##### June 14, 2022

**TO:** All Interested Parties

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

**RE: NERC Coordination Activities Update**

Coordination is a frequent topic of communication between NAESB and NERC to help ensure the organizations remain in lock-step regarding topics that impact both commercial and reliability issues within the wholesale electric market. Recent topics of discussion have included energy storage/batteries and distributed energy resource, the WEQ-023 Modeling Business Practice Standards, cybersecurity, and area control error (ACE).

NAESB and NERC staffs have engaged in discussions regarding development activities that touch upon batteries and distributed energy resources. The WEQ Business Practices Subcommittee (BPS) has been assigned three annual plan items to aimed at the development of standards to support the industry in implementing directives contained in FERC Order Nos. 841 and 2222. Recently, the U.S. Department of Energy, Lawrence Berkeley National Laboratory, and Pacific Northwest National Laboratory jointly submitted a standards request to NAESB seeking to harmonize grid service terminology and definitions supporting distributed energy resources offered by the organized markets and distribution systems. NAESB and NERC staffs have been in communication regarding the activities of the WEQ BPS as well as the efforts of NERC committees and working groups in this area, including the NERC System Planning Impacts from Distributed Energy Resources Working Group.

As you may recall, NAESB developed the WEQ-023 Modeling Business Practice Standards in response to a request submitted by NERC to support the retirement of the NERC MOD A Reliability Standards. FERC adopted the WEQ Business Practice Standards into regulation through the incorporation by reference process as part of FERC Order No. 676-J. Currently, the WEQ BPS is considering revisions to the standards in response to industry directives regarding WEQ-023 Modeling Business Practices contained in the Order. The subcommittee anticipates voting out a recommendation during its meeting on July 6, 2022.

On June 30, 2022, the WEQ Cybersecurity Subcommittee will be meeting to consider recommendations as part of its recurring annual plan items, including 2022 WEQ Annual Plan Item 4.b – Evaluate and modify standards as needed to support and/or complement the current version of the NERC Critical Infrastructure Protection Standards (CIP) and any other activities of NERC and the FERC related to cybersecurity. As part of this effort, the WEQ Cybersecurity discussed NERC CIP-004-7 and CIP-011-3 Reliability Standards, approved by FERC in December 2021 as well as the FERC Notice of Proposed Rulemaking *Internal Network Security Monitoring for High and Medium Impact Bulk Electricity System Cyber Systems*, issued in Docket No. RM22-3-000 on January 20, 2022. Additionally, the subcommittee reviewed the status of several ongoing NERC efforts that could result in modifications to the NERC CIP Reliability Standards, including NERC Project 2016-02 Modifications to CIP Standards, NERC Project 2020-03 Supply Chain Low Impact Revisions, NERC Project 2020-04 Modifications to CIP-012, and NERC Project 2021-03 CIP-002 Transmission Owner Control Centers. While the subcommittee has determined that no action is likely needed at this time, the participants intend to continue to monitor actions related to the NOPR and the current NERC CIP-related development efforts.

The WEQ Standards Review Subcommittee (SRS) is also monitoring several NERC efforts that could result in modifications to reliability standards for which NAESB maintains complementary business practices. One such effort is NERC Project 2022-01 Reporting ACE Definition and Associated Terms. As you may recall, the WEQ-005 Area Control Error (ACE) Special Cases Business Practice Standards address commercially related requirements in the calculate of ACE and are supportive of NERC requirements and guidance for calculating ACE. NAESB and NERC staffs have been in communication regarding NERC’s efforts in this area as well.