

Supporting Statement for
FERC-725HH (RF Reliability Standards)
as established by the Order in Docket RD17-8-000

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve the FERC-725HH information collection (RF Reliability Standards) as established by the Order in RD17-8-000¹.

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 (EPAAct 2005), was enacted into law. EPAAct 2005 added a new Section 215² to the Federal Power Act (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, the Reliability Standards may be enforced by the ERO, subject to Commission oversight. In 2006, the Commission certified the North American Electric Reliability Corporation (NERC) as the ERO pursuant to FPA section 215.³ Reliability Standards that the ERO proposes to the Commission may include Reliability Standards that are proposed to the ERO by a Regional Entity⁴. A Regional Entity is an entity that has been approved by the Commission to enforce Reliability Standards under delegated authority from the ERO. On 3/17/2011, the Commission approved a regional Reliability Standard submitted by the ERO that was developed by ReliabilityFirst Corporation (RF).

There was only one Reliability Standard in the RF region, namely BAL-502-RFC-02 (Planning Resource Adequacy Analysis, Assessment, and Documentation). BAL-502-RFC-02 established common criteria (based on “one day in ten year”) load loss expectation principles, for the analysis, assessment, and documentation of resource adequacy for load in the RF region.

Burden associated with BAL-502-RF-02 Reliability Standard was once contained in FERC-725H information collection (OMB Control No. 1902-0256) as approved by Order No. 747⁵. FERC-725H was discontinued on 3/6/2014⁶. However, the reporting requirements of BAL-502-RF-02 remained imposed on NERC entities after discontinuance as they had been imposed before Order No. 747 was approved. Based on the findings of Order No. 747, burden associated with BAL-502-RF-02 was not substantive, but Commission staff sought approval anyway using a minimal amount of burden.

In 2014, Commission staff no longer considered renewing this collection as an effective use of time for Commission staff, OMB, or the public since it did not qualify as an “information

1 The order (issued 10/16/2017) is available in FERC’s eLibrary system at <https://elibrary-backup.ferc.gov/idmws/common/OpenNat.asp?fileID=14711316>.

2 16 U.S.C. 824o.

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

4 16 USC 824o(e)(4)

5 This reporting burden was approved by FERC Order No. 747 (Docket No. RM10-10, issued 3/17/2017).

6 ICR No. 201103-1902-003.

collection” under the Paperwork Reduction Act. Commission staff have verified that the ReliabilityFirst Corporation Terms of Membership did require members to comply with the standard regardless of whether FERC has approved it and, as stated earlier, this was the Standard’s status prior to FERC approving the standard in 2011. Those requirements in BAL-502-RF-02 are now being retired with no removal of burden (any associated burden was removed concurrent with the discontinuance of FERC-725H in 2014).

On 9/7/2017, NERC and RF filed a joint petition in Docket No. RD17-8-000 requesting Commission approval of:

- Regional Reliability Standard BAL-502-RF-03;
- The retirement of regional Reliability Standard BAL-502-RF-02⁷.

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

ReliabilityFirst Corporation promotes bulk electric system reliability in the Eastern Connection. RF is the regional entity responsible for compliance monitoring and enforcement in the RF region. RF fosters an environment for the development of Reliability Standards and the coordination of the operation and planning activities of its members as set forth in the RF bylaws.

The BAL-502-RF-03 Reliability Standard, similar to the previous version (BAL-502-RF-02), establishes common criteria (based on “one day in ten year”) load loss expectation principles, for the analysis, assessment, and documentation of resource adequacy for load in the RF region.

The provisions of the proposed regional Reliability Standard provide requirements for Planning Coordinators in the ReliabilityFirst region regarding resource adequacy assessment, which is not currently addressed in NERC’s continent-wide Reliability Standards. In approving BAL-502-RF-02, the Commission stated that, “like other planning standards, BAL-502-RF-02 provides for the reliable operation of the Bulk-Power System as it will help identify areas of concern that, if left unresolved, could result in future instability, uncontrolled separation, or cascading failures of the Bulk-Power System.”⁸ Proposed BAL-502-RF-03 provides this same benefit with additional proposed enhancements. Therefore, the proposed regional Reliability Standard meets a reliability need for the ReliabilityFirst region and the proposed modifications provide additional support for the reliable operation of the Bulk-Power System.

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

⁷ As mentioned in the previous paragraph, burden associated with BAL-502-RF-02 Reliability Standard was once contained in FERC-725H information collection (OMB Control No. 1902-0256). FERC-725H was discontinued on 3/6/2014. However, the requirements of BAL-502-RF-02 were still imposed on NERC entities. Those requirements are now being retired with no removal of burden (any associated burden was removed concurrent with the discontinuance).

⁸ Order No. 747, *Planning Resource Adequacy Assessment Reliability Standard*, 134 FERC ¶ 61,212, at P 25 (2011) (“Order No. 747”).

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. 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

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.

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

The Reliability Standards do not contain provisions for minimizing the burden of the collection for small entities. All the requirements in the Reliability Standards apply to affected planning coordinators. However, 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. Detailed information regarding these options is available in NERC's Rules of Procedure at Section 1502, Paragraph 2, available at NERCs website.

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

The consequences of not collecting the data associated with these Reliability Standards could result in future instability, uncontrolled separation, or cascading failures of the Bulk-Power System.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

FERC-725HH information collection has no special circumstances.

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.

In accordance with OMB requirements, the Commission published a 60-day notice⁹ and a 30-day notice¹⁰ to the public regarding this information collection on 11/16/2017 and 2/7/2018 respectively. Within the public notices, the Commission noted that it would be requesting a three-year extension of the public reporting burden.

The Order in Docket RD17-8-000 was issued and posted on FERC's eLibrary on 10/16/2017¹¹. Unlike FERC rulemakings, this Order will not be published in the Federal Register.

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

According to the NERC Rules of Procedure¹², "...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 regional entities, or maintain it internally. Since there are no submissions made to FERC, FERC provides no specific provisions in order to protect confidentiality.

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

NERC's proposed regional Reliability Standard BAL-502-RF-03 will result in an ongoing

9 82 FR 53489

10 83 FR 5420

11 The issued order can be found at the following hyperlink:
<https://elibrary-backup.ferc.gov/idmws/common/OpenNat.asp?fileID=14711316>.

12 Section 1502, Paragraph 2, available at NERCs website

increase to burden in the reporting and recordkeeping¹³ requirements imposed on planning coordinators.

Burden associated with BAL-502-RF-02 Reliability Standard (the previous version of BAL-502-RF-02) was once contained in FERC-725H information collection (OMB Control No. 1902-0256). FERC-725H was discontinued on 3/6/2014. However, the requirements of BAL-502-RF-02 were still imposed on NERC entities. Those requirements are now being retired with no removal of burden (any associated burden was removed concurrent with the discontinuance). The new proposed version of the standard in FERC-725HH will reestablish a burden associated with Reliability Standard BAL-502-RF-03. The estimated burden and cost¹⁴ for FERC-725HH due to the regional standard approved in the RD17-8-000 Order follow:

| FERC-725HH, RF Reliability Standards | | | | | | |
|-------------------------------------------------------------|-----------------------------------------|-----------------------------------------------|----------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------|
| Entity | No. of Respondents ¹⁵ (1) | Annual No. of Responses per Respondent (2) | Annual No. of Responses (1)*(2)=(3) | Average Burden Hrs. & Cost Per Response (\$) (4) | Total Annual Burden Hours & Total Annual Cost (\$) (3)*(4)=(5) | Cost per Respondent (\$) (5)÷(1)=(6) |
| Proposed Regional Reliability Standard BAL-502-RF-03 | | | | | | |
| Planning Coordinators | 2 | 1 | 2 | 16 hrs.; \$973 | 32 hrs.; \$1,945 | \$973 |

The paperwork burden estimate includes costs associated with the initial development of a policy to address requirements relating to: (1) developing the supply chain risk management plan; (2) updating the procedures related to remote access requirements; (3) developing the procedures related to software integrity and authenticity. Further, the estimate reflects the assumption that costs incurred in year 1 will pertain to plan and procedure development, while costs in years 2 and 3 will reflect the burden associated with maintaining the Supply Chain Risk Management (SCRM) plan and modifying it as necessary on a 15 month basis¹⁶.

13 The burden associated with recordkeeping as imposed by BAL-502-RF-03 is minimal and is included in the reporting burden estimate.

14 For BAL-502-RF-03, the hourly cost (for salary plus benefits) uses the figures from the Bureau of Labor Statistics for three positions involved in the reporting and recordkeeping requirements. These figures include salary (http://bls.gov/oes/current/naics2_22.htm) and benefits (<http://www.bls.gov/news.release/ecec.nr0.htm>) and are:

- Manager (Occupation Code 11-0000): \$81.52/hour
- Engineer (Occupation Code 17-2071): \$68.12/hour
- File Clerk (Occupation Code 43-4071): \$32.74/hour

The hourly cost for the reporting requirements (\$60.79) is an average of the cost of a manager, an engineer, and a file clerk.

15 The number of respondents is derived from the NERC Compliance Registry as of October 2, 2017 for the burden associated with the proposed regional Reliability Standard BAL-502-RF-03.

16 The SCRM, per Reliability Standard CIP-013-1, must be updated once per 15 months. For OMB submission purposes, FERC staff is using the update frequency on an annual (i.e. 12-month) basis.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up or other non-labor costs.

Total Capital and Start-up cost: \$0

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

All of the costs in the Order are associated with burden hours (labor) and described in Questions #12 and #15 in this supporting statement.

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 FERC-725HH collection under the Paperwork Reduction Act (PRA). 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, other changes to the collection, and associated publications in the Federal Register. FERC estimates the annual cost for this effort to be \$5,723.00.

| FERC-725HH | Number of Employees (FTEs) | Estimated Annual Federal Cost |
|---------------------------------------------|----------------------------|-------------------------------|
| Analysis of Filings | 0 | \$0 |
| Processing of Filings | 0 | \$0 |
| Paperwork Reduction Act Administrative Cost | | \$5,723 |
| TOTAL | | \$5,723 |

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

On 3/17/2011, the Commission approved regional Reliability Standard BAL-502-RFC-02¹⁷ in Order No. 747¹⁸ while also directing ReliabilityFirst to:

- add time horizons to the two main requirements, and
- consider including a requirement that the Planning Coordinators identify any gap between the needed amount of planning reserves determined in Requirement R1, Part 1.1

¹⁷ Inactive as of 12/31/2017.

¹⁸ Final Rule issued on 3/17/2011 (<https://elibrary-backup.ferc.gov/idmws/common/OpenNat.asp?fileID=12589954>).

and the planning reserves documented in Requirement R2 as determined from the Resource Adequacy analysis.¹⁹

The Commission directed ReliabilityFirst to address these directives during its scheduled five-year review of BAL-502-RFC-02.

The revisions within BAL-502-RF-03 add in time horizons to Requirements R1 and R2; add Requirement R3 to identify any gaps between the needed amount of planning reserves defined in Requirement R1, Part 1.1 and the projected planning reserves document in Requirement R2; and add other corresponding changes to the measures.

A summary of the burden established in the FERC-725HH information collection due to the Order in RD17-8 follows:

| FERC-725HH | Total Request | Previously Approved | Change due to Adjustment in Estimate | Change Due to Agency Discretion |
|----------------------------------|----------------------|----------------------------|---------------------------------------------|----------------------------------------|
| Annual Number of Responses | 2 | 0 | 0 | 2 |
| Annual Time Burden ²⁰ | 32 | 0 | 0 | 32 |
| Annual Cost Burden (\$) | \$0 | \$0 | \$0 | \$0 |

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

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

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

There are no exceptions.

¹⁹ Order No. 747 at pages 53, 65.

²⁰ The units of measurement applied to “annual time burden” are hours.