

154 FERC ¶ 61,222  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

18 CFR Part 35

[Docket No. RM16-8-000]

Requirements for Frequency and Voltage Ride Through Capability of  
Small Generating Facilities

(March 17, 2016)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Federal Energy Regulatory Commission (Commission) proposes to revise the *pro forma* Small Generator Interconnection Agreement (SGIA). The *pro forma* SGIA establishes the terms and conditions under which public utilities must provide interconnection service to small generating facilities of no larger than 20 megawatts. In this Notice of Proposed Rulemaking, the Commission proposes to modify the *pro forma* SGIA to require newly interconnecting small generating facilities to ride through abnormal frequency and voltage events and not disconnect during such events. The Commission already requires generators interconnecting under the Large Generator Interconnection Agreement to have this capability, and it would be unduly discriminatory not to also impose these requirements on small generating facilities. The Commission believes that small generating facilities should now have ride through requirements comparable to large generating facilities.

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.

FOR FURTHER INFORMATION CONTACT:

Monica Taba (Technical Information)  
Office of Electric Reliability  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426  
(202) 502-6789  
[Monica.Taba@ferc.gov](mailto:Monica.Taba@ferc.gov)

Alan Rukin (Legal Information)  
Office of the General Counsel  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426  
(202) 502-8502  
[Alan.Rukin@ferc.gov](mailto:Alan.Rukin@ferc.gov)

SUPPLEMENTARY INFORMATION:

154 FERC ¶ 61,222  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Requirements for Frequency and Voltage Ride Through      Docket No. RM16-8-000  
Capability of Small Generating Facilities

NOTICE OF PROPOSED RULEMAKING

(March 17, 2016)

1. The Commission proposes to revise the *pro forma* Small Generator Interconnection Agreement (SGIA) originally set forth in Order No. 2006<sup>1</sup> and revised in Order No. 792.<sup>2</sup> In this Notice of Proposed Rulemaking (NOPR), the Commission proposes to modify the *pro forma* SGIA pursuant to its authority under section 206 of the Federal Power Act (FPA) to ensure that rates, terms and conditions of jurisdictional service remain just and reasonable and not unduly discriminatory or preferential.<sup>3</sup> The proposed modifications would require small generating facilities interconnecting through the SGIA to ride through abnormal frequency and voltage events and not disconnect

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<sup>1</sup> *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, FERC Stats. & Regs. ¶ 31,180, *order on reh'g*, Order No. 2006-A, FERC Stats. & Regs. ¶ 31,196 (2005), *order granting clarification*, Order No. 2006-B, FERC Stats. & Regs. ¶ 31,221 (2006) (Order No. 2006).

<sup>2</sup> *Small Generator Interconnection Agreements and Procedures*, Order No. 792, 145 FERC ¶ 61,159 (2013), *clarified*, Order No. 792-A, 146 FERC ¶ 61,214 (2014) (Order No. 792).

<sup>3</sup> 16 U.S.C. 824e.

during such events.<sup>4</sup> The Commission intends that the proposed revisions address the Commission's concerns that it would be unduly discriminatory to impose these requirements on large generating facilities and not small generating facilities. The Commission believes that small generating facilities should now have ride through requirements comparable to large generating facilities.<sup>5</sup>

### **I. Background**

2. The *pro forma* SGIA establishes the terms and conditions under which public utilities must provide interconnection service to small generating facilities of no larger than 20 megawatts (MW). Currently, the *pro forma* SGIA does not mandate that small generating facilities must ride through voltage or frequency disturbances.

3. The Commission has previously evaluated whether small generating facilities should be subject to these requirements. In Order No. 2006, the Commission explored

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<sup>4</sup> In Order No. 2003, the Commission defined "ride through" to mean "a Generating Facility staying connected to and synchronized with the Transmission System during system disturbances within a range of over- and under-frequency conditions, in accordance with Good Utility Practice." *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146, at P 562 n.88 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160, *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007), *cert. denied*, 552 U.S. 1230 (2008) (Order No. 2003).

<sup>5</sup> Article 9 of the Large Generator Interconnection Agreement, together with Reliability Standard PRC-024-2 (Generator Frequency and Voltage Protective Relay Settings) (effective July 1, 2016), generally require generating facilities larger than 20 MW to ride through frequency and voltage disturbances.

whether voltage ride through requirements proposed for large wind generating facilities should apply to small generating facilities.<sup>6</sup> While a commenter asked the Commission to implement standards for small generating facilities that are similar to those proposed for large generating facilities, other commenters responded that special capabilities, such as low voltage ride through, were not needed for any small generating facility. The Commission concluded that generating facilities interconnecting under Order No. 2006 would be small and would have minimal impact on the transmission provider's electric system and, therefore, need not be subject to ride through requirements.<sup>7</sup>

4. The Commission again addressed these requirements with regard to small generating facilities in Order No. 792. In that proceeding, the Commission proposed to revise section 1.5.4 of the *pro forma* SGIA to address the reliability concern related to automatic disconnection of small generating facilities during over- and under-frequency events that could become a matter of concern at high penetrations of distributed energy resources.<sup>8</sup> The proposed revisions to section 1.5.4 would have required the interconnection customer to design, install, maintain, and operate its small generating

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<sup>6</sup> Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 24.

<sup>7</sup> *Id.* The penetration of small generating facilities has increased since the Commission analyzed the impact of small generating facilities in Order No. 2006. *See infra* P 7.

<sup>8</sup> *Small Generator Interconnection Agreements and Procedures*, Notice of Proposed Rulemaking, 142 FERC ¶ 61,049, at P 46 (2013) (Order No. 792 NOPR).

facility, in accordance with the latest version of the applicable standards to prevent automatic disconnection during over- and under-frequency events.<sup>9</sup>

5. The Commission declined to adopt this proposed revision in Order No. 792.<sup>10</sup> Instead, the Commission recognized that Institute of Electrical and Electronics Engineers (IEEE) was, at the time, in the process of amending IEEE Standard 1547, which is an interconnection standard that is referenced in the Small Generator Interconnection Procedures.<sup>11</sup> The Commission also noted that IEEE was about to begin a full IEEE Standard 1547 revision process in 2014, where frequency and voltage ride through requirements in the standard were to be evaluated. The Commission concluded that it would continue to monitor the IEEE Standard 1547 revision process and could revise the *pro forma* SGIA as it relates to IEEE Standard 1547 in the future, if necessary.<sup>12</sup>

6. Since the Commission issued Order No. 792, IEEE has completed a partial revision of IEEE Standard 1547, which is IEEE Standard 1547a. IEEE is also in the process of fully revising IEEE Standard 1547. IEEE Standard 1547a permits generating

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<sup>9</sup> *Id.*

<sup>10</sup> Order No. 792, 145 FERC ¶ 61,159 at P 220.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

facilities to have wider trip setting compared with IEEE Standard 1547. However, IEEE Standard 1547a includes permissive—and not mandatory—ride through requirements.<sup>13</sup>

7. Following the Commission’s evaluations of the need for ride through requirements for small generating facilities, the impact of small generating facilities on the grid has changed, and the amount has increased. For example, NERC has noted in multiple reports, the mix of generation resources is changing and the high penetration of distributed energy resources will impact the reliability of the electric grid if sufficient care is not taken to mitigate potential adverse impacts.<sup>14</sup> NERC also has found that a lack of coordination between small generating facilities and NERC Reliability Standards can lead to events where system load imbalance may increase during frequency excursions or voltage deviations due to the disconnection of distributed energy resources, which may exacerbate a disturbance on the Bulk-Power System.<sup>15</sup> In addition, the Commission has

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<sup>13</sup> IEEE Standard 1547a contains “must trip” requirements; it does not have “must ride through” requirements. By widening the trip settings, IEEE Standard 1547a permits generating facilities to trip at a later time. This change effectively allows generating facilities to ride through disturbances, but they are not required to do so.

<sup>14</sup> See NERC Special Report, Potential Bulk System Reliability Impacts of Distributed Resources (Aug. 2011), [http://www.nerc.com/docs/pc/ivgtf/IVGTF\\_TF-1-8\\_Reliability-Impact-Distributed-Resources\\_Final-Draft\\_2011.pdf](http://www.nerc.com/docs/pc/ivgtf/IVGTF_TF-1-8_Reliability-Impact-Distributed-Resources_Final-Draft_2011.pdf); see also NERC Integration of Variable Generation Task Force Draft Report, Performance of Distributed Energy Resources During and After System Disturbance (Dec. 2013), [http://www.nerc.com/comm/PC/Integration%20of%20Variable%20Generation%20Task%20Force%20I1/IVGTF17\\_PC\\_FinalDraft\\_December\\_clean.pdf](http://www.nerc.com/comm/PC/Integration%20of%20Variable%20Generation%20Task%20Force%20I1/IVGTF17_PC_FinalDraft_December_clean.pdf).

<sup>15</sup> NERC, Essential Reliability Services Task Force Measures Report, 21 (Dec. 2015), <http://www.nerc.com/comm/Other/essntlrlbltysrvestskfrDL/ERSTF%20Framework%20Report%20-%20Final.pdf>. NERC defines distributed energy resources to mean

(continued...)

observed the growth in grid-connected solar photovoltaic generation since the issuance of Order No. 2006 and the growth in small generator interconnection requests driven by state renewable portfolio standards.<sup>16</sup> Moreover, technology now available to newly interconnecting small generating facilities, such as smart inverters, permits the capability to ride through frequency and voltage disturbances.<sup>17</sup>

## **II. Discussion**

### **A. Disturbance Ride Through Capability Requirements**

#### **1. Need for Reform**

8. Conditions have changed since the Commission last evaluated whether to impose ride through requirements on small generating facilities.<sup>18</sup> IEEE has revised its standards, and IEEE Standard 1547a now provides wider trip settings that give small

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resources that are distributed geographically and not centralized like traditional generation resources.

<sup>16</sup> See, e.g., Order No. 792, 145 FERC ¶ 61,159 at P 15; Solar Industry Data, Solar Energy Indus. Ass'n, <http://www.seia.org/research-resources/solar-industry-data> (last visited Mar. 2, 2016).

<sup>17</sup> See Electric Power Research Institute, Recommended Settings for Voltage and Frequency Ride Through of Distributed Energy Resources, 28-29 (May 2015), <http://www.epri.com/abstracts/Pages/ProductAbstract.aspx?ProductId=000000003002006203>.

<sup>18</sup> The Commission routinely evaluates the effectiveness of its regulations and policies in light of changing industry conditions to determine if changes in these conditions and policies are necessary. See, e.g., *Integration of Variable Energy Resources*, Order No. 764, FERC Stats. & Regs. ¶ 31,331 (2012).



generating facilities greater ability to ride through disturbances.<sup>19</sup> In addition, distributed energy resources have had an increasing presence and impact on the electric system. The absence of ride through requirements for small generating facilities increases the risk that an initial voltage or frequency disturbance may cause a significant number of small generating facilities to trip across a particular area or Interconnection. Moreover, the Commission is concerned that small generating facilities, in the aggregate or in significant combination, could exacerbate an initial disturbance by tripping off-line instead of riding through a disturbance. Large generating facilities are already subject to ride through requirements to avoid these types of occurrences. Given the changes in conditions described above, we now conclude there is reason to subject small generating facilities to ride through requirements. For these reasons, the Commission preliminarily concludes that the lack of ride through requirements is unduly discriminatory or preferential for small generating facilities.

9. The Commission acknowledges that some areas have a greater penetration of distributed resources than others at this time. Nevertheless, the Commission believes that the proposed reforms to the *pro forma* SGIA are appropriate on an industry-wide basis now. The issue regarding small generating facilities the Commission seeks to address in this NOPR is expected to increase over time, and it is appropriate for the Commission to

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<sup>19</sup> The reforms proposed in this proceeding are not intended to impede ongoing work of the IEEE Standard 1547 Working Group.

act on an industry-wide basis now to ensure effective protections and to avoid possible increased costs that may result from applying the rule on a different basis.<sup>20</sup>

10. The Commission affirms that this NOPR is not intended to interfere with state interconnection procedures or agreements in any way. The *pro forma* SGIA applies only to interconnections made subject to a jurisdictional open access transmission tariff (OATT) for the purposes of jurisdictional wholesale sales. Similar to the approach in Order Nos. 2006 and 792, the Commission hopes that any changes to the *pro forma* SGIA resulting from this NOPR will be helpful to states when updating their own interconnection rules, but the states are under no obligation to adopt the provisions of the Commission's proposal.<sup>21</sup>

## **2. Commission Proposal**

11. The Commission proposes to revise the *pro forma* SGIA to include proposed section 1.5.7, which would require interconnection customers to ensure the frequency ride through capability and the voltage ride through capability of small generating facilities that execute interconnection agreements following the effective date of the proposed section 1.5.7. Proposed section 1.5.7 would also require a small generating facility not to disconnect automatically or instantaneously from the system or equipment of the transmission provider and any affected systems for an under-frequency or over-

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<sup>20</sup> See Order No. 792 NOPR, 142 FERC ¶ 61,049 at P 46.

<sup>21</sup> Order No. 792, 145 FERC ¶ 61,159 at P 27; Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 8.

frequency condition, or an under-voltage or over-voltage condition. In addition, the transmission provider must coordinate the small generating facility's protective equipment settings with any automatic load shedding program (e.g., under frequency load shedding, under voltage load shedding).

12. The Commission proposes to add new section 1.5.7 of the *pro forma* SGIA:

1.5.7 The Interconnection Customer shall ensure "frequency ride through" capability and "voltage ride through" capability of its Small Generating Facility. The Interconnection Customer shall enable these capabilities such that its Small Generating Facility shall not disconnect automatically or instantaneously from the system or equipment of the Transmission Provider and any Affected Systems for a defined under-frequency or over-frequency condition, or an under-voltage or over-voltage condition. The defined conditions shall be in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The Small Generating Facility's protective equipment settings shall comply with the Transmission Provider's automatic load-shed program. The Transmission Provider shall review the protective equipment settings to confirm compliance with the automatic load-shed program. The term "ride through" as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Transmission Provider and any Affected Systems during system disturbances within a range of conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority on a comparable basis. The term "frequency ride through" as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Transmission Provider and any Affected Systems

during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The term “voltage ride through” as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Transmission Provider and any Affected Systems during system disturbances within a range of under-voltage and over-voltage conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis.

13. The Commission proposes to apply the frequency ride through and the voltage ride through requirements to any new small generating facility that executes an SGIA after the effective date of proposed section 1.5.7. In addition, the Commission proposes to apply the requirements to any small generating facility that has an executed SGIA as of the effective date of proposed section 1.5.7 but that takes any action that requires the submission of a new interconnection request and the request is submitted on or after the effective date of proposed section 1.5.7. The Commission intends that the proposed revisions to the *pro forma* SGIA would not affect any other interconnected small generating facilities.

14. At this time, the Commission does not propose to adopt specific frequency and voltage ride through parameters. Instead, we propose to allow for the development of appropriate system-specific standards, which we expect will be based on work by recognized standards setting bodies, such as IEEE.

15. The Commission seeks comment on the proposed requirement for small generating facilities to ride through defined frequency and voltage disturbances.

**B. Proposed Compliance Procedures**

16. The Commission proposes to require each public utility<sup>22</sup> transmission provider that has an SGIA within its OATT to submit a compliance filing within 90 days of the effective date of the final rule in this proceeding revising the SGIA within its OATT subject to the Commission's jurisdiction to demonstrate that it meets the requirements set forth in this proposal.

17. Some public utility transmission providers may have provisions in their existing SGIA's that the Commission has deemed to be consistent with or superior to the *pro forma* SGIA. Where these provisions would be modified by the final rule, public utility transmission providers must either comply with the final rule or demonstrate that these previously-approved variations continue to be consistent with or superior to the *pro forma* SGIA as modified by the final rule. The Commission also proposes to permit appropriate entities to seek "independent entity variations" from the proposed revisions to the *pro forma* SGIA.<sup>23</sup>

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<sup>22</sup> For purposes of this NOPR, a public utility is a utility that owns, controls, or operates facilities used for transmitting electric energy in interstate commerce, as defined by the FPA. *See* 16 U.S.C. 824(e). A non-public utility that seeks voluntary compliance with the reciprocity condition of an OATT may satisfy that condition by filing an OATT, which includes an SGIA.

<sup>23</sup> *See, e.g.*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at P 827.

18. The Commission would assess whether each compliance filing satisfies the proposed requirements stated above and issue additional orders as necessary to ensure that each public utility transmission provider meets the requirements of the subsequent final rule.

19. The Commission proposes that transmission providers that are not public utilities would have to adopt the requirements of this proposal and subsequent final rule as a condition of maintaining the status of their safe harbor tariff or otherwise satisfying the reciprocity requirement of Order No. 888.<sup>24</sup>

### **III. Information Collection Statement**

20. The following collection of information contained in this NOPR is subject to review by the Office of Management and Budget (OMB) under section 3507(d) of the Paperwork Reduction Act of 1995.<sup>25</sup> OMB's regulations require approval of certain information collection requirements imposed by agency rules.<sup>26</sup> Upon approval of a collection of information, OMB will assign an OMB control number and expiration date.

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<sup>24</sup> *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036, at 31,760-63 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

<sup>25</sup> 44 U.S.C. 3507(d).

<sup>26</sup> 5 CFR 1320.11.

Respondents subject to the filing requirements of this rule will not be penalized for failing to respond to this collection of information unless the collection of information displays a valid OMB control number.

21. The reforms proposed in this NOPR would amend the Commission's *pro forma* SGIA in accordance with section 35.28(f)(1) of the Commission's regulations.<sup>27</sup> The NOPR proposes to require each public utility transmission provider to amend its SGIA to require that all newly interconnecting small generating facilities, as well as all existing small generating facilities that submit new interconnection requests, to ensure frequency ride through capability and voltage ride through capability in accordance with good utility practice and consistent with any standards and guidelines that are applied to other generating facilities in the balancing authority area on a comparable basis, as of the effective date of the final rule in this proceeding. The reforms proposed in this NOPR would require filings of SGIAs with the Commission. The Commission anticipates the reforms proposed in this NOPR, once implemented, would not significantly change currently existing burdens on an ongoing basis. With regard to those public utility transmission providers that believe that they already comply with the reforms proposed in this NOPR, they could demonstrate their compliance in the filing required 90 days after the effective date of the final rule in this proceeding. The Commission will submit the

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<sup>27</sup> 18 CFR 35.28(f)(1).

proposed reporting requirements to OMB for its review and approval under section 3507(d) of the Paperwork Reduction Act.<sup>28</sup>

22. While the Commission expects the adoption of the proposed reforms to provide significant benefits, the Commission understands that implementation can be a complex and costly endeavor. The Commission solicits comments on the accuracy of provided burden and cost estimates and any suggested methods for minimizing the respondents' burdens.

Burden Estimate: The Commission believes that the burden estimates below are representative of the average burden on respondents. The estimated burden and cost for the requirements contained in this NOPR follow.<sup>29</sup>

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<sup>28</sup> 44 U.S.C. 3507(d).

<sup>29</sup> Commission staff estimates that industry is similarly situated in terms of hourly cost (wages plus benefits). Based on the Commission average cost (wages plus benefits) for 2015, \$72/hour is used.



FERC 516A, proposed changes in NOPR in RM16-8					
	No. of Respondents <sup>30</sup> (1)	Annual No. of Responses per Respondent (2)	Total No. of Responses (1)*(2)=(3)	Average Burden (Hrs.) & Cost (\$) Per Response (4)	Total Annual Burden Hrs. & Total Annual Cost (\$) (3)*(4)=(5)
Conforming SGIA changes to incorporate proposed revisions	118	1	118	7.5 hrs.; \$540	885 hrs.; \$63,720
<b>Total</b>			118	7.5 hrs.; \$540	885 hrs.; \$63,720

Cost to Comply: The Commission has projected the additional cost of compliance as follows:<sup>31</sup>

- Year 1: \$63,720 for all affected entities (\$540/utility)
- Year 2 and subsequent years: \$0

After implementation in Year 1, the reforms proposed in this NOPR would be complete.

Title: FERC-516A, Standardization of Small Generator Interconnection Agreements and Procedures.

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<sup>30</sup> Number of Applicable Registered Entities.

<sup>31</sup> The costs for Year 1 would consist of filing proposed changes to the *pro forma* SGIA with the Commission within 90 days of the effective date of the final revision plus initial implementation. The Commission does not expect any ongoing costs beyond the initial compliance in Year 1.

Action: Revision of currently approved collection of information.

OMB Control No.: 1902-0203

Respondents for this Rulemaking: Businesses or other for profit and/or not-for-profit institutions.

Frequency of Information: One-time during Year 1.

Necessity of Information: The Commission is proposing changes to the *pro forma* SGIA in order to more efficiently and cost-effectively interconnect generating facilities no larger than 20 MW (small generating facilities) to Commission-jurisdictional transmission systems. The purpose of this NOPR is to revise the *pro forma* SGIA so small generating facilities can be reliably and efficiently integrated into the electric grid and to ensure that Commission-jurisdictional services are provided at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential. This Proposed Rule seeks to achieve this goal by amending the *pro forma* SGIA to include proposed section 1.5.7.

Internal Review: The Commission has reviewed the proposed changes and has determined that the changes are necessary. These requirements conform to the Commission's need for efficient information collection, communication, and management within the energy industry. The Commission has assured itself, by means of internal review, that there is specific, objective support for the burden estimates associated with the information collection requirements.

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

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

24. Comments on the collection of information and the associated burden estimate in the proposed rule should be sent to the Commission in this docket and may also be sent to the Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th Street, NW, Washington, DC 20503 [Attention: Desk Officer for the Federal Energy Regulatory Commission], at the following e-mail address:

oira\_submission@omb.eop.gov. Please reference OMB Control No. 1902-0203 and the docket number of this proposed rulemaking 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.<sup>32</sup> The Commission concludes that neither an Environmental Assessment nor an Environmental Impact Statement is required for the revisions proposed in this NOPR under section 380.4(a)(15) of the Commission's regulations, which provides a categorical exemption for approval of actions under sections 205 and 206 of the FPA relating to the filing of schedules containing all rates and charges for the transmission or sale of electric energy subject to the Commission's jurisdiction, plus the classification, practices, contracts and regulations that affect rates, charges,

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<sup>32</sup> *Regulations Implementing the National Environmental Policy Act*, Order No. 486, FERC Stats. & Regs. ¶ 30,783 (1987).

classifications, and services.<sup>33</sup> The revisions proposed in this NOPR would update and clarify the application of the Commission's standard interconnection requirements to small generating facilities. Therefore, this NOPR falls within the categorical exemptions provided in the Commission's regulations, and as a result neither an environmental impact statement nor an environmental assessment is required.

#### V. Regulatory Flexibility Act

26. The Regulatory Flexibility Act of 1980 (RFA)<sup>34</sup> generally requires a description and analysis of proposed rules that will have significant economic impact on a substantial number of small entities. The RFA does not mandate any particular outcome in a rulemaking. It only requires consideration of alternatives that are less burdensome to small entities and an agency explanation of why alternatives were rejected.

27. 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. Under SBA's standards, some transmission owners will fall under the following category and associated size threshold: electric bulk power transmission and control, at 500 employees.<sup>35</sup>

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<sup>33</sup> 18 CFR 380.4(a)(15).

<sup>34</sup> 5 U.S.C. 601-612.

<sup>35</sup> 13 CFR 121.201, Sector 22 (Utilities), NAICS code 221121 (Electric Bulk Power Transmission and Control).

28. The Commission estimates that the total number of public utility transmission providers that would have to modify the SGIAs within their currently effective OATTs is 118. Of these, the Commission estimates that approximately 43 percent are small entities. The Commission estimates the average total cost to each of these entities will be minimal, requiring on average 7.5 hours or \$540. According to SBA guidance, the determination of significance of impact “should be seen as relative to the size of the business, the size of the competitor’s business, and the impact the regulation has on larger competitors.”<sup>36</sup> The Commission does not consider the estimated burden to be a significant economic impact. As a result, the Commission certifies that the reforms proposed in this NOPR would not have a significant economic impact on a substantial number of small entities.

#### **VI. Comment Procedures**

29. 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. RM16-8-000, and must include the commenter’s name, the organization they represent, if applicable, and their address in their comments.

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<sup>36</sup> U. S. Small Business Administration, *A Guide for Government Agencies How to Comply with the Regulatory Flexibility Act*, at 18 (May 2012), [https://www.sba.gov/sites/default/files/advocacy/rfaguide\\_0512\\_0.pdf](https://www.sba.gov/sites/default/files/advocacy/rfaguide_0512_0.pdf).

30. The Commission encourages comments to be filed electronically via the eFiling link on the Commission's website 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.

31. 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.

32. 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**

33. 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.

34. 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.

35. 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](mailto: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](mailto:public.referenceroom@ferc.gov).

By direction of the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.