eight Regional Entities possesses 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.

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 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.

5. 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 508.⁴

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

Purpose of IRO-010-5 — (Reliability Coordinator Data Specification and Collection): To prevent instability, uncontrolled separation, or Cascading outages that adversely impact reliability, by ensuring the Reliability Coordinator has the data it needs to monitor and assess the operation of its Reliability Coordinator Area. If this standard and the associated information collection requirements did not exist or were performed less frequently, it would not be possible to ensure that applicable entities have the access to data needed from other entities to ensure reliability of the Bulk-Power System. This would likely lead to lower system reliability and higher vulnerability and risk by operating in an unknown state.

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

⁴ NERC Rules of Procedure Sections 507 and 508 are available at: https://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC_ROP_Effective_20190125.pdf.

The 60-day notice was published on December 12, 2023⁵, and one comment was received. The 30-day notice was published on April 2, 2024⁶. In response to the December 6, 2023, Docket No. RD23-6-000 Commission Information Collection Activities (FERC-725A) and FERC-725Z) 60-day notice, one comment was received. The comment challenged the estimate of average burdens and costs of the collection of information for Reliability Standards IRO-010-5 for Transmission Operators (TOPs) and Balancing Authorities (BAs) of total hours each for years one and two (Reliability Standard IRO-010-5 of 25,392 total hours). The comment notes that the estimates appear to capture burden estimates and costs of initial implementation only within years one and two and does not capture requirements beyond year three and forward.

Staff has reviewed the comment and has updated the estimates to reflect the reporting burden to be an annual burden, instead of just for years one and two. Tables for 725Z (IRO Reliability Standards) have been updated to show the change with the original estimates, followed by the revised table for this collection.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

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

10. 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.

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

⁵ 88 FR 86121

⁶ 89 FR 22702

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

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The estimated annual burden and cost related to the reporting and recordkeeping requirements for FERC-725Z are as follows.

Original 725Z Table (60-day notice)

| IRO-010-5 – Reliability Coordinator Data and Information Specification and Collection for Years 1 and 2 | | | | | |
|--|--|--|--|---|--|
| FERC-725Z, OMB Control No. 1902-0276 | | | | | |
| Type of Entity | Number of Respondents⁷ (1) | Annual Number of Responses per Respondent (2) | Total Number of Responses (1)*(2)=(3) | Average Burden & Cost Per Response (4)⁸ | Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5) |
| RC | 12 | 1 | 12 | 80hrs.; \$5,429.60 | 960 hrs.; \$65,155.20 |
| BA | 98 | 1 | 98 | 8hrs.; \$542.96 | 784 hrs.; \$53,210.08 |
| GO | 1,164 | 1 | 1,164 | 8hrs.; \$542.96 | 9,312 hrs.; \$632,005.44 |
| GOP | 1,002 | 1 | 1,002 | 8hrs.; \$542.96 | 8,016 hrs.; \$544,045.92 |
| TOP | 166 | 1 | 166 | 8hrs.; \$542.96 | 1,328 hrs.; \$90,131.36 |
| TO | 323 | 1 | 323 | 8hrs.; \$542.96 | 2,584 hrs.; \$175,376.08 |

⁷ Values represent unique US entities as based on the NERC compliance registry information as of September 22, 2023.

⁸ The estimated hourly cost (salary plus benefits) is a combination based on the Bureau of Labor Statistics (BLS), as of 2022, for 75% of the average of an Electrical Engineer (17-2071) \$77.29/hr., $77.29 \times .75 = 57.9675$ (\$57.97-rounded) (\$57.97/hour) and 25% of an Information and Record Clerk (43-4199) \$39.58/hr., $39.58 \times .25 = 9.895$ (\$9.90 rounded) (\$9.90/hour), for a total ($57.97 + 9.90 = 67.87$ /hour)

| | | | | | |
|--|-----|---|-----|--------------------|---|
| DP | 301 | 1 | 301 | 8hrs.; \$542.96 | 2,408 hrs.; \$163,430.96 |
| FERC-725Z for IRO-010-5 Total Years 1&2 | | | | | 25,392 hrs.; \$1,723,355.04 |
| FERC-725Z for IRO-010-5 Total Year 3 and beyond | | | | | No Change to existing burden |

Revised IRO-010-5, 725Z table:

| IRO-010-5 – Reliability Coordinator Data and Information Specification and Collection Annual | | | | | |
|---|--|--|--|--|--|
| FERC-725Z, OMB Control No. 1902-0276 | | | | | |
| Type of Entity | Number of Respondents⁹ (1) | Annual Number of Responses per Respondent (2) | Total Number of Responses (1)*(2)=(3) | Average Burden & Cost Per Response (4)¹⁰ | Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5) |
| RC | 12 | 1 | 12 | 80hrs.; \$5,429.60 | 960 hrs.; \$65,155.20 |
| BA | 98 | 1 | 98 | 8hrs.; \$542.96 | 784 hrs.; \$53,210.08 |
| GO | 1,164 | 1 | 1,164 | 8hrs.; \$542.96 | 9,312 hrs.; \$632,005.44 |

⁹ Values represent unique US entities as based on the NERC compliance registry information as of September 22, 2023.

¹⁰ The estimated hourly cost (salary plus benefits) is a combination based on the Bureau of Labor Statistics (BLS), as of 2022, for 75% of the average of an Electrical Engineer (17-2071) \$77.29/hr., 77.29 x .75 = 57.9675 (\$57.97-rounded) (\$57.97/hour) and 25% of an Information and Record Clerk (43-4199) \$39.58/hr., \$39.58 x .25% = 9.895 (\$9.90 rounded) (\$9.90/hour), for a total (\$57.97+\$9.90 = \$67.87/hour).

| | | | | | |
|--|-------|---|-------|--|-----------------------------|
| GOP | 1,002 | 1 | 1,002 | 8hrs.; \$542.96 | 8,016 hrs.; \$544,045.92 |
| TOP | 166 | 1 | 166 | 8hrs.; \$542.96 | 1,328 hrs.; \$90,131.36 |
| TO | 323 | 1 | 323 | 8hrs.; \$542.96 | 2,584 hrs.; \$175,376.08 |
| DP | 301 | 1 | 301 | 8hrs.; \$542.96 | 2,408 hrs.; \$163,430.96 |
| FERC-725Z for IRO- 010-5 Annual | | | | 25,392 hrs.; \$1,723,355.04 | |

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The costs related to the changes due to Docket No. RD23-6 are associated with burden hours (labor) and described in #12 and #15.

14. 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 estimate of the cost for ‘analysis and processing of filings’¹¹ is based on salaries and benefits for professional and clerical support. 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 | Number of Employees (FTE) | Estimated Annual Federal Cost |
|----------------------|--------------------------------------|--|
|----------------------|--------------------------------------|--|

¹¹ The estimate uses the FERC’s FY 2024 average annual salary plus benefits of one FERC FTE (full-time equivalent [\$207,786 per year or \$100.00 per hour]).

| | | |
|------------------------------------|-----|----------------|
| Analysis and Processing of filings | 0.0 | \$0 |
| PRA Administrative Cost | | \$8,396 |
| FERC Total | | \$8,396 |

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

Due to the revision of IRO-010-4 (now IRO-010-5) the burden increased to 4,043 (increase of 3,066 responses) annual responses and 74,742 (increase of 25,392 burden hours) annual burden hours. The balance will return to the existing burden after Year 3.

| | Total Request | Previously Approved | Change due to Adjustment in Estimate | Change Due to Agency Discretion |
|----------------------------|----------------------|----------------------------|---|--|
| Annual Number of Responses | 4,043 | 977 | 0 | 3,066 |
| Annual Time Burden (Hrs.) | 74,742 | 49,350 | 0 | 25,392 |
| 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.

17. DISPLAY OF EXPIRATION DATE

The expiration dates are posted on ferc.gov at <https://www.ferc.gov/information-collections>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.