##### June 10, 2020

**TO:** All Interested Parties

**FROM:** Caroline Trum, NAESB Deputy Director

**RE: NAESB and NERC Coordination Update**

NAESB and NERC continue to engage in coordination efforts to ensure the organizations remain in lock-step regarding activities and standards development impacting commercial and reliability aspects of the wholesale electric industry. In support of this coordination, NAESB and NERC staffs are in frequent communication, including via participation in monthly conference calls to discuss ongoing and new coordination issues. Topics of recent discussion include Time Error Correction, the development of the 2020 – 2022 NERC Reliability Standards Development Plan, cybersecurity, the NERC Standards Efficiency Review, and the reference documents and reliability guidelines maintained by the NERC Operating Committee.

Currently, NAESB is engaged in three standards development efforts that are intended to support and/or complement NERC Reliability Standards. First, as part of a recurring annual plan item, the WEQ Cybersecurity Subcommittee is reviewing NERC and FERC activities related to cybersecurity to determine if supporting modifications are needed to the WEQ Business Practice Standards. As part of these efforts, the subcommittee is monitoring five NERC efforts: NERC Project 2016-02 – Modifications to CIP Standards, NERC Project 2019-02 BES Cyber System Information Access Management, NERC Project 2019-03 Cyber Security Supply Chain Risks, NERC Project 2020-03 Supply Chain Low Impact Revisions, and NERC Project 2020-04 Modifications to CIP-012. NAESB staff has been working with NERC staff to monitor the progress of these efforts and expected timeline for any modified reliability standards to be presented to the NERC Board of Trustees for consideration. The next meeting of the WEQ Cybersecurity Subcommittee is scheduled for June 30, 2020. During the meeting, the subcommittee will review NERC Reliability Standard CIP-006-2, approved by the NERC Board of Trustees on May 14, 2020.

Next, as part of 2020 WEQ Annual Plan Item 8.a, the WEQ Business Practices Subcommittee is undertaking an effort to determine if the WEQ-006 Manual Time Error Correction Business Practice Standards should be retained or revised. The annual plan item was created in response to a directive from the Commission as part of FERC Order No. 676-I. In addressing the issue, the subcommittee is reviewing the NERC Time Monitoring Reference Guide, and NAESB staff has also reached out to NERC staff regarding manual time error correction related activities within the NERC Operating Committee and NERC Resources Subcommittee. The next meeting of the WEQ Business Practices Subcommittee is a conference call scheduled for June 25, 2020.

Finally, a request has been submitted to NAESB to consider modifications to the WEQ-005 Area Control Error (ACE) Equation Special Cases Business Practice Standards. These standards serve as complementary to the NERC Resource and Demand Balancing (BAL) Reliability Standards and provide commercial requirements that support the obligations of a balancing authority to manage its ACE, the difference between scheduled and actual electrical generation within its control area. Specifically, Standards Request R20008 identifies modifications that have been made to the NERC Dynamic Transfer Reference Document Version 4 and proposes that NAESB evaluate if modifications should be made to the WEQ Business Practice Standards in alignment with these revisions. The standards request has been proposed to be assigned to the WEQ Business Practices Subcommittee which will begin discussions on the request during its next meeting scheduled for June 25, 2020.

In discussions regarding the development of the 2020 – 2022 NERC Reliability Standards Development Plan, NERC staff has indicated to NAESB staff that a draft of the plan is likely to be released for an industry comment period sometime next month. Once available, the WEQ Standards Review Subcommittee will review the draft plan as part of the subcommittee’s efforts to ensure the WEQ Business Practice Standards remain synchronized with the NERC Reliability Standards. Any feedback from the subcommittee will be sent to the NAESB Managing Committee for consideration.