

140 FERC ¶ 61,056
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

18 CFR Part 40

[Docket No. RM12-9-000]

Regional Reliability Standard PRC-006-SERC-01 —Automatic
Underfrequency Load Shedding Requirements

(Issued July 19, 2012)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of Proposed Rulemaking.

SUMMARY: Under section 215 of the Federal Power Act (FPA), the Federal Energy Regulatory Commission (Commission) proposes to approve regional Reliability Standard PRC-006-SERC-01 (Automatic Underfrequency Load Shedding Requirements) submitted to the Commission for approval by the North American Electric Reliability Corporation (NERC). Regional Reliability Standard, PRC-006-SERC-01, is designed to ensure that automatic underfrequency load shedding protection schemes designed by planning coordinators and implemented by applicable distribution providers and transmission owners in the SERC Reliability Corporation (SERC) Region are coordinated to effectively mitigate the consequences of an underfrequency event. The Commission also proposes to approve the related violation risk factors, with one modification, and violation severity levels, implementation plan, and effective date proposed by NERC.

DATES: Comments are due [INSERT DATE 60 days after publication in the
FEDERAL REGISTER]

ADDRESSES: Comments, identified by docket number, may be filed in the following ways:

- Electronic Filing through <http://www.ferc.gov>. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format.
- Mail/Hand Delivery: Those unable to file electronically may mail or hand-deliver comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE, Washington, DC 20426.

Instructions: For detailed instructions on submitting comments and additional information on the rulemaking process, see the Comment Procedures Section of this document

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SUPPLEMENTARY INFORMATION:

140 FERC ¶ 61,056
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Regional Reliability Standard PRC-006-SERC-01 — Docket No. RM12-9-000
Automatic Underfrequency Load Shedding
Requirements

NOTICE OF PROPOSED RULEMAKING

(Issued July 19, 2012)

1. Under section 215 of the Federal Power Act (FPA), the Federal Energy Regulatory Commission (Commission) proposes to approve regional Reliability Standard PRC-006-SERC-01 (Automatic Underfrequency Load Shedding (UFLS) Requirements) in the SERC Reliability Corporation (SERC)¹ Region. The Commission also proposes to approve the related violation risk factors (VRFs), with one modification, and violation severity levels (VSLs), implementation plan, and effective date proposed by the North American Electric Reliability Corporation (NERC). Regional Reliability Standard PRC-006-SERC-01 was submitted to the Commission for approval by NERC and is designed to ensure that automatic UFLS protection schemes designed by planning coordinators and implemented by applicable distribution providers and transmission owners in the SERC Region are coordinated to effectively mitigate the consequences of an underfrequency event.

¹ SERC amended its Articles of Incorporation on May 9, 2006 to change its name from Southeastern Electric Reliability Council to SERC Reliability Corporation. Available at [http://serc1.org/Documents/Regional%20Entity%20Documents1/Regional%20Entity%20Documents%20\(All\)/Name%20Change%205-17-06%20SFX4C5F.pdf](http://serc1.org/Documents/Regional%20Entity%20Documents1/Regional%20Entity%20Documents%20(All)/Name%20Change%205-17-06%20SFX4C5F.pdf).

I. Background

A. Mandatory Reliability Standards

2. Section 215 of the FPA 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 NERC, subject to Commission oversight, or by the Commission independently.²

3. Reliability Standards that NERC proposes to the Commission may include Reliability Standards that are proposed by a Regional Entity to be effective in that region.³ In Order No. 672, the Commission noted that:

As a general matter, we will accept the following two types of regional differences, provided they are otherwise just, reasonable, not unduly discriminatory or preferential and in the public interest, as required under the statute: (1) a regional difference that is more stringent than the continent-wide Reliability Standard, including a regional difference that addresses matters that the continent-wide Reliability Standard does not; and (2) a regional Reliability Standard that is necessitated by a physical difference in the Bulk-Power System.

When NERC reviews a regional Reliability Standard that would be applicable on an interconnection-wide basis and that has been proposed by a Regional Entity organized on an interconnection-wide basis, NERC must rebuttably presume that the regional Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest.⁴

² See 16 U.S.C. § 824o(e) (2006).

³ 16 U.S.C. § 824o(e)(4). A Regional Entity is an entity that has been approved by the Commission to enforce Reliability Standards under delegated authority from the ERO. See 16 U.S.C. § 824o(a)(7) and (e)(4).

⁴ 16 U.S.C. § 824o(d)(3).

In turn, the Commission must give “due weight” to the technical expertise of NERC and of a Regional Entity organized on an interconnection-wide basis.⁵

4. On April 19, 2007, the Commission accepted delegation agreements between NERC and each of the eight Regional Entities.⁶ In the order, the Commission accepted SERC as a Regional Entity organized on less than an interconnection-wide basis. As a Regional Entity, SERC oversees Bulk-Power System reliability within the SERC Region, which covers a geographic area of approximately 560,000 square miles in a sixteen-state area in the southeastern and central United States (all of Missouri, Alabama, Tennessee, North Carolina, South Carolina, Georgia, Mississippi, and portions of Iowa, Illinois, Kentucky, Virginia, Oklahoma, Arkansas, Louisiana, Texas and Florida). The SERC Region is currently geographically divided into five subregions that are identified as Southeastern, Central, VACAR, Delta, and Gateway.

B. Proposed Regional Reliability Standard PRC-006-SERC-01

5. On February 1, 2012, NERC submitted a petition to the Commission seeking approval of regional Reliability Standard PRC-006-SERC-01.⁷ NERC requests approval of the regional Reliability Standard, associated VRFs and VSLs, and the implementation plan for PRC-006-SERC-01. NERC requests the standard become effective over a 30-month window following the effective date of a final rule in this docket, as provided in NERC’s implementation plan, to allow

⁵ *Id.* § 824o(d)(2).

⁶ *North American Electric Reliability Corp.*, 119 FERC ¶ 61,060 (2007).

⁷ *North American Electric Reliability Corp.*, February 1, 2012 Petition for Approval of Regional Reliability Standard PRC-006-SERC-01 (NERC Petition). The proposed new Regional Reliability Standard is not codified in the CFR. However, it is available on the Commission’s eLibrary document retrieval system in Docket No. RM12-9-000 and is available on the NERC’s website, www.nerc.com.

entities to respond to any changes in UFLS settings. NERC states that this is the first request for Commission approval of this proposed regional Reliability Standard and that it will only apply to applicable registered entities within the SERC Region. NERC also states that the NERC continent-wide Reliability Standards do not presently address the issues covered in regional Reliability Standard PRC-006-SERC-01.

6. NERC states that regional Reliability Standard PRC-006-SERC-01 was developed to be consistent with the NERC UFLS Reliability Standard PRC-006-1.⁸ Regional Reliability Standard PRC-006-SERC-01 is designed to ensure that automatic UFLS protection schemes designed by planning coordinators and implemented by applicable distribution providers and transmission owners in the SERC Region are coordinated to effectively mitigate the consequences of an underfrequency event.⁹

7. NERC states that the proposed regional Reliability Standard satisfies the factors set forth in Order No. 672 that the Commission considers when determining whether a proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential and in the public interest.¹⁰ NERC states that regional Reliability Standard PRC-006-SERC-01 adds specificity not contained in the NERC UFLS Reliability Standard for UFLS schemes in the

⁸ *See Automatic Underfrequency Load Shedding and Load Shedding Plans Reliability Standards*, Order No. 763, 139 FERC ¶ 61,098 (May 7, 2012) (approving Reliability Standards PRC-006-1 (Automatic Underfrequency Load Shedding) and EOP-003-2 (Load Shedding Plans)).

⁹ NERC Petition at 7.

¹⁰ *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, at PP 323-337 (2006), *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

SERC Region.¹¹ NERC states that regional Reliability Standard PRC-006-SERC-01 effectively mitigates, in conjunction with Reliability Standard PRC-006-1, the consequences of an underfrequency event while accommodating differences in system transmission and distribution topology among SERC planning coordinators resulting from historical design criteria, makeup of load demands, and generation resources.¹²

8. According to NERC, regional Reliability Standard PRC-006-SERC-01 is clear and unambiguous regarding what is required and who is required to comply. The proposed regional Reliability Standard is applicable to generator owners, planning coordinators, and UFLS entities in the SERC Region. The term “UFLS entities” (as noted in Reliability Standard PRC-006-1) means all entities that are responsible for the ownership, operation, or control of automatic UFLS equipment as required by the UFLS program established by the Planning Coordinators.¹³ NERC states that such entities may include distribution providers and transmission owners. NERC also states that each requirement of PRC-006-SERC-01 has an associated measure of compliance that will assist those enforcing the standard to enforce it in a consistent and non-preferential manner. Proposed regional Reliability Standard PRC-006-SERC-01 contains eight requirements, summarized as follows:

¹¹ NERC Petition at 18.

¹² *Id.* at 18-19.

¹³ NERC Petition at 7 (*citing* NERC Reliability Standard PRC-006-1, *available at* <http://www.nerc.com/files/PRC-006-1.pdf>).

Requirement R1 requires each planning coordinator to include its SERC subregion as an identified island when developing criteria for selecting portions of the Bulk-Power System that may form islands;

Requirement R2 requires each planning coordinator to select or develop an automatic UFLS scheme (percent of load to be shed, frequency set points, and time delays) for implementation by UFLS entities within its area that meets the specified minimum requirements;

Requirement R3 requires each planning coordinator to conduct simulations of its UFLS scheme for an imbalance between load and generation of 13 percent, 22 percent, and 25 percent for all identified islands;

Requirement R4 requires each UFLS entity that has a total load of 100 MW or greater in a planning coordinator area in the SERC Region to implement the UFLS scheme developed by their planning coordinator within specified tolerances;

Requirement R5 requires each UFLS entity that has a total load less than 100 MW in a planning coordinator area in the SERC Region to implement the UFLS scheme developed by their planning coordinator within specified tolerances, but specifies that those entities shall not be required to have more than one UFLS step;

Requirement R6 requires each UFLS entity in the SERC Region to implement changes to the UFLS scheme which involve frequency settings, relay time delays, or changes to the percentage of load in the scheme within 18 months of notification by the planning coordinator;

Requirement R7 requires each planning coordinator to provide specified information concerning their UFLS scheme to SERC according to the schedule specified by SERC; and

Requirement R8 requires each generator owner to provide specified generator underfrequency and overfrequency protection information within 30 days of a request by SERC to facilitate post-event analysis of frequency disturbances.

9. NERC also explains that the proposed regional Reliability Standard sets minimum automatic UFLS design requirements, which are equivalent to the design requirements in the SERC UFLS program that has been in effect since September 3, 1999.¹⁴ NERC states that the one change relative to the existing SERC UFLS program is the addition of a minimum time delay requirement. The addition allows planning coordinators to use current UFLS schemes if those schemes meet the performance requirements specified in the NERC UFLS standard. Therefore, NERC concludes that the distribution providers and transmission owners subject to the proposed regional Reliability Standard will have to make minimal changes to implement their portions of the UFLS schemes.

10. NERC also proposes VRFs and VSLs for the regional Reliability Standard, an implementation plan, and an effective date. NERC states that these aspects were developed and reviewed for consistency with NERC and Commission guidelines.

11. NERC proposes specific implementation plans for each requirement in the regional Reliability Standard, as identified below, with the regional Reliability Standard becoming fully effective thirty months after the first day of the first quarter following regulatory approval. NERC states that the implementation time is reasonable, as it balances the need for reliability with the practicability of implementation.

¹⁴ NERC Petition at 12.

12. NERC proposes that Requirement R1 of PRC-006-SERC-01 become effective twelve months after the first day of the first quarter following regulatory approval, but no sooner than twelve months following regulatory approval of Reliability Standard PRC-006-1. NERC states that this twelve-month period is consistent with the effective date of Requirement R2 of Reliability Standard PRC-006-1. Requirement R2 of PRC-006-SERC-01 would become effective twelve months after the first day of the first quarter following regulatory approval. NERC states that this twelve-month period is needed to allow time for entities to ensure a minimum time delay of six cycles on existing automatic UFLS relays as specified in Sub-requirement R2.6. Requirement R3 would become effective eighteen months after the first day of the first quarter following regulatory approval. NERC explains that this additional six-month period is needed to allow time to perform and coordinate studies necessary to assess the overall effectiveness of the UFLS schemes in the SERC Region. Requirements R4, R5, and R6 would become effective thirty months after the first day of the first quarter following regulatory approval. NERC states that this additional eighteen months is needed to allow time for any necessary changes to be made to the existing UFLS schemes in the SERC Region. Requirement R7 would become effective six months following the effective date of Requirement R8 of Reliability Standard PRC-006-1, but no sooner than one year following the first day of the first calendar quarter after applicable regulatory approval of PRC-006-SERC-01. Finally, Requirement R8 of PRC-006-SERC-01 would become effective twelve months after the first day of the first quarter following regulatory approval. NERC states that this twelve-month period is needed to allow time for generator owners to collect and make an initial data filing.

II. Discussion

A. PRC-006-SERC-01

13. Pursuant to FPA section 215(d)(2), we propose to approve regional Reliability Standard PRC-006-SERC-01 as just, reasonable, not unduly discriminatory or preferential, and in the public interest. PRC-006-SERC-01 is designed to work in conjunction with NERC Standard PRC-006-1 to effectively mitigate the consequences of an underfrequency event while accommodating differences in system transmission and distribution topology among SERC Planning Coordinators due to historical design criteria, makeup of load demands, and generation resources.¹⁵ As indicated above, PRC-006-SERC-01 covers topics not covered by the corresponding NERC Reliability Standard PRC-006-1 because it adds specificity for UFLS schemes in the SERC Region. For example, Requirement R1 of the proposed regional Reliability Standard PRC-006-SERC-01 requires all planning coordinators in the SERC Region to include their respective “SERC subregion as an identified island when developing criteria for selecting portions of the [Bulk-Power System] that may form islands.”¹⁶ This requirement goes beyond the corresponding requirement in Reliability Standard PRC-006-1 that a planning coordinator study the entire region as an island.

14. While we propose to approve regional Reliability Standard PRC-006-SERC-01, we identify a possible inconsistency between Requirement R6 of the proposed regional Reliability Standard and PRC-006-1, which the Commission addressed in Order No. 763. Reliability Standard PRC-SERC-006-01, Requirement R6 states:

¹⁵ NERC Petition at 18.

¹⁶ NERC Petition, Exhibit C at 6.

R6. Each UFLS entity shall implement changes to the UFLS scheme which involve frequency settings, relay time delays, or changes to the percentage of load in the scheme within 18 months of notification by the Planning Coordinator.
[Violation Risk Factor: Medium][Time Horizon: Long-term Planning]

The rationale for Requirement R6 included in the NERC petition is the following:

Rationale for R6:

The SDT believes it is necessary to put a requirement on how quickly changes to the scheme should be made. This requirement specifies that changes must be made within 18 months of notification by the PC. The 18 month interval was chosen to give a reasonable amount of time for making changes in the field. All of the SERC region has existing UFLS schemes which, based on periodic simulations, have provided reliable protection for years. Events which result in islanding and an activation of the UFLS schemes are extremely rare. Therefore, the SDT does not believe that changes to an existing UFLS scheme will be needed in less than 18 months. *However, if a PC desires that changes to the UFLS scheme be made faster than that, then the PC may request the implementation to be done sooner than 18 months. The UFLS entity may oblige but will not be required to do so.*¹⁷

15. The Commission reads the requirement that UFLS entities implement a change “within 18-months” to establish a “maximum” timeframe to comply with a planning coordinator’s schedule to implement changes to UFLS schemes, but also to recognize that the planning coordinator could establish a schedule for the changes to be implemented in less time.¹⁸ The

¹⁷ NERC Petition, Exhibit A at 14 (emphasis added).

¹⁸ In the VSL and VRF analysis in Exhibit E of NERC’s Petition, NERC states that Requirement R6 specifies the maximum time for a UFLS entity to complete implementation of a major change in a planning coordinator’s UFLS scheme. *See* NERC Petition, Exhibit E at 16 (“[Requirement R6] specifies the maximum time for a UFLS

(continued...)

inclusion of a maximum timeframe would be more stringent than Reliability Standard PRC-006-1, Requirement R9, which does not contain a maximum timeframe to implement changes to a UFLS scheme.

16. We are concerned, however, that the italicized language in the rationale NERC provides for Requirement R6 may be incompatible with Order No. 763. As explained above, we interpret Requirement R6 to mean that planning coordinators can establish schedules for requiring changes to UFLS schemes by applicable entities within an 18-month time frame from the time the entities are notified. Yet, the rationale for Requirement R6 could result in Requirement R6 being read to allow applicable entities not to adopt the planning coordinator's schedule if it is less than 18 months. The Commission is concerned that leaving it up to applicable entities to determine their schedules for changes under certain circumstances will cause confusion and result in a lack of consistency in the application of the regional Reliability Standard. Allowing each UFLS entity to choose its own timing could harm reliability or at least defeat the purpose of the planning coordinator's role.

17. Our concern is rooted in the Commission's directive in Order No. 763 concerning PRC-006-1, which held that planning coordinators should be responsible for establishing schedules for the completion of corrective actions in response to UFLS events.¹⁹ In the Notice of Proposed Rulemaking for PRC-006-1, the Commission stated that Reliability Standard PRC-006-1 does not specify how soon after an event an entity would need to implement corrections in response to

entity to complete implementation of a major change in a Planning Coordinator's UFLS scheme.”).

¹⁹ Order No. 763, 139 FERC ¶ 61,098 at P 48.

any deficiencies identified in an event assessment.²⁰ NERC responded that the time that a UFLS entity has to implement corrections will be established by the planning coordinator, as specified in Requirement R9 of PRC-006-1.²¹ In Order No. 763, the Commission accepted NERC's comments that Requirement R9 requires compliance with a schedule established by the planning coordinator, but the Commission stated that NERC's reading of Requirement R9 should be made clear in the Requirement itself and directed NERC to make that requirement explicit in future versions of the Reliability Standard.²²

18. NERC states that PRC-006-SERC-01 is designed to work in conjunction with Reliability Standard PRC-006-1.²³ NERC also maintains that the regional Reliability Standard is more

²⁰ *Automatic Underfrequency Load Shedding and Load Shedding Plans Reliability Standards*, Notice of Proposed Rulemaking, 76 Fed. Reg. 66,220 (October 26, 2011), FERC Stats. & Regs. ¶ 32,682 (2011).

²¹ NERC stated:

The amount of time that a UFLS entity has to implement corrections will be established by the Planning Coordinator, as specified in Requirement R9 of PRC-006-1. The time allotted for corrections will depend on the extent of the deficiencies identified. The schedule specified by the Planning Coordinator will consider the time necessary for budget planning and implementation, recognizing that operating and maintenance budgets normally will not be sufficient to address major revisions and allowances will be necessary for inclusion of approved changes in budgeting cycles.

Order No. 763, 139 FERC ¶ 61,098 at P 48 (*citing* NERC Comments at 8).

²² Order No. 763, 139 FERC ¶ 61,098 at P 48.

²³ NERC Petition at 18-19.

stringent than PRC-006-1.²⁴ Construing Requirement R6 as imposing a maximum time to comply with a planning coordinator's schedule, but leaving it up to the applicable entity to decide whether to take more time (up to 18 months) than the planning coordinator schedule allows, would be inconsistent with and, in certain cases, be less stringent than PRC-006-1. First, we are concerned that allowing applicable entities the flexibility to determine their own implementation schedule (up to 18 months) for changes rather than follow the schedule established by the planning coordinator is inconsistent with the policy underlying Order No. 763 that planning coordinators establish schedules for completing changes to UFLS programs. If a planning coordinator believes that a change made pursuant to Requirement R6 should be completed in less than 18 months, the planning coordinator's schedule should be mandatory. Second, in certain circumstances, such an interpretation would be expressly prohibited by the Commission's directive in Order No. 763 concerning Requirement R9, which gives the planning coordinator the responsibility of setting a schedule for completing corrective actions to UFLS programs following event assessments pursuant to Requirement R11 and R12 of PRC-006-1. Although we acknowledge that changes made pursuant to Requirement R6 of the regional Reliability Standard will not always be corrective changes made in response to event assessments pursuant to the Requirements of PRC-006-1, Requirement R6 is broad enough to encompass corrective changes, thus creating a conflict between the regional Reliability Standard and PRC-006-1 under the proscribed interpretation. Thus, the Commission will not read

²⁴ *Id.* at 18.

Requirement R6 as providing a UFLS entity with the discretion not to follow the schedule set by the planning coordinator when the schedule is less than 18 months.²⁵

B. Violation Risk Factors and Violation Severity Levels

19. NERC states that the VRFs and VSLs for the proposed regional Reliability Standard were developed and reviewed for consistency with NERC and Commission guidelines. After reviewing the assigned VRFs and VSLs for PRC-006-SERC-01 in Exhibit E, the Commission agrees, with one modification, that the proposed VRF and VSL assignments appear consistent with Commission guidelines. Therefore, the Commission proposes to approve, with one modification, the VRFs and VSLs assigned to the main Requirements in regional Reliability Standard PRC-006-SERC-01.

20. We propose to direct NERC to modify the VRF assigned to Requirement R6 from “medium” to “high.” In the petition, NERC states that Requirement R9 of PRC-006-1 and Requirement R6 address “a similar reliability goal.”²⁶ However, NERC states that while Requirement R9 of PRC-006-1 addresses UFLS scheme implementation and has a VRF of “high,” Requirement R6 only addresses the timing of implementation and is, therefore,

²⁵ In Order No. 693, the Commission explained that “while Measures and Levels of Non-Compliance provide useful guidance to the industry, compliance will in all cases be measured by determining whether a party met or failed to meet the Requirement given the specific facts and circumstances of its use, ownership or operation of the Bulk-Power System.” Order No. 693, 118 FERC ¶ 61,218 at P 253. Similarly, in the immediate proceeding, we consider Requirement R6 the “core obligation” for purposes of determining compliance, while the related “rationale statement” is viewed as providing useful guidance but not setting compliance obligations. *See also id.* P 280 (“the Requirements in each Reliability Standard are core obligations” and compliance Measures “provide useful guidance...”).

²⁶ *See* NERC Petition, Exhibit E at 16.

appropriately assigned a “medium” VRF.²⁷ Guideline 3 of the Commission’s VRF Guidelines states that “[a]bsent justification to the contrary, the Commission expects the assignment of Violation Risk Factors corresponding to Requirements that address similar reliability goals in different Reliability Standards would be treated comparably.”²⁸ As NERC notes, Requirement R6 and Requirement R9 of proposed PRC-006-1 address “a similar reliability goal.” While NERC explains in its filing that the specific topics addressed by each Requirement are different, the fact that they address a similar reliability goal suggests that they should be treated comparably and each given a “high” VRF, consistent with Guideline 3.

21. In addition, in Guideline 5 of the VRF Guidelines, the Commission indicated that, for Requirements with co-mingled reliability objectives, “the Violation Risk Factor assignment for such Requirements is not watered down to reflect the lower risk level associated with the less important objective of the Reliability Standard.”²⁹ NERC states in the petition that Requirement R6 combines the lesser risk reliability objective of establishing a maximum time frame for implementing changes to UFLS schemes with the higher risk reliability objective of actually implementing changes to UFLS schemes.³⁰ As a result, consistent with Guideline 5, the Commission believes that proposed Requirement R6 should be assigned a “high” VRF. We seek comment on this proposed directive.

²⁷ *Id.*

²⁸ *North American Electric Reliability Corp.*, 119 FERC ¶ 61,145, at P 25 (2007).

²⁹ *Id.* P 32.

³⁰ *See* NERC Petition, Exhibit E at 17.

C. Implementation Plan and Effective Date

22. NERC states that the implementation time for the proposed regional Reliability Standard is reasonable, as it balances the need for reliability with the practicability of implementation. The Commission proposes to accept the implementation plan and effective date proposed by NERC.

III. Information Collection Statement

23. The Office of Management and Budget (OMB) regulations require that OMB approve certain reporting and recordkeeping (collections of information) imposed by an agency.³¹ 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 collections of information unless the collections of information display a valid OMB control number.

24. The Commission is submitting these reporting and recordkeeping requirements to OMB for its review and approval under section 3507(d) of the PRA. Comments are solicited on the Commission's need for this information, whether the information will have practical utility, the accuracy of provided burden estimate, ways to enhance the quality, utility, and clarity of the information to be collected, and any suggested methods for minimizing the respondent's burden, including the use of automated information techniques.

25. This Notice of Proposed Rulemaking proposes to approve regional Reliability Standard PRC-006-SERC-01. This is the first time NERC has requested Commission approval of this proposed regional Reliability Standard. NERC states in its petition that UFLS requirements had

³¹ 5 C.F.R. § 1320.11.

been in place at a continent-wide level and within SERC for many years prior to implementation of the Commission-approved Reliability Standards in 2007. Because the UFLS requirements have been in place prior to the development of PRC-006-SERC-01, the proposed regional Reliability Standard is largely associated with requirements the applicable entities are already following.³² The proposed regional Reliability Standard, PRC-006-SERC-01, is designed to ensure that automatic UFLS protection schemes designed by planning coordinators and implemented by applicable distribution providers and transmission owners in the SERC Region are coordinated so they may effectively mitigate the consequences of an underfrequency event. The proposed regional Reliability Standard is only applicable to generator owners, planning coordinators, and UFLS entities in the SERC Region. The term “UFLS entities” means all entities that are responsible for the ownership, operation, or control of automatic UFLS equipment as required by the UFLS program established by the planning coordinators. Such entities may include distribution providers and transmission owners. The reporting requirements in proposed regional Reliability Standard PRC-006-SERC-01 only pertain to entities within the SERC Region.

26. Public Reporting Burden: Our estimate below regarding the number of respondents is based on the NERC compliance registry as of May 29, 2012. According to the NERC compliance registry, there are 21 planning coordinators and 104 generator owners within the SERC Region. The individual burden estimates are based on the time needed for planning

³² See 5 C.F.R. § 1320.3(b)(2) (“The time, effort, and financial resources necessary to comply with a collection of information that would be incurred by persons in the normal course of their activities (*e.g.*, in compiling and maintaining business records) will be excluded from the ‘burden’ if the agency demonstrates that the reporting, recordkeeping, or disclosure activities needed to comply are usual and customary.”).

coordinators to incrementally gather data, run studies, and analyze study results to design or update the UFLS programs that are required in the regional Reliability Standard in addition to the requirements of the NERC Reliability Standard PRC-006-1.³³ Additionally, generator owners must provide a detailed set of data and documentation to SERC within 30 days of a request to facilitate post event analysis of frequency disturbances. These burden estimates are consistent with estimates for similar tasks in other Commission-approved Reliability Standards.

| PRC-006-SERC-01 (Automatic Underfrequency Load Shedding Requirements)³⁴ | Number of Respondents Annually (1) | Number of Responses per Respondent (2) | Average Burden Hours Per Response (3) | Total Annual Burden Hours (1)x(2)x(3) |
|---|---|--|--|---|
| PCs*: Design and document Automatic UFLS Program | 21 | 1 | 8 | 168 |
| PCs: Provide Documentation and Data to SERC | | | 16 | 336 |
| GOs*: Provide Documentation and Data to SERC | 104 | 1 | 16 | 1,664 |
| GOs: Record Retention | | | 4 | 416 |
| Total | | | | 2,584 |

*PC=planning coordinator; GO=generator owner

Total Annual Hours for Collection: (Compliance/Documentation) = 2,584 hours.

Total Reporting Cost for planning coordinators: = 504 hours @ \$120/hour = \$60,480.

Total Reporting Cost for generator owners: = 1,664 hours @ \$120/hour = \$199,680.

³³ The burden estimates for Reliability Standard PRC-006-1 are included in Order No. 763 and are not repeated here.

³⁴ Proposed regional Reliability Standard PRC-006-SERC-01 applies to planning coordinators, UFLS entities and generator owners. However, the burden associated with the UFLS entities is not new because it was accounted for under Commission-approved Reliability Standards PRC-006-1, PRC-007-0 and PRC-009-0.

Total Record Retention Cost for generator owners: 416 hours @ \$28/hour = \$11,647.

Total Annual Cost (Reporting + Record Retention)³⁵: = \$60,480 + \$199,680 + \$11,648 = \$271,808.

Title: Mandatory Reliability Standards for the SERC Region

Action: Proposed Collection FERC-725K.

OMB Control No.: To be determined.

Respondents: Businesses or other for-profit institutions; not-for-profit institutions.

Frequency of Responses: On Occasion.

Necessity of the Information: This proposed rule proposes to approve the regional Reliability Standard pertaining to automatic underfrequency load shedding. The proposed regional Reliability Standard helps ensure the reliable operation of the Bulk-Power System by arresting declining frequency and assisting recovery of frequency following system events leading to frequency degradation.

Internal Review: The Commission has reviewed the proposed regional Reliability Standard and made a determination that its action is necessary to implement section 215 of the FPA. These requirements, if accepted, should conform to the Commission's expectation for UFLS programs as well as procedures within the SERC Region.

27. Interested persons may obtain information on the reporting requirements by contacting the following: Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC

³⁵ The hourly reporting cost is based on the cost of an engineer to implement the requirements of the rule. The record retention cost comes from Commission staff research on record retention requirements.

20426 [Attention: Ellen Brown, Office of the Executive Director, e-mail: DataClearance@ferc.gov, phone: (202) 502-8663, fax: (202) 273-0873].

28. For submitting comments concerning the collection(s) of information and the associated burden estimate(s), please send your comments to the Commission and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Washington, DC 20503 [Attention: Desk Officer for the Federal Energy Regulatory Commission, phone: (202) 395-4638, fax: (202) 395-7285]. For security reasons, comments to OMB should be submitted by e-mail to: oira_submission@omb.eop.gov. Comments submitted to OMB should include Docket Number RM12-09 and an OMB Control Number to be determined.

IV. Environmental Analysis

29. 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.³⁶ 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.³⁷ The actions proposed here fall within this categorical exclusion in the Commission's regulations.

³⁶ Order No. 486, *Regulations Implementing the National Environmental Policy Act of 1969*, FERC Stats. & Regs., Regulations Preambles 1986-1990 ¶ 30,783 (1987).

³⁷ 18 C.F.R. § 380.4(a)(2)(ii).

V. Regulatory Flexibility Act Certification

30. The Regulatory Flexibility Act of 1980 (RFA)³⁸ 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 (SBA) Office of Size Standards develops the numerical definition of a small business.³⁹ The SBA 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.⁴⁰

31. Proposed regional Reliability Standard PRC-006-SERC-01 proposes to establish consistent and coordinated requirements for the design, implementation, and analysis of automatic UFLS schemes among all applicable entities within the SERC Region. It will be applicable to planning coordinators, generator owners and entities that are responsible for the ownership, operation, or control of UFLS equipment. Comparison of the NERC Compliance Registry with data submitted to the Energy Information Administration on Form EIA-861 indicates that perhaps as many as 1 small entity is registered as a planning coordinator and 5 small entities are registered as generator owners in the SERC Region. The Commission

³⁸ 5 U.S.C. 601-612.

³⁹ 13 C.F.R. 121.101.

⁴⁰ 13 C.F.R. 121.201, Sector 22, Utilities & n.1.

estimates that the small planning coordinator to whom the proposed regional Reliability Standard will apply will incur compliance costs of \$2,880 (\$2,880 per planning coordinator) associated with the proposed regional Reliability Standard's requirements. The small generator owners will incur compliance and record keeping costs of \$10,160 (\$2,032 per generator owner).

Accordingly, proposed regional Reliability Standard PRC-006-SERC-01 should not impose a significant operating cost increase or decrease on the affected small entities.

32. Further, NERC explains that the cost for smaller entities to implement regional Reliability Standard PRC-006-SERC-01 was considered during the development process. The Reliability Standard PRC-006-1 requires a planning coordinator to identify which entities will participate in its UFLS scheme, including the number of steps and percent load that UFLS entities will shed. The standard drafting team recognized that UFLS entities with a load of less than 100 MW may have difficulty in implementing more than one UFLS step and in meeting a tight tolerance. Therefore, the standard drafting team included Requirement R5, which states that such small entities shall not be required to have more than one UFLS step, and sets their implementation tolerance to a wider level. Requirement R5 limits additional compliance costs for smaller entities to comply with the regional Reliability Standard.

33. Based on this understanding, the Commission certifies that the regional Reliability Standard will not have a significant economic impact on a substantial number of small entities. Accordingly, no regulatory flexibility analysis is required.

VI. Comment Procedures

34. The Commission invites interested persons to submit comments on the matters and issues proposed in this notice to be adopted, including any related matters or alternative proposals that commenters may wish to discuss. Comments are due [INSERT DATE 60 days after publication

in the **FEDERAL REGISTER**]]. Comments must refer to Docket No. RM12-9-000, and must include the commenter's name, the organization they represent, if applicable, and their address in their comments.

35. The Commission encourages comments to be filed electronically via the eFiling link on the Commission's web site at <http://www.ferc.gov>. The Commission accepts most standard word processing formats. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format. Commenters filing electronically do not need to make a paper filing.

36. Commenters that are not able to file comments electronically must send an original of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street NE, Washington, DC 20426.

37. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

VII. 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 the Commission's Home Page (<http://www.ferc.gov>) and in the Commission'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 the Commission'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 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 Commission's website during normal business hours from the Commission's 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.

By direction of the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.