##### September 13, 2021

**TO:** All Interested Parties

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

**RE: Update on Coordination with NERC**

As part of long-standing coordination activities to ensure NAESB and NERC remain in lock-step regarding commercial and reliability issues impacting the wholesale electric industry, NAESB and NERC staffs continue to hold frequent discussions regarding an array of topics. Recent areas of coordination have included changes to the NERC Glossary, the WEQ-005 Business Practice Standards, battery storage/distributed energy resources, cybersecurity, and the draft NERC 2022 – 2024 Reliability Standards Development Plan.

During the WEQ Executive Committee on October 5, the committee will be considering a recommendation proposing modifications to the defined term System Operating Limit, in support of Standards Request R21002. NERC submitted this request to NAESB as a result of staff coordination discussions following NERC efforts to revise the definition for System Operating Limit in the NERC Glossary. In reviewing the request, the WEQ Standards Review Subcommittee (SRS) determined that the changes made by NERC to the definition were not substantive and developed a recommendation proposing consistent modifications to the definition in WEQ-000. There proposed changes were reviewed by the WEQ OASIS Subcommittee, the WEQ Coordinate Interchange Scheduling Subcommittee, and the WEQ Business Practices Subcommittee (BPS) prior to a WEQ SRS vote on the recommendation, as the term System Operating Limit is used in WEQ-001, WEQ-004, WEQ-008, and WEQ-023.

On August 19, the WEQ BPS voted out a recommendation proposing modifications to WEQ-005 ACE Equation Special Cases Business Practice Standards. The proposed changes are intended to provide greater clarity in how commercial aspects in determining ACE are accounted for as part of the ACE equation as well as consistency in the terms utilized in the standards and the NERC Dynamic Transfer Reference Document – Version 4. NAESB and NERC staff engaged in coordination activities to support the standards development effort, and NAESB staff provided NERC staff with a draft version of the proposed changes prior to the WEQ BPS vote on the recommendation.

Since February, the WEQ BPS has been working to address the development of standards regarding energy storage resources and distributed energy resources as part of 2021 WEQ Annual Plan Item 7. As identified by the WEQ BPS participants, this could be a potential area of coordination between applicable business practices that may be developed by NAESB and potential reliability requirements being considered by NERC. NAESB staff has been in communication with NERC staff regarding the subcommittee’s activities as well as current and future NERC projects addressing reliability issues related to batteries and distributed energy resources.

On July 13, the WEQ Cybersecurity Subcommittee voted out a recommendation in support of 2021 WEQ Annual Plan Items 4.a and 4.b proposing modifications to the NAESB Accreditation Requirements for Authorized Certification Authorities. The proposed revisions are intended to address requirements for NAESB Authorized Certification Authorities that issue code signing certificates and are intended to be supportive of NERC requirements that require verification of the identity of a software source as included in the NERC CIP-010 Cyber Security – Configuration Change Management and Vulnerability Assessment Reliability Standards. To develop the recommendation, the subcommittee reviewed a number of NERC and FERC cybersecurity related activities, including the current NERC Projects that could result in potential revisions to the NERC CIP Reliability Standards and the NERC CIP Reliability Standards approved by FERC via letter order on March 18, 2021 (CIP-005-7, CIP-010-4, and CIP-013-2).

As the WEQ SRS does every year, the subcommittee met on August 11 to review the draft NERC 2022 – 2024 Reliability Standards Development Plan. The subcommittee noted four ongoing NERC Projects that are or may be coordinated with NAESB annual plan items: Project 2020-01 Modifications to MOD-032-1, Project 2020-02 Transmission-connected Dynamic Reactive Resources, Project 2020-03 Supply Chain Low Impact Revisions, and Project 2021-03 CIP-002 Transmission Owner Control Centers. The WEQ SRS feedback wase forwarded to the NAESB Managing Committee for consideration and subsequently submitted to NERC.