##### March 20, 2023

**TO:** All Interested Parties

**FROM:** Caroline Trum, Director, Wholesale Electric Quadrant

**RE: NERC Coordination Activities Update**

NAESB and NERC have a long-standing coordination partnership and work together to develop complementary business practices and reliability standards for areas that touch upon both commercial and reliability considerations. In support of this coordination, NAESB and NERC staffs frequently communicate regarding activities of the organizations addressing a variety of topics, including area control error (ACE), gas-electric market coordination, cybersecurity, batteries and distributed energy resources, and the WEQ-023 Modeling Business Practice Standards.

As identified by the WEQ Standards Review Subcommittee (SRS), revisions being considered as part of NERC Project 2022-01 Reporting ACE Definition and Associated Terms may impact the WEQ Business Practice Standards, including WEQ-005 ACE Equation Special Cases. During its February 15, 2023 meeting, the WEQ SRS reviewed the initial modifications being proposed as part of the NERC effort and will continue discussions regarding any potential consistency changes that may be needed to the WEQ Business Practice Standards during its next meeting, scheduled for April 5, 2023. NAESB staff has also been in communication with NERC staff regarding the progress of this NERC Project.

Additionally, during the April 5, 2023 meeting, the WEQ SRS will be reviewing the initial standards developed by NERC and recently approved by FERC addressing extreme cold weather, EOP-011-3 Emergency Operations and EOP-012-1 Extreme Cold Weather Preparedness and Operations. As part of these discussions, the WEQ SRS will be considering if there is a need to develop any complementary or supportive WEQ Business Practice Standards. Also related to gas-electric market coordination, NAESB staff continues to communicate with NERC and FERC staff regarding the activities of the NAESB GEH Forum, convened in response to the joint letter sent by FERC and NERC encouraging NAESB to convene a forum aimed at improving the reliability of the natural gas infrastructure system to support the bulk electric system, as recommended by the FERC, NERC, and Regional Entity Staff Report on the February 2021 Cold Weather Outages in Texas and the South Central United States.

Regarding cybersecurity, the WEQ SRS will continue to monitor the progress of several ongoing NERC efforts to consider revisions to the NERC Critical Infrastructure Protection (CIP) Reliability Standards. Further, as part of its annual review of NERC cybersecurity related activities, the WEQ Cybersecurity Subcommittee reviewed all efforts underway at NERC to revise the CIP Reliability Standards as well as the proposed NERC CIP-003-9 Cyber Security – Security Management Controls, filed by NERC with FERC in December 2022. Further, the WEQ Cybersecurity Subcommittee also discussed the FERC Notice of Proposed Rulemaking *Incentives for Advanced Cybersecurity Investment*, issued in September 2022, and FERC Order No. 887 *Internal Network Security Monitoring for High and Medium Impact Bulk Electric Cyber Systems*, issued in January 2023. The subcommittee determined that no action is currently needed to address these items but will continue to monitor the efforts.

Given the increased utilization of batteries and distributed energy resources by the wholesale electric industry, NAESB and NERC continue to engage in discussions regarding the various development efforts within each organization. This includes the recent efforts of the WEQ Business Practices Subcommittee (BPS) to develop the recommendation proposing a new suite of WEQ Business Practice Standards to identify common operationally-based grid services and the attributes that may be used to describe those services. In developing these standards, NAESB staff coordinated with NERC staff regarding the defined terms and proposed definitions to help ensure consistency for the industry. Now that this effort has been completed, the WEQ BPS will resume consideration of standards in support of industry utilization of energy storage resources and distributed energy resource aggregations under FERC Order Nos. 841 and 2222. NAESB staff will continue coordination with NERC staff in this area.

As part of an annual plan assignment, the WEQ BPS will be considering if there are any revisions to the WEQ Business Practice Standards, including WEQ-023 Modeling, that may be necessary to support the industry’s implementation of FERC Order No. 881 *Managing Transmission Line Ratings*. As you may recall, NAESB developed these standards in response to a request from NERC, and since this time, NAESB staff has actively communicated with NERC staff regarding the consideration of any modifications to the standards. Additionally, NAESB staff has been in recent communications with both NERC staff and FERC staff regarding the pending retirement of the NERC MOD A Reliability Standards.