

FERC-725G (OMB Control No. 1902-0252)
Docket No. RD15-2-000 (Order, issued 3/4/2015)

Supporting Statement for
**FERC-725G, Mandatory Reliability Standards for the Bulk-Power System:PRC
Standards**

(as revised by the Order in Docket No. RD15-2)

The Federal Energy Regulatory Commission (Commission or FERC) is submitting for review the reporting and recordkeeping requirements contained in a new Reliability Standard, PRC-006-2, approved in a Delegated Order (issued 3/4/2015).¹ As stated in the Order,

“[t]he purpose of proposed Reliability Standard PRC-006-2 is to establish design and documentation requirements for automatic underfrequency load shedding (UFLS) programs to arrest declining frequency, assist recovery of frequency following underfrequency events and provide last resort system preservation measures. Proposed Reliability Standard PRC-006-2 states that it is applicable to planning coordinators, UFLS entities (a term defined in the proposed Reliability Standard), and transmission owners that own elements identified in the underfrequency load shedding programs established by planning coordinators.”

This new standard and related burden are in addition to the requirements currently approved under FERC-725G. The Commission is requesting that the Office of Management and Budget (OMB) approve the revised FERC-725G for three years.

Background

On August 8, 2005, the Electricity Modernization Act of 2005 (Title XII of the Energy Policy Act of 2005) (EPAAct 2005), was enacted into law.² EPAAct 2005 added a new section 215 to the Federal Power Act (FPA) and requires a Commission-certified ERO to develop mandatory and enforceable Reliability Standards, which are subject to Commission review and approval. Once approved, the Reliability Standards may be enforced by the ERO, subject to Commission oversight.³

1 The Delegated Order, issued 3/4/2015, is posted at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13793463> . The 60-day notice (issued 3/9/2015, published at 80 FR 13528 (3/16/15)) is posted at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13796053>.

2 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 (2012).

3 A reliability standard defines obligations or requirements of utilities and other entities that operate, plan and use the Bulk-Power System in North America. Meeting these requirements helps to ensure the reliable planning and operation of the bulk power system. Each NERC Reliability Standard details the purpose of the standard, the entities that must comply, and the specific actions that constitute compliance and how the standard will be measured.

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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, North American Electric Reliability Corporation (NERC), as the ERO. The ERO is required to develop Reliability Standards, which are subject to Commission review and approval. The Reliability Standards will apply to users, owners and operators of the Bulk-Power System, as set forth in each Reliability Standard.

On March 16, 2007, the Commission issued Order No. 693, a Final Rule that added part 40 to the Commission's regulations. The Final Rule stated that this part applies to all users, owners and operators of the Bulk-Power System within the United States (other than Alaska or Hawaii).⁴ It also requires that each Reliability Standard identify the subset of users, owners and operators to which that particular Reliability Standard applies. Order No. 693 also requires that each Reliability Standard that is approved by the Commission will be maintained on the ERO's Internet website for public inspection. The Commission approved 83 of 107 proposed Reliability Standards, six of eight proposed regional differences, and the Glossary of Terms used in Reliability Standards as developed by NERC.

In Order No. 763, the Commission approved Reliability Standard PRC-006-1, but directed NERC to include explicit language in a subsequent version of the Reliability Standard clarifying that applicable entities are required to implement corrective actions identified by the planning coordinator in accordance with a schedule established by the same planning coordinator.

Reliability Standard PRC-006-2 is proposed for implementation in Docket RD15-2 and this supporting statement.⁵

A. **Justification**

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

⁴ The Bulk-Power System consists of the power plants, transmission lines and substations, and related equipment and controls, that generate and move electricity in bulk to points from which local electric companies distribute the electricity to customers.

⁵ In 2012, the Commission initially approved Reliability Standard PRC-006-1. *Automatic Underfrequency Load Shedding and Load Shedding Plans Reliability Standards*, Order No. 763, 139 FERC ¶ 61,098, *order granting clarification*, 140 FERC ¶ 61,164 (2012). The Commission included Reliability Standard PRC-006-1 under FERC-725A (OMB Control No. 1902-0244). The entire burden associated with Reliability Standard PRC-006-2 (for new requirements as well as those unchanged from PRC-006-1) will be added to FERC-725G. In the future, the burden (an estimated 12,672 hours) associated with Reliability Standard PRC-006-1 (for the associated requirements which are continuing in Version 2 of the standard) will be removed from FERC-725A, to remove the temporary double counting of those hours.

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With the passage of EAct 2005 Congress entrusted FERC with the authority to approve and enforce rules to assure reliability of the nation's Bulk-Power System. Section 1211 of EAct 2005 created a new section 215 to the Federal Power Act (FPA) (16 U.S.C. 824o), which provides for a system of mandatory and enforceable Reliability Standards. Section 215(d)(1) of the FPA provides that the ERO must file each Reliability Standard or modification to a Reliability Standard that it proposes to be made effective, *i.e.*, mandatory and enforceable, with the Commission. The law mandates that all users, owners, and operators of the Bulk-Power System in the United States will be subject to the Commission-approved Reliability Standards.

Section 215(d)(2) of the FPA provides that the Commission may approve, by rule or order, a proposed Reliability Standard or modification to a proposed Reliability Standard if it meets the statutory standard for approval, giving due weight to the technical expertise of the ERO. Alternatively, the Commission may remand a Reliability Standard pursuant to section 215(d)(4) of the FPA. Further, the Commission may order the ERO to submit to the Commission a proposed Reliability Standard or a modification to a Reliability Standard that addresses a specific matter if the Commission considers such a new or modified Reliability Standard appropriate to "carry out" section 215 of the FPA.⁶ The Commission's action in this NOPR is based on its authority in accordance with section 215 of the FPA.

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

If the underfrequency load shedding program does not meet the performance characteristics specified in requirement R3 of the standard, Planning Coordinators are required to develop a corrective action plan and a schedule to implement the UFLS design assessments required in requirements R4 and R5 of the PRC-006-2 UFLS standard. If a corrective action plan and a implementation schedule are not developed, the required UFLS design assessments may not be completed within the specified time frame in the standard and the reliability of the system may be negatively impacted. Requiring the Corrective Action Plan and implementation schedule will ensure the entities perform the assessments and any corrective actions needed, on a timely basis.

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

The Reliability Standard does not require any information to be submitted to the Commission. However, the Commission does support the use of improved technology in complying with the reporting and record keeping requirements of the standard.

⁶ See 16 U.S.C. 824o(d)(5) (2006).

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The medium for reporting and recordkeeping requirements is not specified in PRC-006-2, so it is at the discretion of the entities.

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 responsibilities under the FPA in order to eliminate duplication and ensure that filing burden is minimized.

In addition, as described more fully below, the ERO process to establish Reliability Standards is a collaborative process with the ERO, Regional Entities, and other stakeholders collaborating to develop and review draft standards, provide comments, and vote, with the final proposed standard submitted to the FERC for review and approval. During that process, duplication of data, if any, would be considered.

There are no similar sources of information available that can be used or modified for these reporting purposes.

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

In Order No. 693, the Commission adopted policies to minimize the burden on small entities, including approving the ERO compliance registry process to identify those entities responsible for complying with mandatory and enforceable Reliability Standards. The ERO registers only those distribution providers or load serving entities that have a peak load of greater than 25 MW and are directly connected to the bulk electric system or are designated as a responsible entity as part of a required under-frequency load shedding program or a required under-voltage load shedding program. Similarly, for generators, the ERO registers only individual units of greater than 20 MVA that are directly connected to the bulk electric system, generating plants with an aggregate rating of greater than 75 MVA, any blackstart unit material to a restoration plan, or any generator that is material to the reliability of the Bulk-Power System. Further, the ERO will not register an entity that meets the above criteria if it has transferred responsibility for compliance with mandatory Reliability Standards to a joint action agency or other organization.⁷

Detailed information regarding transferred responsibility options are available in NERC's Rules of Procedure at sections 507 and 508.⁸

⁷To be included in the compliance registry, the ERO determines whether a specific small entity has a material impact on the Bulk-Power System. If these small entities should have such an impact then their compliance is justifiable as necessary for Bulk-Power System reliability.

⁸ Available at

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

The additional burden imposed by this proposed requirement cannot be conducted less frequently. The record retention requirements are either existing requirements or considered usual business practice.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

In general, there are no special circumstances related to this information collection.

However, “[e]ach Planning Coordinator shall retain evidence of Requirements R11, and R13, and Measures M11, and M13 for 6 calendar years.” These records must be retained longer than the normal 3-year audit cycle because the entities are required by requirement R4 to perform assessments of their UFLS program at least once every five years.

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

The ERO process to establish Reliability Standards is a collaborative process with the ERO, Regional Entities, and other stakeholders collaborating to develop and review draft standards, provide comments, and vote, with the final proposed standard submitted to the FERC for review and approval.⁹ In its Petition,¹⁰ NERC describes the process as follows [footnotes omitted].

“The proposed Reliability Standard was developed in an open and fair manner and in accordance with the Commission-approved Reliability Standard development process. NERC develops Reliability Standards in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC Standard Processes Manual. In its order certifying NERC as the Commission’s ERO, the Commission found that NERC’s proposed rules provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards and thus satisfies certain of the criteria for approving Reliability Standards. The

http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC_ROP_Effective_20140701_updated_20140602.pdf.

⁹ Details of the current ERO standard processes are available on the NERC website at http://www.nerc.com/comm/SC/Documents/Appendix_3A_StandardsProcessesManual.pdf.

¹⁰ NERC’s Petition is posted on eLibrary at <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13713228>. The exhibits are available in FERC’s eLibrary by searching on Docket No. RD15-2 (Accession Number 20141215-5325).

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development process is open to any person or entity with a legitimate interest in the reliability of the Bulk-Power System. NERC considers the comments of all stakeholders, and stakeholders must approve, and the NERC Board of Trustees must adopt a Reliability Standard before the Reliability Standard is submitted to the Commission for approval.”

The Delegated Order was issued and included in FERC’s eLibrary for public review. The 60-day public Notice (80 FR 13528 (3/16/15)) was also published in the Federal Register, thereby affording all public utilities and licensees, state commissions, Federal agencies, and other interested parties an opportunity to submit data, views, comments or suggestions concerning the proposed collection of data. The Commission received no public comments.

The 30-day Notice is being published in the Federal Register, providing the public an additional opportunity for comment.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

No payments or gifts have been made to respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The records that must be created and maintained for potential audit under Reliability Standard PRC-006-2 are generally not provided to the FERC. Instead, they are submitted to or retained for monitoring or audit by the “Compliance Enforcement Authority,” as listed in the proposed PRC-006-2 Standard (NERC or the Regional Entity in their respective roles of monitoring and enforcing compliance with the NERC Reliability Standards).

The Commission generally does not consider the data to be confidential; however there are provisions in 18 CFR § 385.112 that provide filers submitting any information to FERC with an opportunity to request confidential treatment.

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.

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

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

Before implementation of this Order in RD15-2, the current OMB-approved inventory and five components (ICs, or information collections) included in the FERC-725G are:

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IC Title	Responses	Time Burden (Hours)
Transmission Relay Loadability Mandatory Reliability Standard ¹¹	741	399,549
PRC-019-1 Reliability Standard	738	6,642
PRC-024-1 Reliability Standard	738	6,642
PRC-019-1 Reliability Standard (One-time)	738	5,904
PRC-024-1 Reliability Standard (One-time)	738	5,904
PRC-025-1 Rel. Standard (one-time averaged Yrs. 1-3, and ongoing)	1,019	8,831
Current Total for FERC-725G, pre-implementation of the Order in RD15-2	4,712	433,472

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

For this Order in RD15-2, all of the PRA-related industry costs are related to burden hours and are addressed in Questions 12 and 15; there are no PRA-related capital or start-up costs.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

Reliability Standard PRC-006-2 does not require any information to be filed with the Commission. 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. 1902-0225) and is not part of this FERC-725G request. Therefore, the only costs to the Federal Government for the FERC-725G are those associated with PRA-related costs (e.g., researching and preparing estimates, requesting and maintaining clearance from OMB).

FERC-725G	Number of Employees (FTEs)	Estimated Annual Federal Cost
Analysis and Processing of filings	0	\$0
Paperwork Reduction Act Administrative Cost ¹²		\$5,193

¹¹ Includes both reporting and recordkeeping requirements.

¹² The PRA Administrative Cost is a Federal Cost associated with preparing, issuing, and submitting materials necessary to comply with the Paperwork Reduction Act (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

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

RD15-2. Reliability Standard PRC-006-2 does not require responsible entities to file information with the Commission. However, the Reliability Standard requires applicable entities to develop and maintain certain information, subject to audit by NERC or a Regional Entity.

Our estimate below regarding the number of respondents is based on the NERC compliance registry as of May 5, 2015. According to the NERC compliance registry, there are 80 planning coordinators. The individual burden estimates are based on the time needed to gather data, run studies, and analyze study results to design or update the underfrequency load shedding programs. Additionally, documentation and the review of underfrequency load shedding program results by supervisors and management is included in the administrative estimations. These are consistent with estimates for similar tasks in other Commission approved standards.

Estimates for the additional burden and cost imposed by the order in Docket No. RD15-2-000 follow.¹³ Error: Reference source not found

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	Number and Type of Respondent¹⁴ (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden per Response (Hours) (4)	Total Annual Burden (Hours) (3)*(4)=(5)	Total Annual Cost¹⁵ (\$)
Reporting and	80 planning	1	80	52 hrs. (47	4,160	\$285,783

rulemakings (not just this Order in Docket No. RD15-2), and other changes to the collection.

¹³ The only changes to Requirements R9 and R10 and associated measures and evidence retention in Reliability Standard PRC-006-2 (from PRC-006-1) were enhancements to the language which do not impact the cost of implementation. The modifications provide additional clarity and do not affect burden or cost.

¹⁴ The number of respondents is based on the NERC compliance registry as January 30, 2015.

¹⁵ The estimates for cost per hour (salary plus benefits) are based on the May 2013 figures of the Bureau of Labor and Statistics (posted as of February 9, 2015 at http://bls.gov/oes/current/naics3_221000.htm).

- \$72.92/hour [(\$84.96 + \$60.87)/2], the average of the salary plus benefits for a manager (\$84.96/hour) and an electrical engineer (\$60.87/hour), is used for the hourly cost for the reporting requirements associated with Requirement R15 and Measure M15.
- \$29.01/hour, the salary plus benefits for a file clerk, is used for the hourly cost for the evidence retention requirements associated with Requirement R15 and Measure M15.

recordkeeping requirements, as described below	coordinators			hrs. for reporting requirements, and 5 hrs. for record retention requirements)	hrs. (3,760 hrs. for reporting requirements, and 400 hrs. for record retention requirements)	(\$274,179 for reporting requirements, and \$11,604 for record retention requirements)
Total	80 planning coordinators				4,160	\$285,783

The reporting and recordkeeping requirements due to Reliability Standard PRC-006-2 approved in Docket No. RD15-2 include:

Requirement R15 and Measure M15 and evidence retention (planning coordinator that conducts underfrequency load shedding design assessment under Requirements R4, R5, or R12 and determines underfrequency load shedding program does not meet the performance characteristics in Requirement R3, develops corrective action plans and schedule for implementation by UFLS entities within its area).

Continuing Requirements (from PRC-006-1) and Temporary Double Counting.Error: Reference source not found *The Commission included Reliability Standard PRC-006-1 under FERC-725A (OMB Control No. 1902-0244). There are an estimated 12,672 hours (currently approved under FERC-725A) associated with requirements from PRC-006-1 which are unchanged and continue in Version 2 of the standard. Those hours are also being added to FERC-725G here to reflect the entire burden associated with Reliability Standard PRC-006-2 (for new requirements as well as those unchanged and continuing from Version 1). In the future, the 12,672 burden hours will be administratively removed from FERC-725A, to remove the temporary double counting of those hours.*

Summary. The net total burden change is +16,832 (4,160 hrs. due to new requirements from RD15-2 [program change], plus 12,672 hrs.Error: Reference source not found for requirements continuing from Version 1 of the standard and currently approved under FERC-725A [adjustment in estimate and temporarily double counted in both FERC-725A and FERC-725G here]).

The summary table of changes to burden hours, with current approved inventory, as listed in ROCIS and reginfo.gov follows:

FERC-725G	Total	Previously	Change due	Change Due
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	Request	Approved	to Adjustment in Estimate	to Agency Discretion
Annual Number of Responses	4,792	4,712	0	+80
Annual Time Burden (Hr.)	450,304	433,472	+12,672 Error: Reference source not found	+4,160
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

There is no data published in response to the subject Reliability Standard.

17. DISPLAY OF THE 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 under the Reliability Standards for statistical purposes.