

Supporting Statement
**FERC-725D, Mandatory Reliability Standards FAC-001-4 and FAC-002-4,
RD22-5-000 (1902-0247)**

The Federal Energy Regulatory Commission (Commission or FERC) is requesting approval of a revision of FERC-725D to replace Reliability Standards FAC-001-3 and FAC-002-3 with Reliability Standards FAC-001-4 and FAC-002-4, which were approved by the Commission in Docket No. RD22-5-000.

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.¹ 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.

Section 215 of the FPA requires a Commission-certified ERO to develop mandatory and enforceable Reliability Standards, subject to Commission review and approval.² Once approved, the Reliability Standards may be enforced by the ERO subject to Commission oversight or by the Commission independently.³ In 2006, the Commission certified the North American Electric Reliability Corporation (NERC) as the ERO⁴ pursuant to section 215 of the FPA.⁵

Facilities Design, Connections, and Maintenance Reliability Standards address topics such as facility interconnection requirements, facility ratings, system operating limits, and transfer capabilities. These Reliability Standards are designated with the prefix “FAC.” On November 23, 2022, the Commission published an order approving new Reliability Standards FAC-001-4 and FAC-002-4 (87 FR 71602). Those new standards replace previously approved Reliability Standard FAC-001-3 and FAC-002-3, and help

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 *Id.* § 824o(c), (d).

³ *Id.* § 824o(e).

⁴ “Electric Reliability Organization” or “ERO” means the organization certified by the Commission the purpose of which is to establish and enforce Reliability Standards for the Bulk-Power System, subject to Commission review.

⁵ *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh’g and compliance*, 117 FERC ¶ 61,126 (2006), *order on compliance*, 118 FERC ¶ 61,190, *order on reh’g*, 119 FERC ¶ 61,046 (2007), *aff’d sub nom. Alcoa Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

ensure appropriate coordination and communication regarding the interconnection of facilities.

The previously approved collections of information associated with “FAC” Reliability Standards are designated as FERC-725D (OMB Control Number 1902-0247). As explained in the order published on November 23, 2022 in Docket No. RD22-5-000, another information collection request pertaining to FERC-725D was pending at OMB, and only one request per information collection is allowed to be pending at OMB at the same time. FERC-725D(1) was designated as a temporary placeholder number to avoid conflicting with the pending request already submitted to OMB regarding FERC-725D.

The Commission has never asked OMB to approve the collections of information associated with the new Reliability Standards as FERC-725D(1). In view of OMB’s approval of the previously pending FERC-725D request, we now ask OMB to revise FERC-725D by replacing replace Reliability Standards FAC-001-3 and FAC-002-3 with Reliability Standards FAC-001-4 and FAC-002-4.

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

In accordance with NERC procedures, all organizations involved in ensuring reliability identify the functions they perform, and they register with NERC as one or more “Functional Entities.” Each respondent in this information collection has registered as one or more of three types of Functional Entities: transmission owners, generator owners, or planning coordinators.

Previously approved Reliability Standard FAC-001-003 required transmission owners and generator owners to complete coordinated studies on new or “materially modified” existing interconnections. As approved in the November 23, 2022 order, new Reliability Standard FAC-001-4 requires coordinated studies of “qualified changes” in interconnections instead of “materially modified” interconnections. This revision is intended to prevent confusion with the Commission-defined term “Material Modification” in *pro forma* interconnection procedures and agreements.⁶ The term “qualified changes” refers to changes in existing interconnected facilities that can have

⁶ The regulation at 18 CFR 35.28(c)(1) requires every public utility that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce to have on file with the Commission an open access transmission tariff consisting of the *pro forma* tariff promulgated by the Commission, or such other tariff as may be approved by the Commission. The regulation at 18 CFR 35.28(f)(1) requires every public utility that is required to have on file a non-discriminatory open access transmission tariff to amend such tariff by adding the standard interconnection procedures and agreement and the standard small generator interconnection procedures and agreement required by the Commission.

reliability impacts and helps ensure that they are properly addressed in interconnection requirements and studies. This clarification does not change the responsibilities of applicable entities (i.e., transmission owners and generator owners).

In the November 23, 2022, order, the Commission also approved a revision to Requirement R6 of previously approved Reliability Standard FAC-002-3 by authorizing the planning coordinator to define the term “qualified change” and requiring public posting of the definition under FAC-002-4. Reliability Standard FAC-002-4 represents a minor additional burden to planning coordinators, due to the requirement that they develop the definition of “qualified change” for new and existing interconnections of generation, transmission, or electricity end user facilities. This burden is expected to be greater in years one and two than in year three and beyond for FAC-002-4. The burden and cost estimates for FAC-002-4 are based on the increase in the reporting and recordkeeping burden imposed by the revised Reliability Standards.

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 is not covered in Facilities Design, Connections, and Maintenance Reliability Standards and is therefore left to the discretion of each reporting entity. Commission staff estimates that nearly all 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

The Commission periodically reviews filing requirements concurrent with OMB review or as the Commission deems necessary to eliminate duplicative filing and to minimize the filing burden. Reliability Standards are developed by a collaborative process which requires industry participation. The Commission is unaware of any other source of information similar to the additional requirements.

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 an entity to share its compliance burden with other entities.

Detailed information regarding these options is available in NERC's Rules of Procedure at sections 507 and 508. Details of NERC's current Rules of Procedure are available on the NERC website at [NERC ROP effective 20240627 with appendicies signed.pdf](#).

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

New Reliability Standard FAC-001-4 requires all applicable entities to document, maintain, and publish interconnection requirements. Failure to properly maintain the interconnection requirement documents and make them available to entities upon request could adversely impact the reliable planning and operation of the bulk electric system because the data needed to perform these studies to determine the impact of interconnecting facilities on existing interconnections as well as on affected systems may not be provided. Further, lack of these documents could result in inaccurate and uncoordinated interconnection studies, leading to possible instances of instability, uncontrolled separation, and cascading failures. The requirements include retention periods that identify the period of time an entity is required to retain specific evidence to demonstrate compliance.

New Reliability Standard FAC-002-4 requires all applicable entities to cooperate in sharing data so that valid and complete studies can be performed to accurately assess the reliability impact of interconnecting new facilities or those facilities that underwent a qualified change. Failing to conduct studies of these interconnecting facilities could lead to instances of violation with other national and regional standards. Also, actual system performance under normal and emergency conditions may not match the results of steady-state, short circuit, and dynamic studies, which could impact bulk electric system reliability and lead to instances of instability, uncontrolled separation, and cascading failures. These requirements include retention periods that identify the period of time an entity is required to retain specific evidence to demonstrate compliance. If a responsible entity is found non-compliant, it shall keep information related to the non-compliance until mitigation is complete and approved.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

FERC-725D has no special circumstances associated with the information collection.

8. DESCRIBE EFFORTS TO CONSULT OUTSIDE THE AGENCY:

SUMMARIZE PUBLIC COMMENTS AND THE AGENCY'S RESPONSE

On November 23, 2022, the Commission included in the order approving new Reliability Standards FAC-001-4 and FAC-002-4 (87 FR 71602) a 60-day notice for the associated information collection designated as FERC-725D(1). No comments were received in response to the 60-day notice.

The Commission published a 30-day notice for FERC-725D(1) on May 16, 2023 (88 FR 31258). No comments were received in response to the 30-day notice.

As explained above and in the order published on November 23, 2022, another information collection request pertaining to FERC-725D was pending at OMB at that time, and FERC-725D(1) was designated as a temporary placeholder number to avoid conflicting with the pending request already submitted to OMB regarding FERC-725D. Subsequently, OMB approved the previously pending information collection request, and we now seek approval of the new Reliability Standards in FERC-725D.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

The Commission does not make payments or provide gifts for respondents related to this collection.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

There are no specific assurances of confidentiality mentioned to respondents.

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE

This collection does not include any questions of a sensitive nature.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The responsibilities of applicable entities for Reliability Standard FAC-001-4 (i.e., transmission owners and generator owners) are the same as those previously approved for Reliability Standard FAC-001-3 (Documentation and Updates).

Compared to Reliability Standard FAC-002-3 (Study and Coordination), Reliability Standard FAC-002-4 (Study and Coordination) represents a minor additional burden to planning coordinators, due to the requirement that they develop the definition of “qualified change” for new and existing interconnections of generation, transmission, or electricity end user facilities. This burden is expected to be greater in years one and two than in year three and beyond for FAC-002-4. The burden and cost estimates for Reliability Standard FAC-002-4 (Study and Coordination) are based on the increase in the reporting and recordkeeping burden imposed by the revised Reliability Standards. Our estimates are based on the NERC Petition for Approval of Reliability Standards FAC-001-4 and FAC-002-4, which states that the Compliance Registry indicates that there are 62 planning coordinators.

Estimated Annual Burdens for FAC-002-4 (Study and Coordination)

A. Type and Numbers of Respondents⁷	B. Number of Annual Responses Per Respondent	C. Total Number of Responses (Column A x Column B)	D. Average Number of Burden Hours and Cost per Response⁸	E. Total Burden Hours and Cost (Column C x Column D)
62 PCs Years 1 and 2	1	62	120 hrs.; \$12,000	7,440 hrs.; \$744,000
62 PCs Ongoing, beginning in Year 3	1	62	40 hrs.; \$4,000	2,480 hrs.; \$248,000

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up or other non-labor hour costs associated with this collection.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

⁷ Planning Coordinators (PC).

⁸ The Commission staff estimates that the average respondent for FERC-725D and RD22-5-000 is similarly situated to the Commission, in terms of salary plus benefits. Based on FERC’s 2024 annual average of \$207,786 (for salary plus benefits), the average hourly cost per full time equivalent is \$100/hour.

The Regional Entities and NERC do the data processing, monitoring, and compliance work for Reliability Standards. Any involvement by the Commission in those activities is covered under the FERC-725 collection (OMB Control No. 1902-0225) and is not part of this request.

The estimated Paperwork Reduction Act (PRA) Administrative Cost of \$8.396 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.

Federal Costs

FERC-725D	Number of Employees (FTEs)	Estimated Annual Federal Cost
Analysis and Processing of filings	0	\$0
PRA Administrative Cost	N/A	\$8,396.00
FERC Total		\$8,396.00

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

As approved in the November 23, 2022, order, Reliability Standard FAC-001-4 does not change the estimated burden for generator owners and transmission owners, who will have the same responsibilities as they have had under Reliability Standard FAC-001-3 to complete coordinated studies on existing interconnections. Reliability Standard FAC-001-4 requires coordinated studies of “qualified changes” in interconnections instead of “materially modified” interconnections.

The only change in burden in this collection of information is a minor additional burden for FAC-002-4 due to the requirement to develop the definition of “qualified change” for new and existing interconnections of generation, transmission, or electricity end user facilities. This minor additional burden is a program change that is estimated to be greater in years one and two than in year three and beyond. This estimated burden is needed so that valid and complete studies can be performed to accurately assess the reliability impact of interconnecting new facilities or those facilities that underwent a qualified change.

**Estimated Annual Burdens Due to the Approval of Reliability Standard FAC-002-4
in Docket No. RD22-5-000**

FERC-725D	Total Requests	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	62	0	0	+62
Annual Time Burden (Hr.)	5,787 ⁹	0	0	+5,787
Annual Cost Burden (\$)	0	0	0	0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no data publications as part of this collection.

17. DISPLAY OF EXPIRATION DATE

It is not appropriate to display the expiration date because the information is not collected on a preformatted form or is part of a Reliability Standard, which do not display OMB expiration dates.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement.

⁹ This estimated burden represents the average of the burdens for Year 1, Year 2, and Year 3, i.e., (7,440 hours + 7,440 Hours + 2,480 hours) ÷ 3.