##### November 30, 2020

**TO:** All Interested Parties

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

**RE: WEQ Coordination Update**

NAESB and NERC engage in continuous efforts to ensure the organizations remain coordinated on commercial and reliability issues impacting the wholesale electric market. As part of these coordination efforts, NAESB and NERC staff remain in close contact regarding various activities of the organizations. Current discussions between the organizations have focused on manual time error correction, the WEQ-005 Area Control Error (ACE) Equation Special Cases Business Practice Standards, the WEQ-023 Modeling Business Practice Standards, standard development efforts by the WEQ Coordinate Interchange Scheduling Subcommittee (CISS), and cybersecurity.

NAESB is currently engaged in two standard development efforts that relate to areas of coordination between NAESB and NERC: manual time error correction and the ACE equation. Both efforts are being addressed by the WEQ Business Practices Subcommittee (BPS). Regarding manual time error correction, the WEQ BPS is working to address a directive from the Commission in FERC Order No. 676-I that advised public utilities work through the NAESB business practices development process to revisit the rationale for removing the WEQ-006 Manual Time Error Correction Business Practice Standards to determine whether they should be retained or revised. As manual time error correction has been an area of long-standing coordination between NAESB and NERC, NAESB staff has been coordinating with NERC as well as WECC staffs throughout the standards development process. Based on prior consensus, the WEQ BPS is in the process of developing a draft recommendation that will propose standards which support and complement the NERC Time Monitoring Reference Document – Version 5. A vote was held on a draft recommendation during the November 12, 2020 meeting, but the recommendation did not gain the needed support to pass. Based on discussion following the vote, it appears that further modifications to the recommendation may needed to address potential issues raised by the subcommittee participants. The WEQ BPS will be meeting on December 10, 2020 to continue discussions regarding the development of a recommendation.

The WEQ BPS is also working to address Standards Request R20008, which proposed that NAESB review the WEQ-005 ACE Equation Special Cases Business Practice Standards to determine if any modifications, including deletions, are needed to support recent updates to the NERC Dynamic Transfer Reference Document – Version 4. As part of the discussion on the business practice standards, which were developed in coordination with NERC to support the NERC Reliability Standard BAL-005 Balancing Authority Control Reliability Standards, a question arose as to if the NERC Glossary and Dynamic Transfer Reference Document contains all necessary industry guidance regarding the ACE equation. NAESB staff worked with the industry and NERC staff to bring this issue to the NERC Resources Subcommittee and NERC Real-Time Operations Subcommittee. NERC Resources Subcommittee leadership participated in the November 12, 2020 meeting of the WEQ BPS and indicated that the subcommittee will review the NERC documentation to determine if there are areas of overlap with the WEQ-005 ACE Equation Special Cases Business Practice Standards. The WEQ BPS will continue to discuss this effort during its upcoming meetings scheduled for December 10, 2020 and January 14, 2021.

The WEQ-023 Modeling Business Practice Standards have been an area of long-standing coordination between NAESB and NERC. NAESB developed these standards at the request of NERC in coordination with NERC’s proposed retirement of the MOD A Reliability Standards. In the Notice of Proposed Rulemaking regarding WEQ Version 003.3, the Commission proposed to incorporate by reference the WEQ-023 Modeling Business Practice Standards. In anticipation of forthcoming FERC action regarding the WEQ-023 Modeling Business Practice Standards as well as the proposed retirement of the NERC MOD A Reliability Standards, the 2021 WEQ Annual Plan includes an item moved from the provisional annual plan to address any potential modifications that may be needed to the business practice standards.

On November 30, 2020, NAESB membership ratified standards developed by the WEQ CISS that are intended to complement NERC Reliability Standard INT-009-2.1 Implementation of Interchange. As part of this reliability standard, entities are required to communicate certain interchange information on a periodic basis. The new business practice standard, which appear in WEQ-004 Coordinate Interchange Business Practice Standards, provide high-level guidance to entities seeking to automate this information exchange. As discussed by the WEQ CISS, an automated process can improve efficiencies and reduce the potential for error.

During the October 27, 2020 meeting, the WEQ Executive Committee approved the no action recommendation developed by the WEQ Cybersecurity Subcommittee in response to 2020 WEQ Annual Plan Item 4.a – Evaluate and modify standards as needed to support and/or complement the current version of the NERC Critical Infrastructure Protection Reliability Standards and any other activities of NERC and the FERC related to cybersecurity. Although the subcommittee did not identify any needed areas of standards development, as part of efforts in 2021, the subcommittee will continue to monitor several ongoing NERC projects that could result in changes to the NERC Critical Infrastructure Protection Reliability Standards, including efforts by NERC to support cloud computing and address directives from FERC Order No. 850 *Supply Chain Risk Management Reliability Standards.*