##### April 8, 2020

**TO:** All Interested Parties

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

**RE: Update on Sandia National Laboratories Surety Assessment**

On March 20, 2020, WEQ membership ratified modifications to the WEQ OASIS Suite of Business Practice Standards that developed in response to recommendations made by Sandia National Laboratories as part of the surety assessment. These revisions address all recommendations made by Sandia National Laboratories to mitigate the applicable potential security issues. In total, modifications were made to 14 standards as part of the standards development effort, and the revisions remove legacy functionality, update the minimum encryption and security protocols, and revise implementation requirements to incorporate industry best practices for areas such as software/hardware patching, business continuity and disaster recovery exercises, firewalls, and password management and authentication. After ratification, these changes were incorporated into WEQ Version 003.3, which was published on March 30, 2020 and filed with the FERC the same day.

Similarly, on March 23, 2020, WGQ membership ratified modifications to the WGQ Electronic Delivery Mechanism and Internet Electronic Transport Business Practice Standards that were also developed in response to recommendations made by Sandia National Laboratories as part of the surety assessment. As with the WEQ, the WGQ has now completed all standard development efforts to address the recommendations to mitigate potential security issues. As part of the WGQ efforts, modifications or reservations were made to 14 standards and four new standards were created. Changes were also made to the appendices of both suites of standards. Together, these changes establish timelines for the adoption of security patches and the notification to trading partners of security related issues, to incorporate specific and broad adoption of system security measures, to eliminate legacy functionality, and to update key and encryption methodologies. Now that the standards changes have been ratified by membership, they are considered final actions and will be incorporated into the next version of the WGQ publication, to be released later this year.

On January 30, 2020, RMQ Version 3.2 was published. Included in this version of the model business practices are modifications to address the recommendations to mitigate security issues made by Sandia National Laboratories as part of the surety assessment. In total, modifications or reservations were made to eighteen model business practices and four new standards were created within the RMQ Electronic Delivery Mechanism and Internet Electronic Transport Model Business Practices. As with the modifications made to the related WGQ standards, these revisions establish timelines for the adoption of security patches and the notification to trading partners of security related issues, to incorporate specific and broad adoption of system security measures, to eliminate legacy functionality, and to update key and encryption methodologies.

Now that standards development efforts regarding the recommendations made to mitigate potential security issues have been completed, the applicable subcommittees within the WEQ, WGQ, and RMQ will reconvene this year to undertake standards development to address any remaining additional findings that have been assigned to the subcommittees.

The Board Critical Infrastructure Committee has prepared a report that will be presented to the Board of Directors regarding the NAESB response to the surety assessment. The report highlights the surety assessment development and describes the efforts NAESB undertook in response, including expediating standards development to respond to any recommendations to mitigate potential security issues at the request of the Department of Energy. The report also outlines future endeavors NAESB plans to undertake to address any remaining additional considerations made by Sandia National Laboratories as part of the surety assessment.

In April 2017, NAESB announced that Sandia National Laboratories would be performing a surety assessment on the NAESB Business Practice Standards sponsored by the Department of Energy. Sandia National Laboratories has performed two previous surety assessments on the NAESB Business Practice Standards with recommendations from these assessments resulting in modifications to the standards. The purpose of the current surety assessment is to analyze cybersecurity elements within the NAESB Business Practice Standards and focuses on four areas: (1) assess the NAESB Certification Program for Accredited Certification Authorities, including the Wholesale Electric Quadrant Public Key Infrastructure Standards, the NAESB Accreditation Requirements for Authorized Certificate Authorities, and the Authorized Certification Authority Process; (2) assess the Wholesale Electric Quadrant OASIS Suite of Business Practice Standards; (3) assess the Wholesale Gas Quadrant and Retail Market Quadrant Internet Electronic Transport and Electronic Delivery Mechanism Standards; and (4) conduct a high-level dependency analysis between the gas and electric markets.

On July 22, 2019, Sandia National Laboratories provided NAESB with the final surety assessment reports. There are four reports in total: (1) Assessment Report of the NAESB Public Key Infrastructure Program; (2) Assessment Report of the NAESB OASIS Standards; (3) Assessment Report of the NAESB Business Operations Practices and Standards; and (4) Addendum Report: Threat-based Examination of NAESB Standards and Business Operations. In total across the four reports, Sandia National Laboratories made twelve recommendations to mitigate security issues and identified twenty-two additional findings or considerations.