Supporting Statement for

FERC-725A (Mandatory Reliability Standards for the Bulk-Power System), FERC-725D (Facility Design, Connections and Maintenance Reliability Standards), and FERC-725R (Mandatory Reliability Standards, BAL Reliability Standards), as modified by Notice of Proposed Rulemaking, RM16-13-000

The Federal Energy Regulatory Commission (Commission or FERC) requests the Office of Management and Budget (OMB) review and approve the information collections in the Notice of Proposed Rulemaking (NOPR) in RM16-13-000, Balancing Authority Control, Inadvertent Interchange, and Facility Interconnection Reliability Standards.

This consolidated supporting statement addresses revisions to the following information collections:[1]

1. FERC-725A (**Mandatory Reliability Standards for the Bulk-Power System), OMB Control No. 1902-0244**
2. FERC-725D (**Facility Design, Connections and Maintenance Reliability Standards), OMB Control No. 1902-0247**
3. FERC-725R, **(Mandatory Reliability Standards, BAL Reliability Standards), OMB Control No. 1902-0268**

Background

Mandatory Reliability Standards and Order No. 693 Directives

Section 215 of the FPA requires a Commission-certified Electric Reliability Organization (ERO) to develop mandatory and enforceable Reliability Standards that are subject to Commission review and approval. Specifically, the Commission may approve, by rule or order, a proposed Reliability Standard or modification to a Reliability Standard if it determines that the Standard is just, reasonable, not unduly discriminatory or preferential and in the public interest.[2] Once approved by FERC, the Reliability Standards may be enforced by NERC, subject to Commission oversight, or by the Commission independently.[3]

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1 The NOPR in Docket No. RM16-13 inadvertently listed the FERC-725R (rather than FERC-725A) as the information collection which includes the Reliability Standard BAL-006-02, which is being retired. Rather, the burden for the Reliability Standard BAL-006 is contained in FERC-725A (OMB Control No.1902-0244); the burden is proposed for removal from FERC-725A here.

2 16 U.S.C. 824o(d)(2).

3 *Id.* 824o(e).

Pursuant to section 215 of the FPA, the Commission established a process to select and certify an ERO,[4] and subsequently certified NERC as the ERO.[5] On March 16, 2007, the Commission issued Order No. 693, approving 83 of the 107 Reliability Standards filed by NERC, including Reliability Standards BAL-005-0 (Automatic Generation Control), FAC-001-0 (Facility Interconnection Requirements), and BAL-006-1 (Inadvertent Interchange).[6] However, in approving Reliability Standards BAL-005-0 and BAL-006-1, the Commission directed NERC to develop modifications to those Reliability Standards through the standards development process.

With respect to Reliability Standard BAL-005-0, the Commission directed NERC to develop a modification that:

> (1) develops a process to calculate the minimum regulating reserve a balancing authority must have at any given time taking into account expected load and generation variation and transactions being ramped into or out of the balancing authority; (2) changes the title of the Reliability Standard to be neutral as to the source of regulating reserves and to allow the inclusion of technically qualified DSM and direct control load management; (3) clarifies Requirement R5 of this Reliability Standard to specify the required type of transmission or backup plans when receiving regulation from outside the balancing authority when using non-firm service; and (4) includes Levels of Non-Compliance and a Measure that provides for a verification process over the minimum required automatic generation control or regulating reserves a balancing authority must maintain.[7]

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4 *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).

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

6 *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242 at PP 420, 439, and 680, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

7 *Id.* P 420.

Since then, the Commission has approved one interpretation of Reliability Standard BAL-005-0 and accepted two errata filings.[8] The currently-effective version of the Reliability Standard is BAL-005-0.2b.

With respect to Reliability Standard BAL-006-1, the Commission directed NERC to develop a modification "that adds Measures concerning the accumulation of large inadvertent imbalances and Levels of Non-Compliance."[9] The Commission explained the need for such a modification as follows:

> While we agree that inadvertent imbalances do not normally affect the real-time operations of the Bulk-Power System and pose no immediate threat to reliability, we are concerned that large imbalances represent dependence by some balancing authorities on their neighbors and are an indication of less than desirable balancing of generation with load. The Commission also notes that the stated purpose of this Reliability Standard is to define a process for monitoring balancing authorities to ensure that, over the long term, balancing authorities do not excessively depend on other balancing authorities in the Interconnection for meeting their demand or interchange obligations.[10]

Since then, the Commission has approved one revision to Reliability Standard BAL-006-1 to remove the regional waiver of certain requirements for the Midwest ISO, following the Midwest ISO's transition to a single balancing authority model.[11] The currently-effective version of the Reliability Standard is BAL-006-2.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

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8 *See Modification of Interchange and Transmission Loading Relief Reliability Standards; and Electric Reliability Organization Interpretation of Specific Requirements of Four Reliability Standards*, Order No. 713, 124 FERC ¶ 61,071 (2008); *North American Electric Reliability Corp.*, Docket No. RD09-2-000 (May 13, 2009) (delegated letter order); *North American Electric Reliability Corp.*, Docket No. RD12-4-000 (Sept. 13, 2012) (delegated letter order).

9 Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 428.

10 *Id.*

11 *See North American Electric Reliability Corp.*, 134 FERC ¶ 61,007 (2011).

Under section 215 of the Federal Power Act (FPA),[12] the Commission proposes to approve Reliability Standards BAL-005-1 (Balancing Authority Control) and FAC-001-3 (Facility Interconnection Requirements), submitted by the North American Electric Reliability Corporation (NERC), and to retire Reliability Standards BAL-005-0.2b (Automatic Generation Control), FAC-001-2 (Facility Interconnection Requirements), and BAL-006-2 (Inadvertent Interchange). This NOPR addresses the retirement of Reliability Standard BAL-006-02 (from FERC-725A). The Commission also proposes to approve the associated implementation plans, violation risk factors, and violation severity levels for Reliability Standards BAL-005-1 (associated with FERC-725R) and FAC-001-3 (associated with FERC-725D). Finally, the Commission proposes to approve three revised definitions for the glossary of terms used in NERC Reliability Standards (NERC Glossary).

The proposed revised Reliability Standards will enhance the reliability of the Bulk-Power System, as further described below, and the record-keeping and reporting requirements associated with those standards allow for oversight and enforcement of the revised Reliability Standards.

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

FERC- 725R and FERC-725D. Proposed Reliability Standards BAL-005-1 (FERC-725R) and FAC-001-3 (FERC-725D) will enhance the reliability of the Bulk-Power System, as compared to currently-effective Reliability Standards BAL-005-0.2b and FAC-001-2, by clarifying and consolidating existing requirements related to frequency control. The proposed Reliability Standards support more accurate and comprehensive calculation of Reporting Area Control Error (ACE) by requiring timely reporting of an inability to calculate Reporting ACE and by requiring balancing authorities to maintain minimum levels of annual availability of 99.5% for each balancing authority's system for calculating Reporting ACE.[13]

3. DESCRIBE ANY CONSIDERATION OF THE USE OF IMPROVED

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12 Section 215 was added by the Energy Policy Act of 2005, Pub. L. No. 109-58, 119 Stat. 594 (2005) (codified at 16 USC 824o).

13 NERC states that Reporting ACE "represents a Balancing Authority Area's [BAA] Area Control Error [ACE] measured in megawatts [MW] as the difference between the [Balancing Authority Area's] Actual and Scheduled Net Interchange, plus its Frequency Bias Setting obligation and meter error corrections. Reporting ACE helps Responsible Entities provide reliable frequency control by indicating the current state of the entity's contribution to Reliability." NERC Petition at 3.

TECHNOLOGY TO REDUCE 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. We think that nearly all of 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.

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**

FERC-725D and FERC-725R. 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 in order 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.

FERC-725A. The standard being retired is being removed.

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

FERC-725D. The Commission estimates a very limited, one-time increase in record-keeping and reporting burden on balancing authorities due to the changes in the revised Reliability Standards, with no other increase in the cost of compliance (when compared with the current standards). Approximately 24 of the 105 balancing authorities are expected to meet the SBA's definition for a small entity. In addition, approximately 198 entities will be subject to new record-keeping and reporting requirements under revised Reliability Standard FAC-001-3, with no other increase in the cost of compliance. Approximately 177 of these entities are expected to meet the SBA's definition of a small entity.

FERC-725R. The total one-time cost to the industry as a whole is minimal ($10,011.75).

According to SBA guidance, the determination of significance of impact "should be seen as relative to the size of the business, the size of the competitor's business, and the impact the regulation has on larger competitors."[14] The Commission does not consider the estimated burden to be a significant economic impact. As a result, the reforms proposed in this NOPR would not have a significant economic impact on a substantial number of small entities.

FERC-725A. The burden is being reduced to reflect retirement of the associated standard.

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

FERC-725D and FERC-725R. The collections focus on enhancing the reliability of the Bulk-Power System y clarifying and consolidating existing requirements related to frequency control. The proposed Reliability Standards support more accurate and comprehensive calculation of Reporting Area Control Error (ACE) by requiring timely reporting of an inability to calculate Reporting ACE and by requiring balancing authorities to maintain minimum levels of annual availability of 99.5% for each balancing authority's system for calculating Reporting ACE. Any reduction in frequency of the information collection may diminish the ability of NERC, or Regional Entities, to ensure that applicable entities maintain frequency control.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

FERC-725D and **FERC-725R** have no special circumstances. **FERC-725A** is a reduction due to retirement of a standard.

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

Each FERC rulemaking (both proposed and final rules) is published in the Federal Register thereby providing public utilities and licensees, state commissions, Federal agencies, and other interested parties an opportunity to submit data, views, comments or suggestions concerning the proposed collections of data. This NOPR was published in the Federal Register on 09/28/2016 for public comment.

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14 U. S. Small Business Administration, *A Guide for Government Agencies: How to comply with the Regulatory Flexibility Act*, at 18 (May 2012), https://www.sba.gov/sites/default/files/advocacy/rfaguide_0512_0.pdf.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

The Commission does not make payments or provide gifts to respondents related to FERC-725A, FERC-725D or FERC-725-R.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

Responding entities do not submit the information collections 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.

According to the NERC Rule of Procedure section 1502,[15] "…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

There are no questions of a sensitive nature that are considered private in FERC-725A, FERC-725D or FERC-725R.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

FERC-725D and FERC-725R. NERC's proposed revisions to Reliability Standards BAL-005 (FERC-725R) and FAC-001 (FERC-725D) will not result in an ongoing increase in the record-keeping and reporting requirements imposed on balancing authorities, other than the one-time cost of administering the change to the revised standard (in FERC-725R). All other recordkeeping and reporting obligations imposed on balancing authorities under the revised requirements essentially track those that already exist under currently-effective Reliability Standards BAL-005-0.2b and FAC-001-2.

FERC-725D. The proposed revisions in FAC-001-3 will result in a limited increase in

15 Section 1502, Paragraph 2, available at NERC's website (http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/NERC_ROP_Effective_20140701_updated_20140602%20(updated).pdf).

the record-keeping and reporting requirements imposed on those transmission owners and generator owners that are not also transmission operators and generator operators (about 198 entities in the United States), as shown in the chart below.[16]

The estimated changes to the burden and cost for FERC-725A, -725R, and -725D due to the proposed modifications in the NOPR in RM16-13 follow.

16 Proposed Reliability Standard FAC-001-3 (in FERC-725D) replaces and strengthens currently effective Reliability Standard FAC-001-2 by moving currently effective Requirement R1 of Reliability Standard BAL-005-0.2b (FERC-725R) to proposed Reliability Standard FAC-001-3, requiring that transmission owner and generator owner interconnection requirements include procedures for confirming that new or materially modified facilities connecting to the bulk electric system are within a balancing authority's metered boundaries. NERC explains that these interconnection requirements should be relocated to Reliability Standard FAC-001-3, as FAC-001-3 establishes facility interconnection requirements.

Rel. Std. and Data Collection (modifications in NOPR in RM16-13-000)	Number and Type of Respondents[17]	Number of Responses per Respondent	Total Number of Responses	Average Burden Hours & Cost per Response	Annual Burden Hours & Total Annual Cost[18]
	(1)	(2)	(1)×(2)=(3)	(4)	(3)×(4)=(5)
BAL-005-1 (FERC-725R)	BA 105	1 (one-time)	105	1 hr.; $95.35	105 hrs.; $10,011.75
FAC-001-3, R3 (FERC-725D)	GO/TO 198[19]	1 (annual)	198	1 hr.; $63.25	198 hrs. $12,513.60
Retirement of current standard BAL-006-02 (burden reduction from FERC-725A)[20, 21]	BA 105	-1 (annual reduction)	-105 (annual reduction)[21]	-1 hr.; -$31.15 (annual reduction)	-105 hrs.; -$3,270.75 (annual reduction)

17 The estimated number of respondents is based on the NERC compliance registry as of August 12, 2016. According to the NERC compliance registry, there are 70 U.S. balancing authorities (BA) in the Eastern Interconnection, 34 balancing authorities in the Western Interconnection and one balancing authority in the Electric Reliability Council of Texas (ERCOT).

18 For purposes of determining the overall annual cost of the record-keeping and reporting changes reflected in this NOPR, the one-time cost associated with administering the change to BAL-005-1 is being treated as an annual cost. 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)

19 Per the NERC compliance registry, there are 56 generator owners (GO) that are not also generator operators and 142 transmission owners (TO) that are not also transmission operators, for a total of 198 new entities in the United States subject to FAC-001-3 Requirement R3.

20 FERC-725A is the correct collection for BAL-006-02. This NOPR was submitted incorrectly identifying FERC-725R as the collection associated with the retirement of BAL-006-02.

Rel. Std. and Data Collection (modifications in NOPR in RM16-13-000)	Number and Type of Respondents	Number of Responses per Respondent	Total Number of Responses	Average Burden Hours & Cost per Response	Annual Burden Hours & Total Annual Cost
	(1)	(2)	(1)×(2)=(3)	(4)	(3)×(4)=(5)
NET TOTAL CHANGES, proposed in NOPR in RM16-13					198 hrs. $19,254.60

FERC-725D and FERC-725R. Many of the revisions to the Reliability Standards reflected in this NOPR were developed to help clarify and streamline existing requirements related to calculation of Reporting ACE, and are expected to simplify these entities' overall burden with respect to recordkeeping, reporting, and compliance.

FERC-725A. The NOPR proposes to allow the retirement of the bulk of the requirements in Reliability Standard BAL-006-2, (currently in FERC-725A) further reducing the overall record-keeping and reporting requirements for balancing authorities. Accordingly, the Commission estimates that the overall change in the record-keeping and reporting requirements as a result of this rulemaking will be *de minimis* on a per-entity basis.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

All of the costs in the proposed rule are associated with burden hours (labor) and described in #12 and #15.

Total Capital and Start-up cost: $0

21 The NOPR indicated there would be 105 responses reduced from FERC-725A to reflect the retirement of the standard. FERC-725A continues to include multiple other standards (with reporting and recordkeeping requirements) applying to multiple types of entities (including Balancing Authorities), with an average of 1 response per entity. Because BAs continue to have other responsibilities under FERC-725A, we will not reduce the number of responses by 105 for the purposes of reginfo.gov and ROCIS. We will reduce the number of total hours under FERC-725A by 105 to reflect the retirement of the standard.

Total Operation, Maintenance, and Purchase of Services: $0

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

Any involvement by the Commission is covered under the FERC-725 (OMB Control No. 1902-0255). The data are not submitted to FERC.

The Commission does incur the costs associated with obtaining OMB clearance for the three collections under the Paperwork Reduction Act (PRA). FERC estimates the annual cost for this effort to be $5,481.00 for each of the three collections.

	Number of Employees (FTEs)	Estimated Annual Federal Cost
Paperwork Reduction Act[22] Administrative Cost[23]	-	$16,443.00
Data Processing and Analysis	0	$0
TOTAL		$16,443.00

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

FERC-725A, FERC-725D and FERC-725R. Reliability Standards BAL-005-1 and FAC-001-3 and the proposed retirement of Reliability Standard BAL-006-2 clarify, consolidate, streamline, and enhance the Reliability Standards addressing frequency control. These proposed revisions streamline and clarify the current requirements related to the calculation of Reporting ACE – a key frequency control and reliability indicator factor -- including consolidating the seventeen requirements of currently-effective BAL-005-0.2b, associated with FERC-725R, into seven requirements in BAL-005-1, relocation of certain requirements related to interconnection requirements for transmission owners and generation owners into FAC-001-3, associated with FERC-725D, relocation of Requirement R3 in currently-effective BAL-006-2 into proposed BAL-005-1, and

22 Paperwork Reduction Act of 1995 (PRA).

23 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, and other changes to the collection.

relocation of certain metrics and calculations required for calculating Reporting ACE into the NERC definition of Reporting ACE and its component definitions.

The following tables show total inventory, as proposed in the NOPR in RM16-13.

FERC-725A	**Total Request**	**Previously Approved**	**Change due to Adjustment in Estimate**	**Change Due to Agency Discretion**
Annual Number of Responses	3,966	3,966		0[21]
Annual Time Burden (Hr.)	1,642,290	1,642,395		-105
Annual Cost Burden ($)	$126,725	$126,725		$0

FERC-725D	**Total Request**	**Previously Approved**	**Change due to Adjustment in Estimate**	**Change Due to Agency Discretion**
Annual Number of Responses	1,404	1,206	0	+198
Annual Time Burden (Hr.)	154,618	154,420	0	+198
Annual Cost Burden ($)	$0	$0	$0	$0

FERC-725R	**Total Request**	**Previously Approved**	**Change due to Adjustment in Estimate**	**Change Due to Agency Discretion**
Annual Number of Responses	3,907	3,802	0	+105
Annual Time Burden (Hr.)	31,209	31,104	0	+105
Annual Cost Burden ($)	$0	0	0	$0

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

There is no publication of data associated with FERC-725A, FERC-725D and FERC-725R.

17. DISPLAY OF THE EXPIRATION DATE

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

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.