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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Part 40

[Docket No. RM15-4-000; Order No. 814]

Disturbance Monitoring and Reporting Requirements Reliability Standard

AGENCY: Federal Energy Regulatory Commission.

ACTION: Final rule.

SUMMARY: The Federal Energy Regulatory Commission approves Reliability Standard PRC-002-2 (Disturbance Monitoring and Reporting Requirements) submitted by the North American Electric Reliability Corporation. The purpose of Reliability Standard PRC-002-2 is to have adequate data available to facilitate analysis of bulk electric system disturbances.

DATES: EFFECTIVE DATE: This rule will become effective [**INSERT DATE 60 days after date of publication in the FEDERAL REGISTER]**.

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SUPPLEMENTARY INFORMATION:

ORDER NO. 814

FINAL RULE

(Issued September 17, 2015)

1. Pursuant to section 215 of the Federal Power Act (FPA), the Federal Energy Regulatory Commission (Commission) approves Reliability Standard PRC-002-2 (Disturbance Monitoring and Reporting Requirements).[1] The North American Electric Reliability Corporation (NERC), the Commission-certified Electric Reliability Organization (ERO), submitted Reliability Standard PRC-002-2 for approval. The purpose of Reliability Standard PRC-002-2 is to have adequate data available to facilitate analysis of bulk electric system disturbances. In addition, the Commission approves the associated violation risk factors and violation severity levels, implementation plan, and effective date proposed by NERC. The Commission also approves the retirement of Reliability Standard PRC-018-1 due to its consolidation with Reliability Standard PRC-002-2.

I. Background

A. Section 215 and Mandatory Reliability Standards

2. Section 215 of the FPA requires a Commission-certified ERO to develop mandatory and enforceable Reliability Standards, subject to Commission review and

[1] 16 U.S.C. 824o.

approval.[2] Once approved, the Reliability Standards may be enforced by the ERO subject to Commission oversight or by the Commission independently.[3] In 2006, the Commission certified NERC as the ERO pursuant to FPA section 215.[4]

B. Order No. 693

3. On March 16, 2007, the Commission issued Order No. 693, approving 83 of the 107 Reliability Standards filed by NERC, including Reliability Standard PRC-018-1.[5] Reliability Standard PRC-018-1 requires the installation of disturbance monitoring equipment and the reporting of disturbance data in accordance with comprehensive requirements.[6]

4. In Order No. 693, the Commission determined that proposed Reliability Standard PRC-002-1 was a "fill-in-the-blank" Reliability Standard because it required Regional Reliability Organizations to establish requirements for installation of disturbance monitoring equipment and report disturbance data to facilitate analyses of events and

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[2] *Id.* 824o(c), (d).

[3] *Id.* 824o(e).

[4] *North American Electric Reliability Corp*., 116 FERC ¶ 61,062 (ERO Certification Order), *order on reh'g and compliance*, 117 FERC ¶ 61,126 (2006), *order on compliance*, 118 FERC ¶ 61,190, *order on reh'g*, 119 FERC ¶ 61,046 (2007), *rev. denied sub nom. Alcoa Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

[5] *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. and Regs. ¶ 31,242, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

[6] *Id.* PP 1550-1551.

verify system models.[7] The Commission stated that it would not approve or remand proposed Reliability Standard PRC-002-1 until NERC submitted additional necessary information to the Commission.[8]

C. NERC Petition and Reliability Standard PRC-002-2

5. On December 15, 2014, NERC submitted a petition seeking Commission approval of proposed Reliability Standard PRC-002-2.[9] NERC contended that Reliability Standard PRC-002-2 is just, reasonable, not unduly discriminatory or preferential, and in the public interest. NERC explained that Reliability Standard PRC-002-2 consolidates the requirements of unapproved Reliability Standard PRC-002-1 and currently-effective Reliability Standard PRC-018-1.[10]

6. NERC stated that it is important to monitor and analyze disturbances to plan and operate the Bulk-Power System to avoid instability, separation and cascading failures.[11] NERC maintained that Reliability Standard PRC-002-2 improves reliability by providing

[7] *Id.* P 1451.

[8] *Id.* P 1456.

[9] Reliability Standard PRC-002-2 is not attached to this final rule. The Reliability Standard is available on the Commission's eLibrary document retrieval system in Docket No. RM15-4-00 and is posted on NERC's website, *available at* http://www.nerc.com.

[10] NERC Petition at 15.

[11] *Id.* at 13. NERC defines a "Disturbance" as: "(1) an unplanned event that produces an abnormal system condition; (2) any perturbation to the electric system; [or] (3) the unexpected change in [area control error] that is caused by the sudden failure of generation or interruption of load." *Id.* (quoting Glossary of Terms Used in NERC Reliability Standards at 30).

personnel with necessary data to enable more effective post event analysis, which can also be used to verify system models.[12] Moreover, NERC explained that the Reliability Standard "focuses on ensuring that the requisite data is captured and the Requirements constitute a results-based approach to capturing data."[13]

7. NERC stated that, in the United States, Reliability Standard PRC-002-2 will apply to planning coordinators in the Eastern Interconnection, planning coordinators or the reliability coordinator in the Electric Reliability Council of Texas (ERCOT) Interconnection, and the reliability coordinator in the Western Interconnection, which are collectively referred to as "Responsible Entities." Reliability Standard PRC-002-2 will also apply to transmission owners and generation owners.

8. NERC stated that Reliability Standard PRC-002-2 includes 12 requirements. Requirement R1 requires transmission owners: (1) to identify bulk electric system buses, e.g., substations, for which sequence of events recording and fault record data is required; (2) to notify other owners of bulk electric system elements connected to those particular bulk electric system buses where sequence of events recording and fault record data will be necessary; and (3) to re-evaluate all bulk electric system buses every five years. Requirement R2 requires transmission owners and generation owners to collect sequence of events data. Requirement R3 and Requirement R4 require transmission owners and

[12] *Id.* at 15.

[13] *Id.* at 14-15.

generation owners to collect fault recording data and parameters of that data. Requirement R5 through Requirement R9 lay out thresholds where dynamic disturbance recording data are required and provide more specifics on its collection.[14] Requirement R10 requires transmission owners and generation owners to time synchronize the recordings. According to NERC, Requirement R10 provides the synchronization requirements in response to Recommendation No. 28 from the final report on the August 2003 blackout issued by the U.S.-Canada Power System Outage Task Force (Blackout

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[14] NERC Petition, Ex. A (Proposed Reliability Standard PRC-002-2), Attachment 1, Step 8 states:

> [Sequence of events recordings] and [fault recording] data is required at additional [bulk electric system] buses on the list determined in Step 6. The aggregate of the number of [bulk electric system] buses determined in Step 7 and this Step will be at least 20 percent of the [bulk electric system] buses determined in Step 6.
>
> The additional [bulk electric system] buses are selected, at the [t]ransmission [o]wner's discretion, to provide maximum wide-area coverage for [Sequence of events recordings] and
>
> [fault recording] data. The following [bulk electric system] bus locations are recommended:
>
> > Electrically distant buses or electrically distant from other [disturbance monitoring equipment] devices.
> > Voltage sensitive areas.
> > Cohesive load and generation zones.
> > [Bulk electric system] buses with a relatively high number of incident [t]ransmission circuits.
> > [Bulk electric system] buses with reactive power devices.
> > Major [f]acilities interconnecting outside the [t]ransmission [o]wner's area.

Report).[15] Requirement R11 requires transmission owners and generation owners to provide sequence of events recording, fault recording and dynamic disturbance recording data upon request and establishes specific guidelines to ensure that data can be used in the analysis of events. Requirement R12 requires transmission owners and generation owners to restore the recording capability of the equipment used to record disturbances, if this capability is interrupted.

9. NERC proposed an implementation plan that includes an effective date for Reliability Standard PRC-002-2 that is the first day of the first calendar quarter that is six months after the date that the Commission approves the Reliability Standard. Concurrent with the effective date, the implementation plan calls for the retirement of currently-effective Reliability Standard PRC-018-1 and "pending" Reliability Standard PRC-002-1.[16]

D. Notice of Proposed Rulemaking

10. On April 16, 2015, the Commission issued a Notice of Proposed Rulemaking proposing to approve Reliability Standard PRC-002-2.[17] The NOPR also proposed to

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[15] NERC Petition at 35-36 (quoting *U.S.-Canada Power System Outage Task Force, Final Report on the August 14, 2003 Blackout in the United States and Canada: Causes and Recommendations* at 162 (Apr. 2004), *available at* http://energy.gov/sites/prod/files/oeprod/DocumentsandMedia/BlackoutFinal-Web.pdf).

[16] *Id.* at Ex. B (Implementation Plan).

[17] *Disturbance Monitoring and Reporting Requirements Reliability Standard*, Notice of Proposed Rulemaking, 80 FR 22,441 (Apr. 22, 2015), 151 FERC ¶ 61,042 (2015) (NOPR).

approve the associated violation risk factors and violation severity levels, implementation plan, and effective date proposed by NERC.

11. In response to the NOPR, NERC filed initial comments in support of the NOPR. Bonneville Power Administration (Bonneville) and American Public Power Association (APPA) filed comments addressing aspects of Reliability Standard PRC-002-2 and the NOPR.[18] NERC filed reply comments in response to Bonneville and APPA's comments. Below, we address the issues raised in Bonneville and APPA's comments.

II. Discussion

12. Pursuant to FPA section 215(d)(2), the Commission approves Reliability Standard PRC-001-2 as just, reasonable, not unduly discriminatory or preferential, and in the public interest. We also approve the associated violation risk factors, violation severity levels, implementation plan, and effective date proposed by NERC. In addition, we approve the retirement of Reliability Standard PRC-018-1 due to its consolidation with Reliability Standard PRC-002-2.[19]

[18] Mr. Eric S. Morris's comments did not specifically address issues concerning Reliability Standard PRC-002-2 or the NOPR.

[19] As noted above, the Commission in Order No. 693 did not approve proposed Reliability Standard PRC-002-1 but, rather, took no action on the Reliability Standard pending the receipt of additional information. Order No. 693, FERC Stats. and Regs. ¶ 31,242 at P 1456. Accordingly, with the approval of Reliability Standard PRC-002-2, proposed Reliability Standard PRC-002-1 is "retired," i.e., withdrawn, and no longer pending before the Commission.

13. Reliability Standard PRC-002-2 enhances reliability by imposing mandatory requirements concerning the monitoring and reporting of disturbances. Reliability Standard PRC-002-2 provides greater continent-wide consistency regarding collection methods for data used in the analysis of disturbances on the Bulk-Power System. Specifically, Reliability Standard PRC-002-2 enhances reliability by consistently requiring covered entities to collect time-synchronized information and to report disturbances on the Bulk-Power System. Accordingly, we determine that Reliability Standard PRC-002-2 satisfies the relevant directive in Order No. 693.[20]

14. We address below Bonneville's comments regarding the methodology used in Reliability Standard PRC-002-2 to identify bulk electric system buses that require data recording and, in Section V below, APPA's comments regarding the NOPR's Regulatory Flexibility Act certification.

Methodology for Identifying Applicable Bulk Electric System Buses

NOPR

15. The NOPR proposed to approve Reliability Standard PRC-002-2 because the Reliability Standard enhances reliability by imposing mandatory requirements concerning the monitoring and reporting of disturbances and provides greater continent-wide consistency regarding collection methods for data used in the analysis of disturbances on

[20] Order No. 693, FERC Stats. and Regs. ¶ 31,242 at P 1456 ("the ERO should consider whether greater consistency can be achieved" regarding disturbance monitoring and reporting).

the Bulk-Power System. The NOPR did not raise concerns regarding the methodology used in Reliability Standard PRC-002-2 for identifying bulk electric system buses that require data recording.

Comments

16. Bonneville states that it supports using digital fault recorders for sequence of events recordings and fault recordings, but Bonneville does not support the methodology used to identify bulk electric system buses that require data recording.[21] Bonneville claims that NERC's petition did not provide a technical justification for the 1,500 Mega Volt Amps (MVA) calculated three-phase short circuit threshold in Reliability Standard PRC-002-2.[22] Bonneville states that previous drafts of the Reliability Standard "used more logical criteria that the industry has utilized in the past, such as the number of lines connected to a bus."[23]

17. Bonneville also contends that the methodology used in Reliability Standard PRC-002-2 does not allow for adequate consideration of the unique characteristics of an individual utility's system.[24] Bonneville acknowledges that Reliability Standard PRC-002-2, Requirement R1 (in Attachment 1, Step 8) allows for the selection of

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[21] Bonneville Comments at 2-3.

[22] *Id*. at 3.

[23] *Id.*

[24] *Id.*

additional bulk electric system buses "at the Transmission Owner's discretion, to provide maximum wide-area coverage for [sequence of events] and [fault recording] data."[25] However, Bonneville contends that such discretion "may not result in consistent or repeatable results."[26] Bonneville also questions how this provision would be audited.[27] Bonneville recommends replacing the methodology in Reliability Standard PRC-002-2 with an existing methodology used in other Reliability Standards to identify critical facilities and the bulk electric system buses associated with those facilities, such as the high, medium, and low impact designations used in Reliability Standard CIP-005-5.1.[28]

18. In its reply comments, NERC states that Reliability Standard PRC-002-2 provides a technically sound basis for identifying which buses require data collection.[29] NERC contends that MVA levels more accurately measure the reliability impact of a particular bus than counting the number of transmission lines connected to the bus.[30] NERC explains that that the standard drafting team established the MVA threshold by sending an information request to all transmission owners and generator owners requesting data on bus fault magnitude for three-phase bolted faults on buses operated at 100 kV and

[25] *Id.*

[26] *Id.*

[27] *Id.*

[28] *Id.* at 4.

[29] NERC Reply Comments at 5-6.

[30] *Id.* at 6-7.

higher.[31] NERC states that the standard drafting team performed a median value analysis and concluded that the appropriate threshold is 1,500 MVA.[32]

19. NERC explains that it included Step 8 of the bus identification methodology in Reliability Standard PRC-002-2 to allow for the engineering judgment of a transmission owner to account for the unique characteristics of its system and to ensure adequate data capture for proper event analysis.[33] NERC notes that Step 8 also provides criteria to guide an entity's decision and that, given this objective criteria, auditors will have a firm basis to assess whether the transmission owner satisfied its obligation under Step 8.[34] In response to Bonneville's alternative approach, NERC contends that the selection methodology in Reliability Standard CIP 005-5.1 contemplates cybersecurity issues and does not contemplate the optimum location of disturbance monitoring.[35]

Commission Determination

20. We are not persuaded by Bonneville's concerns regarding the methodology used to identify bulk electric system buses that require data recording. As described in NERC's reply comments, NERC has provided adequate technical justification, through the use of survey data and statistical analysis, for the 1,500 MVA threshold in Reliability

[31] *Id.* at 7-8.

[32] *Id.* at 8.

[33] *Id.* at 8-9.

[34] *Id.* at 9.

[35] *Id.*

Standard PRC-002-2. We also find that the methodology in Reliability Standard PRC-002-2 adequately addresses the unique characteristics of individual utility systems by allowing for the selection of additional buses in Step 8 and that the decisions to add buses under Step 8 are auditable.

III. Information Collection Statement

21. The collection of information addressed in this final rule is subject to review by the Office of Management and Budget (OMB) under section 3507(d) of the Paperwork Reduction Act of 1995.[36] OMB's regulations require approval of certain information collection requirements imposed by agency rules.[37] Upon approval of a collection(s) of information, OMB will assign an OMB control number and an expiration date. Respondents subject to the filing requirements of a 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.

22. Public Reporting Burden: The number of respondents below is based on an examination of the NERC compliance registry for transmission owners and generation owners and the estimation of how many entities from that registry will be affected. At the time of Commission review of Reliability Standard PRC-002-2, 324 transmission owners and 915 generation owners in the United States are registered in the NERC

[36] 44 U.S.C. 3507(d).

[37] 5 CFR 1320.11.

compliance registry. The Commission notes that many generation sites share a common generation owner. Due to the nature of this task, it is likely generator owners will manage this information aggregation task using a centralized staff. Therefore, we estimate that one-third of the generation owners (305) will have to meet the requirements contained in Reliability Standard PRC-002-2. We estimate that all 324 registered transmission owners will need to comply with requirement R1 in Reliability Standard PRC-002-2 once every five years. We further estimate that two-thirds (216) of the registered transmission owners will need to comply with the remaining requirements contained in Reliability Standard PRC-002-2. Finally, we find the number of "Responsible Entities" in the United States to equal 50, based on the NERC compliance registry.[38] The following table illustrates the burden to be applied to the information collection.[39]

[38] As discussed above, Reliability Standard PRC-002-2 defines the term "Responsible Entity" to include planning coordinators in the Eastern Interconnection, the reliability coordinator in the Western Interconnection, and planning coordinators or the reliability coordinator in the ERCOT Interconnection.

[39] In the burden table, engineering is abbreviated as "Eng." and record keeping is abbreviated as "R.K."

Requirement and Respondent Category for PRC-002-2	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden Hours & Cost per Response[40] (4)	Annual Burden Hours & Total Annual Cost (3)*(4)=(5)
R1. Each Transmission Owner	324	0.2[41]	64.8	(Eng.) 24 hrs. ($1,568.16); (R.K.) 12 hrs. ($401.04)	2,333 hrs. (1,555 Eng., 778 R.K.); $127,605 ($101,618 Eng., $25,987 R.K.)
R2. Each Transmission Owner and Generator Owner	521	1	521	(Eng.) 10 hrs. ($653.40); (R.K.) 4 hrs. ($133.68)	7,294 hrs. (5210 Eng., 2084 R.K.); $410,069 ($340,422 Eng., $69,647 R.K.)
R3 & R4. Each Transmission Owner and Generator Owner	521	1	521	(Eng.) 10 hrs. ($653.40); (R.K.) 4 hrs. ($133.68)	7,294 hrs. (5210 Eng., 2084 R.K.); $410,069 ($340,422 Eng., $69,647 R.K.)
R5. Each Responsible Entity	50	1	50	(Eng.) 24 hrs. ($1,568.16); (R.K.) 12 hrs. ($401.04)	1,800 hrs. (1200 Eng., 600 R.K.); $98,460 ($78,408 Eng., $20,052 R.K.)
R6. Each Transmission Owner	216	1	216	(Eng.) 10 hrs. ($653.40); (R.K.) 4 hrs. ($133.68)	3,024 hrs. (2160 Eng., 864 R.K.); $170,009 ($141,134 Eng., $28,875 R.K.)
R7. Each Generator Owner	305	1	305	(Eng.) 10 hrs. ($653.40); (R.K.) 4 hrs. ($133.68)	4,270 hrs. (3050 Eng., 1220 R.K.); $240,059 ($199,287 Eng., $40,772 R.K.)
R8. Each Transmission Owner and Generator Owner	521	1	521	(Eng.) 10 hrs. ($653.40); (R.K.) 4 hrs. ($133.68)	7,294 hrs. (5210 Eng., 2084 R.K.); $410,069 ($340,422 Eng., $69,647 R.K.)

[40] The estimates for cost per response are derived using the following formula: Burden Hours per Response * $/hour = Cost per Response. The $65.34/hour figure for an engineer and the $33.42/hour figure for a record clerk are based on the average salary plus benefits data from Bureau of Labor Statistics.

[41] In the NOPR, we estimated that each transmission owner would respond annually. In this final rule, we have revised the table to reflect that Reliability Standard PRC-002-2 requires transmission owners to comply every fifth year. We have revised the calculated values in column 5 of this row and the total row accordingly.

R9. Each Transmission Owner and Generator Owner	521	1	521	(Eng.) 10 hrs. ($653.40); (R.K.) 4 hrs. ($133.68)	7,294 hrs. (5210 Eng., 2084 R.K.); $410,069 ($340,422 Eng., $69,647 R.K.)
R10. Each Transmission Owner and Generator Owner	521	1	521	(Eng.) 10 hrs. ($653.40); (R.K.) 4 hrs. ($133.68)	7,294 hrs. (5210 Eng., 2084 R.K.); $410,069 ($340,422 Eng., $69,647 R.K.)
R11. Each Transmission Owner and Generator Owner	521	1	521	(Eng.) 8 hrs. ($522.72); (R.K.) 4 hrs. ($133.68)	6,252 hrs. (4168 Eng., 2084 R.K.); $341,984 ($272,337 Eng., $69,647 R.K.)
R12. Each Transmission Owner and Generator Owner[42]	52	1	52	(Eng.) 10 hrs. ($653.40); (R.K.) 4 hrs. ($133.68)	728 hrs. (520 Eng., 208 R.K.); $40,928 ($33,977 Eng., $6,951 R.K.)
Total					**54,877 hrs. (38,703 Eng., 16,174 R.K.); $3,069,390 ($2,528,871 Eng., $540,519 R.K.)**

Title: FERC-725G2[43] Disturbance Monitoring and Reporting Requirements

Action: Revision to existing collection.

OMB Control No: 1902-0281

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

Frequency of Responses: Annually.

[42] The Commission estimates that 10 percent (or 52) of the 521 registered entities will have to restore recording capability or institute a corrective action plan (CAP) each year.

[43] FERC-725G2 is temporarily being used because FERC-725G (OMB Control No. 1902-0252) is currently pending review at OMB.

Necessity of the Information: Reliability Standard PRC-002-2 sets forth requirements for disturbance monitoring and reporting requirements that will ensure adequate data are available to facilitate analysis of bulk electric system disturbances.

Internal review: The Commission has assured itself, by means of its internal review, that there is specific, objective support for the burden estimates associated with the information requirements.

23. 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].

24. Comments on the requirements of this rule may also be sent 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 the following e-mail address: oira_submission@omb.eop.gov. Please reference OMB Control No. 1902-0281, FERC-725G2 and Docket No. RM15-4-000 in your submission.

IV. Environmental Analysis

25. 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.[44] 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.[45] The actions here fall within this categorical exclusion in the Commission's regulations.

V. Regulatory Flexibility Act

26. The Regulatory Flexibility Act of 1980 (RFA)[46] generally requires a description and analysis of proposed rules that will have significant economic impact on a substantial number of small entities. The Small Business Administration (SBA) revised its size standards (effective January 22, 2014) for electric utilities from a standard based on megawatt hours to a standard based on the number of employees, including affiliates.

NOPR

27. The Commission proposed that, under SBA's new standards, some transmission owners and generation owners might fall under the following category and associated size threshold: electric bulk power transmission and control at 500 employees;

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[44] *Regulations Implementing the National Environmental Policy Act of 1969*, Order No. 486, 52 FR 47897 (Dec. 17, 1987), FERC Stats. & Regs., Regulations Preambles 1986-1990 ¶ 30,783 (1987).

[45] 18 CFR 380.4(a)(2)(ii).

[46] 5 U.S.C. 601-612.

hydroelectric power generation at 500 employees; fossil fuel electric power generation at 750 employees; nuclear electric power generation at 750 employees.

28. The Commission estimated that the number of applicable small entities will be minimal due to the gross MVA thresholds embedded into Reliability Standard PRC-002-2. The gross MVA thresholds focus information collection on bulk electric system facilities having Interconnection-wide impacts worthy of collecting. We estimated that Reliability Standard PRC-002-2 will apply to approximately 521 entities in the United States.[47] The Commission applied the MVA thresholds above to estimate that approximately 52 (or 10 percent) are small entities. The Commission estimated for these small entities, Reliability Standard PRC-002-2, Requirement R1 may need to be evaluated and documented every five years with costs of $9,847 for each evaluation.[48] From this set of small entities, the Commission estimated that five percent, or only two or three small entities, may be affected by the other requirements, i.e., Requirements R2 through R12, of Reliability Standard PRC-002-2. The Commission proposed that based

[47] This number consists of the 216 transmission owners and the 305 generation owners; however, it does not include the 50 "Responsible Entities." *See supra* n.38.

[48] The costs associated with evaluation will occur every fifth year. By dividing the estimated costs of evaluation by five, we estimate the annual cost to be $1,969.40.

on a prior industry-sponsored survey, annual compliance costs will average $100,000-$160,000 for entities subject to these requirements.[49]

Comments

29. APPA contends that the NOPR understates the impact that Reliability Standard PRC-002-2 will have on small entities by underestimating the number or small entities affected and by not addressing the "discriminatory distribution of implementation costs" on small entities.[50] APPA bases its assertion on information provided by one APPA member and not on a formal survey of its members or independent analysis.[51] APPA states that its unnamed member, a municipal joint action agency, has determined that ten of its members qualify as small entities and that eight of these entities would be subject to the requirements of Reliability Standard PRC-002-2. APPA further claims that "if the Commission were to extrapolate from the information outlined above to the estimated 52 small [transmission operators] across the country, it would clearly show that a substantial number of small entities are affected by proposed reliability standard PRC-002-2."[52]

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[49] *See* NERC Petition Ex. G (Record of Development) at 257 of pdf file, providing link to: NERC Cost Effective Analysis Process (CEAP) Pilot for NERC Project 2007-11 – Disturbance Monitoring – PRC-002-2 at 8 (Apr. 9, 2014).

[50] APPA Comments at 3.

[51] *Id.*

[52] *Id.*

30. APPA also contends that Reliability Standard PRC-002-2 will place an undue burden on small entities because they do not currently have sequence of events recording or fault recording data recorders installed on their bulk electric system buses.[53] APPA contrasts this with larger entities that may have already installed those data recorders.[54] APPA also maintains that small entities' buses likely would not be selected for monitoring if they were included in a larger data set analyzed on a wide-area basis.[55] APPA further states that the methodology in Reliability Standard PRC-002-2 unduly discriminates against small entities because entities with fewer than 10 qualifying buses will have to monitor a greater percentage of their buses than larger entities, which are responsible to monitor only 10 percent of their buses.[56] APPA requests that if the Commission does not require changes to Reliability Standard PRC-002-2, the Commission should direct NERC to provide an alternative compliance methodology for small entities that would allow them to find an equally effective method to gather data from upstream buses to reduce the burden on small entities.[57]

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[53] *Id.* at 3-4.

[54] *Id.* at 4.

[55] *Id.* at 4-6.

[56] *Id.* at 6-7.

[57] *Id.* at 7.

31. In its reply comments, NERC contends that Reliability Standard PRC-002-2 does not place an undue burden on small entities.[58] NERC states that Reliability Standard PRC-002-2 does not explicitly require the installation of fault recording data recorders on all identified buses.[59] NERC explains that transmission owners need not install devices to meet the requirements of Reliability Standard PRC-002-2 as long as the transmission owner can obtain the required data from other sources such as other buses.[60] NERC contends that APPA's comment that the Reliability Standard should identify either regional or sub-regional bus locations as appropriate for disturbance monitoring is flawed because transmission owners are in the best position to determine the location of the buses due to their knowledge of their systems.[61]

Commission Determination

32. The RFA requires an analysis when a rule will have significant economic impact on a substantial number of small entities. The comments submitted by APPA do not justify altering the RFA certification proposed in the NOPR.

33. We are not persuaded by APPA's claims regarding the number of small entities likely to be affected by Reliability Standard PRC-002-2. APPA relied on an unverified

[58] NERC Reply Comments at 9-11.

[59] *Id.* at 9.

[60] *Id.* at 9-10.

[61] *Id.* at 11.

report from a single unnamed entity to claim that eight small entities (rather than the two or three estimated in the NOPR) would be affected by Reliability Standard PRC-002-2. Even if we were to assume that APPA is correct regarding the eight small entities, we find that eight small entities out of 52 estimated small entities is not a substantial number of small entities. Further, aside from the number of small entities affected, APPA does not address the NOPR's estimate that Reliability Standard PRC-002-2 will not impose a significant economic impact on applicable small entities.

34. With respect to APPA's claim that Reliability Standard PRC-002-2 imposes "discriminatory distribution of implementation costs on small entities,"[62] we agree with NERC that APPA's comments are premised on the incorrect assertion that Reliability Standard PRC-002-2 requires the installation of recording devices. As noted in NERC's reply comments, Reliability Standard PRC-002-2 gives applicable entities "the flexibility to either install devices on their systems or, to reduce their financial burden, obtain the necessary data through other means (e.g., by working with their interconnected neighbors)."[63]

35. Accordingly, we certify that Reliability Standard PRC-002-2 will not have a significant economic impact on a substantial number of small entities.

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[62] *Id.* at 3.

[63] *Id.* at 10.

VI. Document Availability

36. 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.

37. 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.

38. User assistance is available for eLibrary and the Commission'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

39. The final rule is effective [**INSERT DATE 60 days after date of publication in FEDERAL REGISTER**]. The Commission has determined, with the concurrence of the Administrator of the Office of Information and Regulatory Affairs of OMB, that this rule is not a "major rule" as defined in section 351 of the Small Business Regulatory

Enforcement Fairness Act of 1996. This final rule is being submitted to the Senate, House, and Government Accountability Office.

By the Commission.

Issued: September 17, 2015

Nathaniel J. Davis, Sr.,
Deputy Secretary.

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