

145 FERC ¶ 61,147
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

18 CFR Part 40

[Docket No. RM13-8-000; Order No. 788]

Electric Reliability Organization Proposal to Retire Requirements in Reliability
Standards

AGENCY: Federal Energy Regulatory Commission.

ACTION: Final rule.

SUMMARY: Pursuant to section 215 of the Federal Power Act, the Commission approves the retirement of 34 requirements within 19 Reliability Standards identified by the North American Electric Reliability Corporation (NERC), the Commission-certified Electric Reliability Organization. The requirements proposed for retirement either: (1) provide little protection for Bulk-Power System reliability or (2) are redundant with other aspects of the Reliability Standards. In addition, the Commission withdraws 41 Commission directives that NERC develop modifications to Reliability Standards. This proposal is part of the Commission's ongoing effort to review its requirements and reduce unnecessary burdens by eliminating requirements that are not necessary to the performance of the Commission's regulatory responsibilities.

EFFECTIVE DATE: This rule will become effective **[insert date 45 days after publication in the FEDERAL REGISTER]**

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SUPPLEMENTARY INFORMATION:

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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony Clark.

Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards Docket No. RM13-8-000

ORDER NO. 788

FINAL RULE

(Issued November 21, 2013)

1. Pursuant to section 215(d) of the Federal Power Act (FPA),¹ the Commission approves the retirement of 34 requirements within 19 Reliability Standards identified by the North American Electric Reliability Corporation (NERC), the Commission-certified Electric Reliability Organization (ERO). The retirement of these provisions meet the benchmarks set forth in the Commission's March 15, 2012 order that requirements proposed for retirement either: (1) provide little protection for Bulk-Power System reliability or (2) are redundant with other aspects of the Reliability Standards.² Consistent with the Commission's proposal in the March 2012 Order, we conclude that the requirements proposed for retirement can "be removed from the Reliability Standards

¹ 16 U.S.C. 824o(d) (2006).

² See *North American Electric Reliability Corp.*, 138 FERC ¶ 61,193, at P 81 (March 2012 Order), *order on reh'g and clarification*, 139 FERC ¶ 61,168 (2012).

with little effect on reliability and an increase in efficiency of the ERO compliance program.”³

2. In addition, in this Final Rule, we withdraw 41 directives that NERC develop modifications to Reliability Standards.⁴ In Order No. 693 and subsequent final rules, the Commission has identified various issues and directed NERC to develop modifications to the Reliability Standards or take other action to address those issues.⁵ While NERC has addressed many of these directives, over 150 directives remain outstanding. The withdrawal of these directives will enhance the efficiency of the Reliability Standards development process, with little or no impact on Bulk-Power System reliability.

3. Pursuant to Executive Order 13579, the Commission issued a plan to identify regulations that warrant repeal or modification, or strengthening, complementing, or modernizing where necessary or appropriate.⁶ In the Plan, the Commission also stated

³ *Id.* P 81.

⁴ The 41 withdrawn directives are listed in Attachment A to this Final Rule.

⁵ *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007). *See also Mandatory Reliability Standards for the Calculation of Available Transfer Capability, Capacity Benefit Margins, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitments and Mandatory Reliability Standards for the Bulk-Power System*, Order No. 729, 129 FERC ¶ 61,155 (2009), *order on clarification*, Order No. 729-A, 131 FERC ¶ 61,109 (2010), *order on reh'g and reconsideration*, Order No. 729-B, 132 FERC ¶ 61,027 (2010).

⁶ Plan for Retrospective Analysis of Existing Rules, Docket No. AD12-6-000 (Nov. 8, 2011). Executive Order 13579 requests that independent agencies issue public plans for periodic retrospective analysis of their existing “significant regulations.”

(continued...)

that it voluntarily and routinely, albeit informally, reviews its regulations to ensure that they achieve their intended purpose and do not impose undue burdens on regulated entities or unnecessary costs on those entities or their customers. The action in this Final Rule is a part of the Commission's ongoing effort to review its requirements and reduce unnecessary burdens by eliminating requirements that are not necessary to the performance of the Commission's regulatory responsibilities.

I. Background

A. Section 215 of the FPA

4. Section 215 of the FPA requires the Commission-certified ERO to develop mandatory and enforceable Reliability Standards, subject to Commission review and approval. Once approved, the Reliability Standards may be enforced in the United States by the ERO subject to Commission oversight or by the Commission independently.⁷

Retrospective analysis should identify "significant regulations" that may be outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in order to achieve the agency's regulatory objective.

⁷ See 16 U.S.C. 824o(e)(3).

Pursuant to the requirements of FPA section 215, the Commission established a process to select and certify an ERO⁸ and, subsequently, certified NERC as the ERO.⁹

B. March 2012 Order

5. In the March 2012 Order, the Commission accepted, with conditions, NERC's "Find, Fix, Track and Report" (FFT) initiative. The FFT process, *inter alia*, provides NERC and the Regional Entities the flexibility to address lower-risk possible violations through an FFT informational filing as opposed to issuing and filing a Notice of Penalty. In addition, the Commission raised the prospect of revising or removing requirements of Reliability Standards that "provide little protection for Bulk-Power System reliability or may be redundant."¹⁰ Specifically, the Commission stated:

... NERC's FFT initiative is predicated on the view that many violations of requirements currently included in Reliability Standards pose lesser risk to the Bulk-Power System. If so, some current requirements likely provide little protection for Bulk-Power System reliability or may be redundant. The Commission is interested in obtaining views on whether such requirements could be removed from the Reliability Standards with little effect on reliability and an increase in efficiency of the ERO compliance program. If NERC believes that specific Reliability Standards or specific requirements within certain Standards should be revised or removed, we invite NERC to make specific proposals to the Commission identifying the

⁸ *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).

⁹ *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).

¹⁰ March 2012 Order, 138 FERC ¶ 61,193 at P 81.

Standards or requirements and setting forth in detail the technical basis for its belief. In addition, or in the alternative, we invite NERC, the Regional Entities and other interested entities to propose appropriate mechanisms to identify and remove from the Commission-approved Reliability Standards unnecessary or redundant requirements.¹¹

In response, NERC initiated a review, referred to as the “P 81 project,” to identify requirements that could be removed from Reliability Standards without impacting the reliability of the Bulk-Power System.

C. NERC Petition

6. In a February 28, 2013 petition, NERC requested Commission approval of the retirement of 34 requirements within 19 Reliability Standards. According to NERC, the 34 requirements proposed for retirement “are redundant or otherwise unnecessary” and that “violations of these requirements ... pose a lesser risk to the reliability of the Bulk-Power System.”¹² NERC stated that the proposed retirement of the 34 requirements “will allow industry stakeholders to focus their resources appropriately on reliability risks and will increase the efficiency of the ERO compliance program.”¹³

7. NERC explained that the “P 81 Team” developed three criteria for its review:

- (1) Criterion A: an overarching criteria designed to determine that there is no reliability gap created by the proposed retirement;
- (2) Criterion B:

¹¹ *Id.*

¹² Petition at 2.

¹³ *Id.*

consists of seven separate identifying criteria designed to recognize requirements appropriate for retirement (administrative; data collection/data retention; documentation; reporting; periodic updates; commercial or business practice; and redundant); and (3) Criterion C: consists of seven separate questions designed to assist the P 81 Team in making an informed decision regarding whether requirements are appropriate to propose for retirement.¹⁴

8. NERC explained that the project team focused on the identification of “lower-level facilitating requirements that are either redundant with other requirements or where evidence retention is burdensome and the requirement is unnecessary” because the reliability goal is achieved through other standards or mechanisms.¹⁵ According to NERC, the proposed retirement of documentation requirements will not create a gap in reliability because “NERC and the Regional Entities can enforce reporting obligations pursuant to section 400 of NERC’s Rules of Procedure and Appendix 4C to ensure that necessary data continues to be submitted for compliance and enforcement purposes.”¹⁶ NERC asserts that, although the P 81 project proposes to retire requirements associated with data retention or documentation, “the simple fact that a requirement includes a data

¹⁴ *Id.* at 4. *See also id.* n. 8 (setting forth the seven questions of Criterion C).

¹⁵ *Id.* at 7.

¹⁶ *Id.* at 8 (citing *North American Electric Reliability Corp.*, 141 FERC ¶ 61,241, at P 82 (2012) (approving proposed revisions to NERC’s Rules of Procedure)).

retention or documentation element **does not** signify that it should be considered for retirement or is otherwise inappropriately designated as a requirement.”¹⁷

9. Based on this approach, NERC identified the following 34 requirements within 19 Reliability Standards for potential retirement:

- BAL-005-0.2b, Requirement R2 – Automatic Generation Control
- CIP-003-3, -4, Requirement R1.2 – Cyber Security – Security Management Controls¹⁸
- CIP-003-3, -4, Requirements R3, R3.1, R3.2, and R3.3 – Cyber Security – Security Management Controls
- CIP-003-3, -4, Requirement R4.2 – Cyber Security – Security Management Controls
- CIP-005-3a, -4a, Requirement R2.6 – Cyber Security – Electronic Security Perimeter(s)
- CIP-007-3, -4, Requirement R7.3 – Cyber Security – Systems Security Management
- EOP-005-2, Requirement R3.1 – System Restoration from Blackstart Services
- FAC-002-1, Requirement R2 – Coordination of Plans for New Facilities
- FAC-008-3, Requirements R4 and R5 – Facility Ratings

¹⁷ *Id.* at 9 (emphasis in original).

¹⁸ NERC explains that although only eight requirements in the Critical Infrastructure Protection (CIP) body of Reliability Standards are proposed for retirement, NERC proposes the retirement of those eight requirements in both CIP versions 3 and 4. Therefore, the total number of CIP requirements proposed for retirement is sixteen.

- FAC-010-2.1, Requirement R5 – System Operating Limits Methodology for the Planning Horizon
- FAC-011-2.1, Requirement R5 – System Operating Limits Methodology for the Operations Horizon
- FAC-013-2, Requirement R3 – Assessment of Transfer Capability for the Near-term Transmission Planning Horizon
- INT-007-1, Requirement R1.2 – Interchange Confirmation
- IRO-016-1, Requirement R2 – Coordination of Real-Time Activities between Reliability Coordinators
- NUC-001-2, Requirements R9.1, R9.1.1, R9.1.2, R9.1.3, and R1.9.4 – Nuclear Plant Interface Coordination
- PRC-010-0, Requirement R2 – Assessment of the Design and Effectiveness of UVLS Programs
- PRC-022-1, Requirement R2 – Under-Voltage Load Shedding Program Performance
- VAR-001-2, Requirement R5 – Voltage and Reactive Control

10. NERC also requested that the Commission approve the implementation plan, provided as Exhibit C to NERC's petition, which provided that the identified requirements will be retired immediately upon Commission approval.

11. NERC stated that it will apply the "concepts" from the P 81 project to improve the drafting of Reliability Standards going forward. Specifically, NERC explained that Reliability Standards development projects "will involve stronger examination for duplication of requirements across the NERC body of Reliability Standards and the technical basis and necessity for each and every requirement will continue to be

evaluated.”¹⁹ According to NERC, requirements that were proposed and ultimately not included in the immediate filing will be mapped for consideration in future standards projects.

D. Notice of Proposed Rulemaking

12. On June 20, 2013, the Commission issued a Notice of Proposed Rulemaking (NOPR) proposing to approve the retirement of the 34 requirements within 19 Reliability Standards, consistent with NERC’s petition.²⁰ In addition, the Commission proposed to withdraw 41 outstanding Commission directives that NERC develop modifications to Reliability Standards.

13. Comments on the NOPR were due by August 27, 2013. Seven entities filed comments, identified in Attachment B to the Final Rule.

II. Discussion

A. Retirement of Requirements

NOPR Proposal

14. In the NOPR, the Commission proposed to approve the retirement of the 34 requirements within 19 Reliability Standards identified by NERC. In the NOPR, for

¹⁹ Petition at 9.

²⁰ *Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards*, Notice of Proposed Rulemaking, 78 FR 38,851 (June 28, 2013), 143 FERC ¶ 61,251 (2013) (NOPR), *errata*, 78 FR 41,339 (July 10, 2013).

each of the 34 requirements, the Commission provided NERC's rationale supporting retirement, and the Commission's explanation for proposing to approve the retirement.²¹

Comments

15. Commenters unanimously support approval of the NOPR proposal. Trade Associations, CEA and ITC concur that the retirement of the 34 requirements will have little to no effect on reliability. NRECA, ISO/RTO Council, CEA and ITC support continuance of the "P 81" process as a high priority going forward and the identification of additional candidate requirements for retirement or streamlining.

16. ISO/RTO Council comments that, while the criteria used by NERC to identify candidate requirements for retirement are appropriate, additional criteria would ensure that streamlining of the Reliability Standards will continue.

Commission Determination

17. Pursuant to section 215 of the FPA, we approve the retirement of the 34 requirements within 19 Reliability Standards identified by NERC as just, reasonable, not unduly discriminatory or preferential, and in the public interest. Likewise, we approve the implementation plan and effective date set forth in NERC's petition.

18. In the March 2012 Order, the Commission explained that "some current requirements likely provide little protection for Bulk-Power System reliability or may be redundant. The Commission is interested in obtaining views on whether such

²¹ See NOPR, 143 FERC ¶ 61,251 at PP 17-83.

requirements could be removed from the Reliability Standards with little effect on reliability and an increase in efficiency of the ERO compliance program.”²² In general, we conclude that the requirements identified by NERC for retirement satisfy the expectations set forth in the March 2012 Order; namely, the requirements proposed for retirement either: (1) provide little protection for Bulk-Power System reliability or (2) are redundant with other aspects of the Reliability Standards.²³

19. We agree with NERC that the elimination of certain requirements that pertain to information collection or documentation will not result in a reliability gap. No commenter disputes NERC’s rationale. Section 400 and Appendix 4C (Uniform Compliance Monitoring and Enforcement Program) of the NERC Rules of Procedure provide NERC and the Regional Entities the authority to enforce reporting obligations necessary to support reliability.²⁴ This authority, used in the appropriate manner, justifies retiring certain documentation-related requirements that provide limited, if any, support for reliability. The retirement of such requirements should enhance the efficiency of the ERO compliance program, as well as the efficiency of individual registered entity compliance programs.

²² March 2012 Order, 138 FERC ¶ 61,193 at P 81.

²³ Further, we adopt the rationale for the retirement of each requirement as set forth in the NOPR, 143 FERC ¶ 61,251 at PP 17-83.

²⁴ See *North American Electric Reliability Corp.*, 141 FERC ¶ 61,241 at P 82.

20. We agree with commenters that NERC should continue the process of identifying additional Reliability Standards and requirements as candidates for retirement or streamlining. We support NERC's continuing efforts in this regard. Efficiencies can be gained from further consolidation or retirement of some requirements or components of requirements that are justified based on technical analysis of either existing requirements, new proposed requirements or modifications. Such analyses would take into account the interrelationship between standards and among categories of standards, in order to determine that when retirements or consolidations are made the reliability benefits of the currently effective requirements would be preserved.

21. With regard to ISO/RTO Council's comment, we will not direct NERC to develop additional criteria for identifying candidate requirements for retirement. ISO/RTO Council does not identify any specific concern or defect regarding the criteria applied by NERC.²⁵ ISO/RTO Council may raise its proposal directly with NERC if it so chooses.

B. Outstanding Directives

NOPR Proposal

22. In the NOPR, the Commission proposed to withdraw 41 outstanding Commission directives that NERC develop modifications to Reliability Standards. Attachment A of the NOPR identified the 41 Commission directives, the source (i.e., Final Rule) of the

²⁵ Moreover, while NERC provided the criteria in the February 2013 petition, NERC also made clear that the criteria were provided only for informational purposes. See NERC Petition at 4.

directive, and a justification for the proposed withdrawal.²⁶ The Commission explained that it applied the following three criteria in identifying outstanding directives for withdrawal: (1) the reliability concern underlying the outstanding directive has been addressed in some manner, rendering the directive stale; (2) the outstanding directive provides general guidance for standards development rather than a specific directive; and (3) the outstanding directive is redundant with another directive.²⁷ The Commission stated that each of the 41 outstanding directives identified in Attachment A of the NOPR satisfies one or more of the criteria.

Comments

23. NERC and all other commenters support the withdrawal of the 41 outstanding Commission directives.

24. Trade Associations recommend that the Commission consider alternative criteria for the withdrawal of outstanding directives to more closely align the criteria with those developed by NERC for retirement of Reliability Standard requirements. According to Trade Associations, “simple logic suggests that the basis for retirement of requirements

²⁶ The same table is provided as Attachment A to the Final Rule. Each directive identified in Attachment A includes a “NERC Reference Number.” Commission staff and NERC staff have developed a common approach to identifying and tracking outstanding Commission directives. The NERC Reference Numbers reflect this joint tracking process.

²⁷ NOPR, 143 FERC ¶ 61,251 at P 86.

and withdrawal of Commission reliability directives should be consistent, if not uniform.”²⁸

Commission Determination

25. We find that it is appropriate to withdraw the 41 directives requiring that NERC develop modifications to Reliability Standards. As explained in the NOPR, the withdrawal of the identified directives should result in more efficient use of NERC’s and the Commission’s resources and reduce unnecessary burdens, without impacting the reliable operation of the Bulk-Power System.²⁹ All commenters agree with the withdrawal of the 41 directives and the resulting efficiencies. Accordingly, we withdraw the 41 directives requiring that NERC develop modifications to Reliability Standards, identified in Attachment A of the Final Rule.

26. We are not persuaded by Trade Associations’ comments that there is a need to more closely align the criteria applied by the Commission in determining whether to withdraw an outstanding reliability directive with those criteria developed by NERC for retirement of Reliability Standard requirements. Unlike the NERC review of Reliability Standard requirements, without precluding possible future Commission action, we have no plans for ongoing review of outstanding Commission reliability directives. We have reviewed the catalogue of outstanding reliability directives and have taken appropriate

²⁸ Trade Associations Comments at 7.

²⁹ See NOPR, 143 FERC ¶ 61,251 at PP 85-87.

action in this proceeding. Further, while Trade Associations assert that such convergence of criteria is “logical,” we do not believe that the retirement of Reliability Standards requirements and withdrawal of a Commission directive is an apples-to-apples comparison that necessitates the suggested “alignment.”

III. Information Collection Statement

27. The Office of Management and Budget (OMB) regulations require that OMB approve certain reporting and recordkeeping (collections of information) imposed by an agency.³⁰ Upon approval of a collection(s) of information, OMB will assign an OMB control number and expiration date. Respondents subject to the filing requirements of this rule will not be penalized for failing to respond to these collection(s) of information unless the collections of information display a valid OMB control number.

28. The Commission is submitting these revisions to the reporting and recordkeeping requirements to OMB for its review and approval under section 3507(d) of the Paperwork Reduction Act of 1995.³¹ The Commission solicited comments on the need for and the purpose of the information contained in NERC’s February 2013 petition and the corresponding burdens to implement NERC’s proposed retirement of 34 requirements within 19 Reliability Standards. The Commission received comments generally supporting the efficiency gains and reductions in burden resulting from the retirement of

³⁰ 5 CFR 1320.11.

³¹ 44 U.S.C. 3507(d).

specific requirements, which we address in the Final Rule. However, the Commission did not receive comments on the reporting estimates. The Final Rule approves the retirement of the 34 requirements within 19 Reliability Standards and, in addition, the withdrawal of 41 Commission directives that NERC develop modifications to Reliability Standards.

29. Public Reporting Burden: The estimate below for the number of respondents is based on the NERC Compliance Registry as of April 30, 2013.³² According to the registry, there are 132 balancing authorities (BA), 544 distribution providers (DP), 898 generator owners (GO), 859 generator operators (GOP), 56 interchange authorities (IA), 515 load serving entities (LSE), 80 planning authorities/planning coordinators (PA or PC), 677 purchasing selling entities (PSE), 21 reliability coordinators (RC), 346 transmission owners (TO), 185 transmission operators (TOP), 185 transmission planners (TP), and 93 transmission service providers (TSP).

30. The Commission estimates that the burden will be reduced for each requirement as detailed in the chart below, for a total estimated annual reduction in burden cost of \$518,220. The Commission based the burden reduction estimates on staff experience, knowledge, and expertise.

³² The estimates for the retired CIP requirements are based on February 28, 2013 registry data in order to provide consistency with burden estimates provided in the Commission's recent CIP version 5 Notice of Proposed Rulemaking in Docket No. RM13-5-000.

Standard, Requirement Number, and FERC Collection Number	Type of Respondents	Number of Respondents ³³ [A]	Estimated Average Reduction in Burden Hours per Respondent per Year [B]	Estimated Total Annual Reduction in Burden (in hours) [A X B]	Estimated Total Annual Reduction in Cost [A X B X \$60/ hour ³⁴]
EOP-005-2, R3.1 (FERC-725A)	TOP	185	1	185	\$11,100
FAC-008-3, R4 (FERC-725A)	TO, GO	1,151	1	1,151	\$69,060
FAC-008-3, R5 (FERC-725A)	TO, GO	1,151	1	1,151	\$69,060
FAC-010-2.1, R5 (FERC-725D)	PA	80	20	1,600	\$96,000
FAC-011-2, R5 (FERC-725D)	RC	21	20	420	\$25,200
FAC-013-2, R3 (FERC-725A)	PC	80	8	640	\$38,400
INT-007-1, R1.2 (FERC-725A)	IA	56	20	1,120	\$67,200
IRO-016-1, R2 (FERC-725A)	RC	21	20	420	\$25,200
CIP-003-3, -4, R1.2 (FERC-725B)	RC, BA, IA, TSP, TO, TOP, GO, GOP, LSE	325	1	325	\$19,500
CIP-003-3, -4, R3, R3.1, R3.2, R3.3	RC, BA, IA, TSP, TO, TOP, GO,	325	1	325	\$19,500

³³ This number was calculated by adding all the applicable entities while removing double counting caused by entities registered under multiple functions.

³⁴ The estimated hourly loaded cost (salary plus benefits) for an engineer is assumed to be \$60/hour, based on salaries as reported by the Bureau of Labor Statistics (BLS) (http://bls.gov/oes/current/naics2_22.htm). Loaded costs are BLS rates divided by 0.703 and rounded to the nearest dollar (<http://www.bls.gov/news.release/ecec.nr0.htm>).

(FERC-725B)	GOPLSE				
CIP-005-3, -4, R2.6 (FERC-725B)	RC, BA, IA, TSP, TO, TOP, GO, GOPLSE	325	4	1300	\$78,000
Total				8,637	\$518,220

31. The above chart does not include BAL-005-0.2b, Requirement R2; CIP-003-3, -4, Requirement R4.2; CIP-007-3, -4, Requirement R7.3; FAC-002-1, Requirement R2; PRC-010-0, Requirement R2; PRC-022-1, Requirement R2; and VAR-001-2, Requirement R5 because those requirements were found redundant with other requirements.³⁵ Since the action required within them is required elsewhere, there is no change in the overall burden in retiring these requirements. Likewise, NUC-001-2, Requirement R9.1; NUC-001-2, Requirement R9.1.1; NUC-001-2, Requirement R9.1.2; NUC-001-2, Requirement R9.1.3; and NUC-001-2, Requirement R9.1.4 are not included because these requirements require that the applicable entities include “boiler plate” language into their agreements that is normally included in all legal contracts.³⁶ Since this action will be taken regardless if it is required by a Reliability Standard, there is no reduction in burden.

³⁵ The reporting requirements in these standards are part of the FERC-725A information collection.

³⁶ The reporting requirements in this standard are part of the FERC-725F information collection.

Titles: FERC-725A, Mandatory Reliability Standards for the Bulk Power System; FERC-725B, Mandatory Reliability Standards for Critical Infrastructure Protection; FERC-725D, Facilities, Design, Connections, and Maintenance Reliability Standards; and FERC-725F, Mandatory Reliability Standards for Nuclear Plant Interface Coordination.

Action: Revisions to Collections of Information

OMB Control Nos: 1902-0244, 1902-0248, 1902-0247, and 1902-0249.

Respondents: Business or other for-profit, and not-for-profit institutions.

Frequency of Responses: On occasion.

Necessity of the Information: This proceeding approves the retirement of the 34 requirements within 19 Reliability Standards identified by NERC. The retirements either: (1) provide little protection for Bulk-Power System reliability or (2) are redundant with other aspects of the Reliability Standards. In addition, we withdraw the 41 Commission directives listed in Attachment A in the interest of enhancing the efficiency of the ERO standard development and compliance programs, as well as the efficiency of individual registered entity compliance programs.

Internal review: The Commission has reviewed NERC's proposal and determined that the action is necessary to implement section 215 of the FPA. The Commission has assured itself, by means of its internal review, that there is specific, objective support for the burden reduction estimates associated with the retired information requirements.

32. Interested persons may obtain information on the reporting requirements by contacting the Federal Energy Regulatory Commission, Office of the Executive Director,

888 First Street, NE, Washington, DC 20426 [Attention: Ellen Brown, e-mail: DataClearance@ferc.gov, phone: (202) 502-8663, fax: (202) 273-0873].

33. Comments concerning the information collections and the associated burden estimates should be sent to the Commission in this docket and to the Office of Management and Budget, Office of Information and Regulatory Affairs [Attention: Desk Officer for the Federal Energy Regulatory Commission]. For security reasons, comments should be sent by e-mail to OMB at: oira_submission@omb.eop.gov. Please indicate the OMB Control Numbers and Docket No. RM13-8-000 in your submittal.

IV. Environmental Analysis

34. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment.³⁷ The Commission has categorically excluded certain actions from this requirement as not having a significant effect on the human environment. Included in the exclusion are rules that are clarifying, corrective, or procedural or that do not substantially change the effect of the regulations being amended.³⁸ The actions proposed here fall within this categorical exclusion in the Commission's regulations.

³⁷ *Regulations Implementing the National Environmental Policy Act*, Order No. 486 52 FR 47897 (Dec. 17, 1987), FERC Stats. & Regs. Regulations Preambles 1986-1990 ¶ 30,783 (1987).

³⁸ 18 CFR 380.4(a)(2)(ii) (2013).

V. Regulatory Flexibility Act

35. The Regulatory Flexibility Act of 1980 (RFA)³⁹ generally requires a description and analysis of final rules that will have significant economic impact on a substantial number of small entities. The RFA mandates consideration of regulatory alternatives that accomplish the stated objectives of a proposed rule and that minimize any significant economic impact on a substantial number of small entities. The Small Business Administration's Office of Size Standards develops the numerical definition of a small business.⁴⁰ The Small Business Administration has established a size standard for electric utilities, stating that a firm is small if, including its affiliates, it is primarily engaged in the transmission, generation and/or distribution of electric energy for sale and its total electric output for the preceding twelve months did not exceed four million megawatt hours.⁴¹

36. The Commission estimates the total reduction in burden for all small entities to be \$32,460. The Commission estimates that small planning authorities/planning coordinators will see a reduction of \$1,680 per entity per year, greater than for other types of affected small entities.⁴² The Commission does not consider a reduction of

³⁹ 5 U.S.C. 601-612.

⁴⁰ 13 CFR 121.101.

⁴¹ 13 CFR 121.201, Sector 22, Utilities & n.1.

⁴² The burden reduction for planning authorities/planning coordinators is based on the retirement of FAC-010-2.1, Requirement R5 and FAC-013-2, Requirement R3.

(continued...)

\$1,680 per year to be a significant economic impact. The Commission believes that, in addition to the estimated economic impact, the proposed retirement of the 34 requirements of mandatory Reliability Standards will provide small entities with relief from having to track compliance with these provisions and preparing to show compliance in response to a potential compliance audit by a Regional Entity or other regulator.

37. Based on the above, the Commission certifies that the changes to the Reliability Standards will not have a significant impact on a substantial number of small entities. Accordingly, no regulatory flexibility analysis is required.

VI. Document Availability

38. In addition to publishing the full text of this document in the Federal Register, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through FERC's Home Page (<http://www.ferc.gov>) and in FERC's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street, NE, Room 2A, Washington DC 20426.

39. From FERC's Home Page on the Internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in

Based on the NERC Compliance Registry and Energy Information Administration Form EIA-861 data, the Commission estimates that 5 out of the 80 planning authorities/planning coordinators meet the definition of a small entity.

eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

40. User assistance is available for eLibrary and the FERC's website during normal business hours from FERC Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or email at ferconlinesupport@ferc.gov, or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. E-mail the Public Reference Room at public.referenceroom@ferc.gov.

VII. Effective Date and Congressional Notification

41. These regulations are effective [**insert date 45 days after publication in Federal Register**]. The Commission has determined that, with the concurrence of the Administrator of the Office of Information and Regulatory Affairs of OMB, this rule is not a "major rule" as defined in section 351 of the Small Business Regulatory Enforcement Fairness Act of 1996.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Note: Attachment A will not appear in the *Code of Federal Regulations*.

Attachment A

Withdrawn Commission Directives

#	Standard	Order No.	Para	Directive	Justification
<i>Group A - The reliability concern underlying the outstanding directive has been addressed in some manner, rendering the directive stale</i>					
1	BAL-006	693	P 428	“Add measures concerning the accumulation of large inadvertent interchange balances and levels of non-compliance.” (NERC Reference No. 10036)	NERC replaced levels of non-compliance with violation severity levels (VSLs). NERC has designated VSLs for BAL-006.
2	EOP-001	693	P 565	“The Commission agrees with ISO-NE that the Reliability Standard should be clarified to indicate that the actual emergency plan elements, and not the “for consideration” elements of Attachment 1, should be the basis for compliance. However, all of the elements should be considered when the emergency plan is put together.” (NERC Reference No. 10065)	The VSLs listed in EOP-001-2.1b and the Reliability Standard Audit Worksheet for EOP-001 require evidence of this consideration.
3	INT-004	693	P 843	“Consider adding levels of non-compliance to the standard.” (NERC Reference No. 10134)	NERC replaced levels of non-compliance with VSLs. VSLs for INT-004 have been developed and approved by the Commission.
4	INT-005	693	P 848	“Consider adding levels of non-compliance to the standard.” (NERC Reference No. 10135)	NERC replaced levels of non-compliance with VSLs. VSLs for INT-005 have been developed and approved by the Commission.

#	Standard	Order No.	Para	Directive	Justification
5	MOD-010 through MOD-025	693	P 1147	“Direct the ERO to use its authority pursuant to § 39.2(d) of our regulations to require users, owners and operators to provide to the Regional Entity the information related to data gathering, data maintenance, reliability assessments and other process-type functions.” (NERC Reference No. 10266)	The concern underlying the directive has been addressed through section 1600 (Requests for Data or Information) of NERC’s Rules of Procedure. The Commission approved Section 1600 of NERC’s Rules on February 21, 2008.
6	MOD-010	693	P 1152	“Address critical energy infrastructure confidentiality issues as part of the standard development process.” (NERC Reference No. 10268)	This directive is no longer necessary in light of section 1500 (Confidential Information) of NERC’s Rules of Procedure addressing treatment of confidential information.
7	MOD-010	693	P 1163	“Direct the ERO to develop a Work Plan that will facilitate ongoing collection of the steady-state modeling and simulation data specified in MOD-011-0.” (NERC Reference No. 10270)	The concern underlying the directive has been addressed through NERC’s Reliability Standards Development Plan: 2013-2015. This plan was provided to the Commission in an informational filing on December 31, 2012. It contains an action plan to merge, upgrade, and expand existing requirements in the modeling data (MOD-010 through MOD-015) and demand data (MOD-016 through MOD-021) Reliability Standards.

#	Standard	Order No.	Para	Directive	Justification
8	PRC-017	693	P 1546	“Require documentation identified in Requirement R2 be routinely provided to NERC or the regional entity that includes a requirement that documentation identified in Requirement R2 shall be routinely provided to the ERO.” (NERC Reference No. 10363)	Requirement R2 of PRC-017 already requires affected entities to provide documentation of the special protection system program and its implementation to the appropriate Regional Reliability Organization and NERC within 30 calendar days of a request. If either the Regional Entity or NERC determine that they need and will use the information on a regular schedule, they have the authority to establish a schedule under the current requirement.
9	Glossary	693	P 1895	“Modification to the glossary that enhances the definition of “generator operator” to reflect concerns of the commenters [“to include aspects unique to ISOs, RTOs and pooled resource organizations”].” (NERC Reference No. 10005)	The concern underlying the directive has been addressed through the NERC registration process. <i>See</i> Order No. 693 at P 145.
10	Glossary	693	P 1895	“Modification to the glossary that enhances the definition of “transmission operator” to reflect concerns of the commenters [“to include aspects unique to ISOs, RTOs and pooled resource organizations”].” (NERC Reference No. 10006)	The concern underlying the directive has been addressed through the NERC registration process. <i>See</i> Order No. 693 at P 145.

#	Standard	Order No.	Para	Directive	Justification
<i>Group B - The outstanding directive provides general guidance for standards development rather than a specific directive</i>					
11	BAL-005	693	P 406	“The Commission understands that it may be technically possible for DSM to meet equivalent requirements as conventional generators and expects the Reliability Standards development process to provide the qualifications they must meet to participate.” (NERC Reference No. 10033)	This paragraph is not a directive to change or modify a standard.
12	BAL-006	693	P 438	“Examine the WECC time error correction procedure as a possible guide... the Commission asks the ERO, when filing the new Reliability Standard, to explain how the new Reliability Standard satisfies the Commission’s concerns.” (NERC Reference No. 10037)	This paragraph is not a directive to change or modify a standard.
13	COM-001	693	P 507	“Although we direct that the regional reliability organization should not be the compliance monitor for NERCNet, we leave it to the ERO to determine whether it is the appropriate compliance monitor or if compliance should be monitored by the Regional Entities for NERCNet User Organizations.” (NERC Reference No. 10051)	This paragraph is not a directive to change or modify a standard.

#	Standard	Order No.	Para	Directive	Justification
14	MOD-001	729	P 20	<p>“We encourage the ERO to consider Midwest ISO’s and Entegra’s comments when developing other modifications to the MOD Reliability Standards pursuant to the EROs Reliability Standards development procedure.” [See also P 198-199] (NERC Reference No. 10216)</p>	<p>This paragraph is not a directive to change or modify a standard.</p>
15	MOD -001, -004, -008, -028, -029, -030	729	P 160	<p>“In developing the modifications to the MOD Reliability Standards directed in this Final Rule, the ERO should consider generator nameplate ratings and transmission line ratings including the comments raised by Entegra and ISO/RTO Council.” [Also see P 154] (NERC Reference No. 10207)</p>	<p>This paragraph is not a directive to change or modify a standard.</p>
16	MOD-001	729	P 179	<p>“The Commission directs the ERO to consider Entegra’s request regarding more frequent updates for constrained facilities through its Reliability Standards development process.” (see Order No. 729 at P 177 for Entegra's comments). (NERC Reference No. 10211)</p>	<p>This paragraph is not a directive to change or modify a standard.</p>

#	Standard	Order No.	Para	Directive	Justification
17	MOD-028	729	P 231	“The Commission directs the ERO to develop a modification sub-requirement R2.2 pursuant to its Reliability Standards development process to clarify the phrase ‘adjacent and beyond Reliability Coordination areas.’” (NERC Reference No. 10219)	This paragraph clarifies the Commission's understanding of the phrase "adjacent and beyond Reliability Coordination area." Since the Commission's understanding of the language is clearly expressed, and the matter has little impact on reliability, there is no reason to go forward with the directive.
18	MOD-028	729	P 234	“The Commission agrees that a graduated time frame for reposting could be reasonable in some situations. Accordingly, the ERO should consider this suggestion when making future modifications to the Reliability Standards.” (NERC Reference No. 10220)	This paragraph is not a directive to change or modify a standard.
19	MOD-029	729	P 246	“The ERO should consider Puget Sound’s concerns on this issue when making future modifications to the Reliability Standards.” [See also P 245] (NERC Reference No. 10222)	This paragraph is not a directive to change or modify a standard.
20	MOD-030	729	P 269	“The Commission also directs the ERO to make explicit such [effective date] detail in any future version of this or any other Reliability Standard.” (NERC Reference No. 10223)	This paragraph is not a directive to change or modify a standard.

#	Standard	Order No.	Para	Directive	Justification
21	MOD-024	693	P 1310	“Similarly, we respond to Constellation that any modification of the Levels of Non-Compliance in this Reliability Standard should be reviewed in the ERO Reliability Standards development process.” (NERC Reference No. 10318)	This paragraph is not a directive to change or modify a standard.
22	PER-002	693	P 1375	“Training programs for operations planning and operations support staff must be tailored to the needs of the function, the tasks performed and personnel involved.” (NERC Reference No. 10329)	This paragraph is not a directive to change or modify a standard.
23	VAR-001	693	P 1863	“The Commission expects that the appropriate power factor range developed for the interface between the bulk electric system and the load-serving entity from VAR-001-1 would be used as an input to the transmission and operations planning Reliability Standards.” (NERC Reference No. 10441)	This paragraph is not a directive to change or modify a standard.
24	VAR-001	693	P 1869	“We recognize that our proposed modification does not identify what definitive requirements the Reliability Standard should use for established limits and sufficient reactive resources.” (NERC Reference No. 10434)	This paragraph is not a directive to change or modify a standard.

#	Standard	Order No.	Para	Directive	Justification
25	TPL and FAC series	705	P 49	“Direct that any revised TPL Reliability Standards must reflect consistency in the lists of contingencies.” (NERC Reference No. 10601)	This paragraph provides guidance on an ongoing implementation issue and is not a directive to change or modify a standard.
<i>Group C - The outstanding directive is redundant with another directive</i>					
26	MOD-012	693	P 1177	“Direct the ERO to use its authority pursuant to § 39.2(d) of our regulations to require users, owners, and operators to provide to the Regional Entities the information related to data gathering, data maintenance, reliability assessments and other process type functions.” (NERC Reference No. 10275)	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.
27	MOD-012	693	P 1177	“Develop a Work Plan and submit a compliance filing that will facilitate ongoing collection of the dynamics system modeling and simulation data.” (NERC Reference No. 10279)	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
28	MOD-012	693	P 1181	“Direct the ERO to address confidentiality issues and modify the standard as necessary through its Reliability Standards development process.” (NERC Reference No. 10277)	This directive is redundant with the directive in paragraph 1152, which has already been addressed and is reflected in section A above.

#	Standard	Order No.	Para	Directive	Justification
29	MOD-013	693	P 1200	“Direct the ERO to develop a Work Plan that will facilitate ongoing collection of the dynamics system modeling and simulation data specified in MOD-013-1, and submit a compliance filing containing this Work Plan to the Commission.” (NERC Reference No. 10283)	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
30	MOD-014	693	P 1212	“Direct the ERO to use its authority pursuant to § 39.2(d) of our regulations to require users, owners and operators to provide the validated models to regional reliability organizations.” (NERC Reference No. 10288)	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.
31	MOD-014	693	P 1212	“Direct the ERO to develop a Work Plan that will facilitate ongoing validation of steady-state models and submit a compliance filing containing the Work Plan with the Commission.” (NERC Reference No. 10289)	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
32	MOD-015	693	P 1221	“Direct the ERO to use its authority pursuant to § 39.2(d) of our regulations to require users, owners and operators to provide to the Regional Entity the validated dynamics system models while MOD-015-0 is being modified.” (NERC Reference No. 10291)	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.

#	Standard	Order No.	Para	Directive	Justification
33	MOD-015	693	P 1221	“Require the ERO to develop a Work Plan that will enable continual validation of dynamics system models and submit a compliance filing with the Commission.” (NERC Reference No. 10292)	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
34	MOD-017	693	P 1247	“Provide a Work Plan and compliance filing regarding the collection of information specified under standards that are deferred, in this instance, data on the accuracy, error and bias of the forecast.” (NERC Reference No.10299)	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
35	MOD-018	693	P 1264	“Require the ERO to provide a Work Plan and compliance filing regarding collection of information specified under standards that are deferred, and believe there should be no difficulties complying with this Reliability Standard.” (NERC Reference No. 10303)	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
36	MOD-019	693	P 1275	“Direct the ERO to use its authority pursuant to § 39.2(d) of our regulations to require users, owners and operators to provide to the Regional Entity information related to forecasts of interruptible demands and direct control load management.” (NERC Reference No. 10305)	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.

#	Standard	Order No.	Para	Directive	Justification
37	MOD-021	693	1297	“Direct the ERO to provide a Work Plan and compliance filing regarding collection of information specified under related standards that are deferred, and believe there should be no difficulty complying with this Reliability Standard.” (NERC Reference No. 10309)	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
38	MOD-021	693	P 1297	“Direct the ERO to use its authority pursuant to § 39.2(d) of our regulations to require users, owners and operators to provide to the Regional Entity the information required by this Reliability Standard.” (NERC Reference No. 10313)	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.
39	MOD-024	693	P 1308	“In order to continue verifying and reporting gross and net real power generating capability needed for reliability assessment and future plans, we direct the ERO to develop a Work Plan and submit a compliance filing.” (NERC Reference No. 10317)	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.
40	MOD-024	693	P 1312	“Direct the ERO to use its authority pursuant to § 39.2(d) of our regulations to require users, owners and operators to provide this information.” (NERC Reference No. 10314)	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.

#	Standard	Order No.	Para	Directive	Justification
41	MOD-025	693	P 1320	<p>“In order to continue verifying and reporting gross and net reactive power generating capability needed for reliability assessment and future plans, we direct the ERO to develop a Work Plan as defined in the Common Issues section.” (NERC Reference No. 10321)</p>	<p>This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.</p>

Note: Attachment B will not appear in the *Code of Federal Regulations*.

Attachment B

Commenters on the Notice of Proposed Rulemaking

The American Public Power Association, Edison Electric Institute, Electricity Consumers Resource Council, Electric Power Supply Association, Large Public Power Council, and Transmission Access Policy Group (collectively, Trade Associations)

Canadian Electricity Association (CEA)

Dominion Resources Services, Inc., on behalf of Virginia Electric and Power Company, doing business as Dominion Virginia Power; Dominion Nuclear Connecticut, Inc.; Dominion Energy Brayton Point, LLC; Dominion Energy Manchester Street, Inc.; Elwood Energy, LLC; Kincaid Generation, LLC; and Fairless Energy, LLC

International Transmission Company d/b/a ITC*Transmission*, Michigan Electric Transmission Company, LLC, ITC Midwest LLC and ITC Great Plains, LLC (ITC)

ISO/RTO Council

National Rural Electric Cooperative Association (NRECA)

North American Electric Reliability Corporation (NERC)