

**Supporting Statement for proposed revision of FERC-516 (Electric Rate Schedules and
Tariff Filings) from Docket No. RM22-2-000**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review the modification of the information collection requirements in FERC-516 “Electric Rates and Tariffs” (Expires 11/30/2026).

The changes to the FERC-516 are a result of the Final Rule in Docket No. RM22-2-000. The revisions included in RM22-2-000 require respondents to update their *pro forma* Open Access Transmission Tariffs (OATTs), *pro forma* Large Generator Interconnection Agreements (LGIAs), and *pro forma* Small Generator Interconnection Agreements (SGIAs) and require a compliance filing to be submitted to the Commission. This supplemental statement pertains to the *pro forma* LGIAs.

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

The Federal Power Act (FPA)¹ requires respondents that are subject to 18 CFR 35.28 to submit compliance filings. The regulation at 18 CFR 35.28, which pertains to non-discriminatory OATTs, applies to:

- Commission-jurisdictional public utilities that own, control, or operate facilities used for the transmission of electric energy in interstate commerce; and
- Non-jurisdictional utilities that seek voluntary compliance with jurisdictional transmission tariff reciprocity conditions.

Generally, generating facilities that are interconnected to the transmission system are required to operate within a standard power factor range, which represents the proportion of their output that is reactive power versus real power. Currently, transmission providers may elect to pay their own or affiliated generating facilities for the provision of reactive power within the standard power factor range provided that they also must pay unaffiliated generating facilities. These charges are then included in and increase transmission providers’ transmission rates.

The Commission is eliminating this allowance to prohibit all generating facilities, on a comparable basis, from receiving separate payment for the provision of reactive power within the standard power factor range. As such, the Commission is adding language to Schedule 2 of its *pro forma* OATT specifying that transmission rates shall not include any charges associated with compensation to a generating facility for the supply of reactive power within the standard power factor range specified in the generating facility’s interconnection agreement. In addition, the Commission is removing from section 9.6.3 of its *pro forma* LGIA and section 1.8.2 of its *pro forma* SGIA language that requires transmission providers to pay unaffiliated generating facilities for the supply of reactive power within the standard range if transmission providers pay their own or affiliated generating facilities.

¹ 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 revisions to the *pro forma* OATT, *pro forma* LGIA, and *pro forma* SGIA are shown in section III.A of the Final Rule. The Commission is making these revisions to ensure that transmission rates are just and reasonable.

The Commission has allowed transmission providers to pay generating facilities in their service territories for reactive power within the standard power factor range to ensure comparable treatment between generating facilities that are owned by or affiliated with the transmission provider and unaffiliated generating facilities in the transmission provider's service territory or region. However, the provision of reactive power within the standard power factor range results in no or at most a *de minimis* increase in variable costs beyond the cost of providing real power. In many regions of the country, transmission providers do not pay separately for the provision of reactive power within the standard power factor range, instead allowing generating facilities to recover any costs associated with the requirement to provide reactive power within the standard power factor range through the same means by which generating facilities recover the costs associated with the provision of real power. These regions that do not separately compensate for providing reactive power within the standard power factor range have not seen any shortfalls in reactive power supply from generating facilities or other reliability issues stemming from the decision not to separately compensate for providing reactive power within the standard power factor range.

Given that it is only by virtue of comparability that generating facilities were previously entitled to reactive power compensation, the Commission is concerned that continuing to allow transmission providers to elect to separately compensate their own or affiliated generating facilities for the provision of reactive power within the standard power factor range, thereby requiring transmission provider to also pay unaffiliated generating facilities, is resulting in unjust and unreasonable rates for transmission customers.

The information collection activities listed below, which will be added to FERC-516, are all one-time burdens in Year 1. Specifically, the information collection activities are limited to the compliance filing from entities with *pro forma* OATTs, *pro forma* LGIAs, or *pro forma* SGIAs on file with the Commission.

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

The Commission implements its eTariff system for the electronic filing of tariffs. More information on eTariff is posted at <https://www.ferc.gov/ferc-online/etariff>.

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's rules and data requirements are periodically reviewed in conjunction with OMB clearance expiration dates. This includes a review of the Commission's regulations and data requirements to identify duplication. The information to be submitted, generated, retained, or posted, pursuant to the final rule is not available from other sources.

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

Under the Small Business Administration's classification,² the six Regional Transmission Operators and Independent System Operators (RTOs/ISOs) would be considered electric bulk power transmission and control, for which the small business size threshold is 950 or fewer employees. Because each RTO/ISO has more than 950 employees, none are considered small entities. The Commission estimated that 40 transmission providers and three other entities with *pro forma* OATTs, *pro forma* LGIAs, and *pro forma* SGIAs are affected by this final rule and that approximately 14% of those entities are small entities affected by the final rule.

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

The Commission requires this information to perform its mandated oversight and review responsibilities with respect to electric transmission rates being just and reasonable. Without this information, the Commission would be unable to meet its statutory responsibility under section 206 of the FPA to ensure that electric utility rates and tariffs are not unjust, unreasonable, or unduly discriminatory or preferential. Failing to meet this responsibility could result in public utilities charging rates that are not just and reasonable.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

This collection contains no special circumstances.

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

² 13 CFR 121.201 (2023) (Sector 22, Utilities).

The Commission issued a Notice of Proposed Rulemaking on March 21, 2024 and it was published in the Federal Register on March 28, 2024. The Notice of Proposed Rulemaking sought comments on the proposal generally, and comments specifically on: (1) the impact on reliability; (2) the length and alignment of any potential transition period; (3) the impact on investment; and (4) existing reactive power compensation regimes. These matters fall into two categories: (1) the contention that it is unjust and unreasonable for transmission providers to pay generating facilities for reactive power capability within the standard power factor range as set forth in generating facilities' interconnection agreements, as well as the implications of such a finding; and (2) implementation details of the change.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

The Commission makes no payments or gifts to respondents as part of this collection.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The Commission does not consider the information collected in FERC-516 filings to be confidential. However, an entity that chooses to seek confidential treatment of the information may submit a request for the Commission to treat this information as confidential and non-public, consistent with 18 CFR 388.112.

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

There are no questions of a sensitive nature associated with the reporting requirements.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The estimated burden in the table below shows the burden related to the proposed rule in Docket No. RM22-2-000.

| A. Collection | B. Number of Re- spon- dents | C. Annual Number of Re- sponses per Re- spondent | D. Total Number of Re- sponses (Column B x Col- umn C) | E. Aver- age Burden Hrs. & Cost per Re- sponse | F. Total An- nual Hr. Burdens & Total An- nual Cost (Column D x Column E) | G. Cost per Respon- dent (Column F ÷ Col- umn B) |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Entities with Pro Forma Large Generator Inter- connection Agreements (one- time compliance filing) | 43 | 1 | 43 | 4 hrs.; \$400 | 172 hrs.; \$17,200 | \$400 |
| Totals | | — | | — | 172 hrs.; \$17,200 | — |

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no non-labor or Paperwork Reduction Act (PRA)-related costs. All costs are related to burden hours and are addressed in Questions #12 and #15.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The estimates of the cost for analysis and processing of filings are based on salaries and benefits for professional and clerical support. The estimated cost represents staff analysis, decision-making, and review of any actual filings submitted in response to the entire FERC 516 information collection.

The PRA Administrative Cost is a Federal Cost associated with preparing, issuing, and submitting materials necessary to comply with the PRA³ 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, other changes to the collection, and publications in the Federal Register.

The chart below represents the existing estimated annualized cost to the federal government for FERC-516.

| FERC-516 | Number of Employees (Full- | Estimated Annual |
|-----------------|-----------------------------------|-------------------------|
|-----------------|-----------------------------------|-------------------------|

³ 5 CFR 1320.

| | Time Equivalents [FTE] | Federal Cost |
|--------------------------------------------------|-------------------------------|---------------------|
| Analysis and Processing of FERC-516 ⁴ | 38 ⁵ | \$7,895,868 |
| PRA Administrative Cost | | \$8,396 |
| FERC Total | | \$ 7,904,264 |

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

The proposed rule would increase the burden within the FERC 516 information collection by a total of 43 responses and a 172 burden hours. This is due to the one-time compliance filing that would be required to be submitted to the Commission after implementing the changes to a public utility’s tariff to reflect the changes in the *pro forma* OATT that the proposed rule is seeking to modify.

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

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

17. DISPLAY OF THE EXPIRATION DATE

The expiration date is displayed at <https://www.reginfo.gov/public/do/PRAMain>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.

⁴ The Commission’s 2024 average wages plus benefits for one full-time equivalent (FTE) is \$207,786 per year (\$100 per hour).

⁵ The number of FTEs is the agency’s best estimate for all information collection activities of FERC-516. This includes the cost of analysis and processing for all items listed in the burden table in question 12. The Commission will reassess the number of FTEs at the time of the next renewal.