Supporting Statement

FERC-725D, Facilities Design, Connections, and Maintenance Reliability Standards

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review and approve the FERC-725D, Facilities Design, Connections, and Maintenance Reliability Standards, information collection for a three-year period under OMB Control Number 1902-0247.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

On August 8, 2005, the Electricity Modernization Act of 2005, which is Title XII, Subtitle A, of the Energy Policy Act of 2005 (EPAct 2005), was enacted into law. EPAct 2005 adds a new Section 215 to the FPA, which requires a Commission-certified Electric Reliability Organization (ERO) to develop mandatory and enforceable Reliability Standards which are subject to Commission review and approval. Once approved, an ERO would enforce the Reliability Standards either subject to Commission oversight or by the Commission independently.

On February 3, 2006, the Commission issued Order No. 672, implementing section 215 of the FPA. Pursuant to Order No. 672, the Commission certified one organization, NERC, as the ERO. The ERO is required to develop Reliability Standards, which are subject to Commission review and approval. The Reliability Standards applies to users, owners and operators of the Bulk-Power System (BPS), as set forth in each Reliability Standard.

Section 215(d)(2) of the FPA and the Commission's regulations provide that the Commission may approve a proposed Reliability Standard if it determines that the proposal is just, reasonable, not unduly discriminatory or preferential, and in the public interest. The Commission specified in Order No. 672 certain general factors it would consider when assessing whether a particular Reliability Standard is just and reasonable. According to this guidance, a Reliability Standard must provide for the Reliable Operation of BPS facilities and may impose a requirement on any user, owner or operator of such facilities. It must be designed to achieve a specified reliability goal and must contain a technically sound means to achieve this goal. The Reliability Standard should be clear and unambiguous regarding what is required and who is required to comply.

In its petition for approval of FAC-010, FAC-011, and FAC-014, NERC stated that the three FAC Reliability Standards ensure that system operating limits and interconnection reliability operating limits are developed using consistent methods and that those methods contain certain essential elements.

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

The three FAC Reliability Standards (FAC-010-2, FAC-011-2, and FAC-014-2) require planning authorities and reliability coordinators to establish methodologies to determine system operating limits (SOLs) for the BPS in the planning and operation horizons.

The three Reliability Standards do not require responsible entities to file information with the Commission. Nor, with the exception of a three year self-certification of compliance, do the Reliability Standards require responsible entities to file information with the ERO or Regional Entities. However, the Reliability Standards do require responsible entities to develop and maintain certain information for a specified period of time, subject to inspection by the ERO or Regional Entities.

The information generated or maintained is used by the ERO or Regional Entities to verify compliance with the standards. Without being able to verify compliance, the ERO or Regional Entitles would have no method for oversight of these standards. This could lead to a lack of compliance with the standard and degradation in the reliability of the bulk electric system.

Reliability Standard FAC-010-2 requires the planning authority to have a documented methodology for use in developing SOLs and must retain evidence that it issued its SOL methodology to relevant reliability coordinators, transmission operators and adjacent planning authorities. Likewise, the planning authority must respond to technical comments on the methodology within 45 days of receipt. Further, each planning authority must self-certify its compliance to the compliance monitor once every three years. Reliability Standard FAC-011-2 requires similar documentation by the reliability coordinator. Reliability Standard FAC-014-2 requires the reliability coordinator, planning authority, transmission operator, and transmission planner to verify compliance through self-certification submitted to the compliance monitor annually. These entities must also document that they have developed SOLs consistent with the applicable SOL methodology and that they have provided SOLs to entities identified in Requirement 5 of the Reliability Standard. Further, the planning authority must maintain a list of multiple contingencies and their associated stability limits.

These three standards set requirements for the development of SOLs of the BPS for use in the planning and operation horizons. In addition, these standards ensure that the SOLs are determined based on established methodology. SOLs are based on certain operating criteria. These include, but are not limited to:

- Facility Ratings (Applicable pre-and post-Contingency equipment or facility ratings)
- Transient Stability Ratings (Applicable pre-and post-Contingency Stability Limits)
- Voltage Stability Ratings (Applicable pre- and post-Contingency Voltage Stability)
- System Voltage Limits (Applicable pre- and post-Contingency Voltage Limits)

FAC-010-2 (System Operating Limits Methodology for the Planning Horizon)
The stated Purpose of the Reliability Standard is to "ensure that System Operating Limits (SOLs) used in the reliable planning of the Bulk Electric System (BES) are determined based on an established methodology or methodologies." FAC-010-2 applies to "planning authorities" and requires each planning authority to document its methods for determining system operating limits and to share the calculated limits with reliability entities.

Requirement R1 of the Reliability Standard provides that the Planning Authority shall have a documented SOL methodology within its planning area that is applicable to the planning time horizon, does not exceed facility ratings, and includes a description of how to identify the subset of SOLs that qualify as interconnection reliability operating limits (IROLs).

Requirement R2 of the Reliability Standard identifies specific considerations that must be included in the methodology. For example, Requirement R2.1 provides that the methodology must include a requirement that SOLs provide bulk electric system performance so that, in the pre-contingency state and with all facilities in service, the bulk electric system shall demonstrate transient, dynamic and voltage stability and all facilities shall be within their facility ratings.

Reliability Standard FAC-010-2 identifies data retention requirements and two sets of Levels of Non-Compliance, one of general applicability and one for the Western Interconnection. FAC-010-2 also includes Measures corresponding to each Requirement. It identifies the regional reliability organization as the entity responsible for compliance monitoring.

FAC-011-2 (System Operating Limits Methodology for the Operations Horizon)
Reliability Standard FAC-011-2 requires each reliability coordinator to develop a SOL methodology for determining which of the stability limits associated with the list of multiple contingencies are applicable for use in the operating horizon based on actual or expected system conditions.

Requirement R1 of FAC-011-2 states that the Planning Authority shall have a documented SOL Methodology for use in developing SOLs within its planning authority area. R1 indicates that the SOL Methodology must be applicable to developing SOLs used in the planning horizon, state that SOLs shall not exceed associated facility ratings, and include a description of how to identify the subset of SOLs that qualify as IROLs.

Requirement R2 of FAC-011-2 identifies specific considerations that must be included in the methodology in a pre-contingency state and following one or multiple contingencies.

Requirement R3 of FAC-011-2 requires that the methodology for determining SOLs shall include as a minimum a description of the study model, selection of the applicable contingencies,

level of detail of system models used to determine SOLs, allowed uses of Special Protection Systems

FAC-014-2 (Establish and Communicate System Operating Limits)
Reliability Standard FAC-014-2 requires each reliability coordinator, planning authority, transmission planner and transmission operator to develop and communicate SOL limits in accordance with the methodologies developed pursuant to FAC-010-2 and FAC-011-2. FAC-014-2 requires the reliability coordinator to ensure that SOLs are established for its "reliability coordinator area" and that the SOLs are consistent with its SOL methodology. It provides that each transmission operator, planning authority and transmission planner must establish SOLs as directed by its reliability coordinator that are consistent with the reliability coordinator's methodology. Further, FAC-014-2 requires the reliability coordinator, planning authority and transmission planner to provide its SOLs to those entities that have a reliability-related need.

These three Reliability Standards serve an important reliability purpose in ensuring that SOLs used in the reliable planning and operation of the BPS are determined based on an established methodology. Moreover, they clearly identify the entities to which they apply and contain clear and enforceable requirements.

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 and are, therefore, left to the discretion of each respondent.

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.

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

Small entities generally can reduce their burden by taking part in a joint registration organization or a coordinated function registration. These options allow an entity the ability to share its compliance burden with other similar entities.

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

The establishment of how to identify SOLs and use it within the planning and operating horizons is critical to the reliability of the BPS. Failure to keep accurate data could cause contingency cases to be out of date and problem areas not being properly identified.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances related to the information collection.

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

In accordance with OMB requirements, the Commission published a 60-day notice[1] and a 30-day notice[2] to the public regarding this information collection on 3/3/2014 and 5/13/2014 respectively. Within the public notices, the Commission noted that it would be requesting a three-year extension of the public reporting burden. The Commission received no comments from the public regarding this information collection.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no gifts or payments given to the respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

According to the NERC Rule of Procedure[3], "…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 NERC or Regional Entities.

Responding entities do not submit the information collected due to the Reliability Standards to FERC. Rather, they submit the information to NERC, the regions, or maintain it internally. Since there are no submissions made to FERC, FERC provides no specific provisions in order to protect confidentiality.

1 79 FR 11773
2 79 FR 27292
3 Section 1502, Paragraph 2, available at NERCs website

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 total number of planning authorities, reliability coordinators, transmission planners and transmission operators equals 470 (taken from the April 30, 2014, version of NERC's compliance registry).

There are no changes to the information collection requirements.

FERC-725D: (Mandatory Reliability Standards: FAC (Facilities, Design, Connections, and Maintenance)						
	Number of Respondents (1)	**Annual Number of Responses per Respondent (2)**	**Total Number of Responses (1)*(2)=(3)**	**Average Burden Hours & Cost Per Response[4] (4)**	**Total Annual Burden Hours & Total Annual Cost[5] (3)*(4)=(5)**	**Average Annual Cost per Respondent (5)÷(1)**
Annual Reporting	470	1	470	295.7 $20,992	138,980 $9,866,240	$20,992

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up or other non-labor costs associated with the information collection.

Total Capital and Start-up cost: $0
Total Operation, Maintenance, and Purchase of Services: $0

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

4 The estimate for cost per response is derived using the following formula: Total Annual Cost (Column 5) ÷ Total Number of Responses (Column 3) = Average Cost per Response

5 The total annual cost is derived from salary figures from the Bureau of Labor Statistics for two positions involved in the reporting and record-keeping associated with this collection. These figures include salary (http://bls.gov/oes/current/naics2_22.htm) and other associated benefits (http://www.bls.gov/news.release/ecec.nr0.htm):

- Manager: $82.36/hour
- Engineer: $59.62/hour

This results in an average hourly wage of $70.99. 138,980 hours (total annual burden) * $70.99/hour = $9,866,240

FERC-725D	Number of Employees (FTEs) or Number of Hours	Estimated Annual Federal Cost
Analysis and Processing of filings	0	$0
Paperwork Reduction Act Administrative Cost[6]		$5,092
FERC Total		$5,092

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

There is no change in the burden estimates. The Commission is removing the annual cost burden figure from what is submitted to OMB because there are no non-labor costs associated with this collection (see #12 and #13 above).

FERC-725D	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	470	470	0	0
Annual Time Burden (Hr)	138,980	138,980	0	0
Annual Cost Burden ($)	$0	$55,800	$0	$0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no tabulating, statistical or tabulating analysis or publication plans for the collection of information.

17. DISPLAY OF EXPIRATION DATE

The expiration date is displayed in a table posted on ferc.gov at http://www.ferc.gov/docs-filing/info-collections.asp.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

The Commission does not use the data collected for this reporting requirement for statistical purposes. Therefore, the Commission does not use as stated in item (i) of the certification to

6 The Commission bases the cost of Paperwork Reduction Act administration on staff time, and other costs related to compliance with the Paperwork Reduction Act of 1995.

OMB "effective and efficient statistical survey methodology." The information collected is case specific to each information collection.