



WHITE PAPER | A NEW SOLUTION FOR FERC FILINGS IN XBRL

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Beginning this November, the Federal Energy Regulatory Commission (FERC) is requiring electric utilities, natural gas companies, oil pipeline companies, and centralized service companies to file annual and quarterly reports in a completely different way. Rather than using Microsoft's Visual FoxPro, all companies will soon file reports in an XBRL data format.

A move to structured data has been afoot for quite some time. That's because FERC, much as other regulators, recognizes that when forms can be converted into structured data that use a consistent taxonomy, it becomes easier for filers to submit data and for data users to analyze the information submitted. FERC has suggested that after the first year of XBRL filing, over 90 percent of the reporting effort will consist of compiling and getting ready to submit data.

While the change to XBRL has been on the horizon for quite some time, as with any change, filers have some hurdles to overcome. This white paper explores what lies ahead, how companies can begin to prepare now for a new regulatory regime, and how DFIN is supporting clients through the FERC Pro Filing Solution.

Understanding the Advantages

While a change of this magnitude can cause headaches, the advantages are clear.

One of the biggest changes is that filers will no longer fill out forms, *per se*. Instead, they will supply data to FERC, and FERC will generate a form with the required information embedded within it.

FERC has said that cost-savings are central to its rationale for making such a sweeping change: "transitioning from the current Visual FoxPro system to XBRL will decrease the costs, over time, of preparing the necessary data for submission and complying with future changes to filing requirements set forth by the Commission."

FERC will require the following forms to be completed in XBRL: Form No. 1, Form 1-F, Form 2, Form 2-A, Form 3-Q electric. Form 3-Q natural gas. Form 6, Form 6-Q, Form 60, and Form 714.

FERC's implementation schedule is unfolding gradually, as the first forms that FERC will require to be submitted in XBRL come due during the third quarter of 2021. For details about which forms will be submitted in XBRL on which dates, see "Timetable for Implementation" below.

The first XBRL submissions will, of course, be the most challenging to prepare. Even so, FERC has estimated that the time that a filer will need to devote to XBRL formatting will be quite small compared to the hundreds—and sometimes even thousands—of hours it takes to collect all the information necessary for completing regulatory forms today.

Using the more modern XBRL data format will ultimately make compliance easier. With special tools developed for the industry, companies will be able to comply with all FERC reporting requirements without having to first learn XBRL.

The change to XBRL will also allow both regulators and companies to gather industry insights almost instantaneously. This new ease of analysis will allow energy leaders to think of their business processes differently and to back up new strategies with their own data from the past ten years, as well as comparable data from peers.

FERC Pro Filing Solution

DFIN is offering HData's FERC Pro to give clients the advantages of a simple, intuitive filing solution with a powerful data hub. Those companies that use FERC Pro will not need to master the intricacies of XBRL themselves because the filing tool takes care of tagging elements in XBRL.

DFIN is particularly well positioned to help energy companies use XBRL because of its longstanding relationship with Washington UTC. UTC FERC worked in collaboration with DFIN XBRL experts from 2014 until 2016, and so many of the intricacies of data collection, validation, reporting, and analysis are already understood.

Using XBRL allowed the Washington UTC to streamline its reporting process and make a number of improvements. Over time, UTC professionals found themselves spending far less time transcribing and validating data—and far more time analyzing the information submitted.

In an age of governmental budget cuts, it seems clear that XBRL will contribute to the creation and dissemination of more accurate data, while allowing FERC to save money through productivity gains.

Ready, Set....

DFIN has been working on its XBRL taxonomy for FERC filers for several months now. That said, changes to the taxonomy are still expected to be announced before the filing deadline is here. FERC has stated that it will release an update to the final XBRL taxonomy in April 2021, and DFIN will immediately begin incorporating these changes into its own XBRL taxonomy.

One of the biggest advantages of using FERC Pro is the collaborative approach it fosters. Team members can create, modify, and maintain FERC reports in a shared digital environment. They can also collaborate with other team members in real time. The interface and

dashboards make it easy to follow a clear, intuitive workflow and to track progress against all deadlines. In addition, FERC Pro's system of notification and alerts makes it easy for team members to know when their input is due.

While it will soon be easier than ever for companies to create, modify, and maintain FERC reports in a shared digital environment, change is always unsettling.

FERC Pro is designed to make effective and reliable compliance easy. For this reason, companies preparing mandatory quarterly and annual reports can invite auditors and other external parties to review and sign off on data before submission. Making data more accurate and user-friendly is the key to widespread acceptance of structured data.

One way to ensure a successful first filing is advanced preparation. For the initial reporting cycles, it is an excellent idea to set deadlines early, giving yourself a cushion for any surprises that may arise.

For energy companies that want to get an idea of what filing in XBRL will feel like, FERC has set up an eForms portal here: <https://ecollection.ferc.gov/>. This site will remain in test-only mode until the fall of 2021.

The timing for FERC's move to collecting structured data is perfectly aligned with advances in technology, the development of global XBRL reporting standards, and the U.S. government's growing interest in modernizing and streamlining financial reporting. FERC's new XBRL rules are positioned to meet a growing appetite for real-time, accurate, complete data across all sectors and industries.

Timetable for Implementation

Implementation Schedule for Third Quarter 2021

- FERC Form No. 3-Q (electric) – third quarter filing due on
 - November 29, 2021 – for major electric utilities, licensees, and others
 - December 9, 2021 – for non-major public utilities and licensees
- FERC Form No. 3-Q (natural gas) – third quarter filing due on
 - November 29, 2021 – major natural gas companies
 - December 9, 2021 – non-major natural gas companies
- FERC Form No. 6-Q – third quarter filing due on
 - December 9, 2021 – oil pipeline companies

Filings for all subsequent forms will be created using the XBRL process. Below are dates for filing annual Commission forms using XBRL.

Implementation Schedule for 2022 Annual Reporting

- 2021 FERC forms due on April 18, 2022
 - FERC Form Nos. 1 and 1-F
 - FERC Form Nos. 2 and 2-A
 - FERC Form No. 6
- 2021 FERC Form No. 60 will be due on May 1, 2022
- 2021 FERC Form No. 714 will be due on June 1, 2022

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