##### September 28, 2022

**TO:** All Interested Parties

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

**RE: NERC Coordination Activities Update**

As always, NAESB and NERC continue to actively engage in coordination activities covering a range of topics that impact wholesale electric market commercial and reliability issues. Recent topics of discussion include the 2023 – 2025 NERC Reliability Standards Development Plan (RSDP), the 2023 NAESB annual planning process, the WEQ-023 Modeling Business Practice Standards, area control error (ACE), cybersecurity, energy storage/batteries and distributed energy resources, and natural gas-electric market coordination activities.

To ensure coordination regarding the development of the business practices and reliability standards, NAESB and NERC staffs engage in discussions the NAESB annual planning process as well as the development of the NERC Reliability Standards Development Plan. In August, the WEQ Standards Review Subcommittee (SRS) met to review the draft 2023 – 2025 NERC RSDP. This is an annual effort undertaken by the subcommittee to identify any areas of potential coordination between the business practices and reliability standards. The WEQ SRS noted eight NERC projects included as part of the draft NERC RSDP that are or may be coordinated with NAESB annual plan items: NERC Project 2020-04 Modifications to CIP-012, NERC Project 2020-06 Verification of Models and Data for Generators, NERC Project 2021-03 CIP-002 Transmission Owner Control Centers, NERC Project 2021-07 Extreme cold Weather Grid Operations, Preparedness, and Coordination, NERC Project 2021-08 Modifications to FAC-008, NERC Project 2022-01 Reporting ACE Definition and Associated Terms, NERC Project 2022-02 Modifications to TPL-001-5.1 and MOD-032-1, and NERC Project 2022-03 Energy Assurance. The WEQ SRS feedback was forwarded to the NAESB Managing Committee and subsequently submitted to NERC.

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. The Commission, as part of FERC Order No. 676-J, took action for the first time to incorporate these standards by reference. While the retirement of the NERC MOD A Reliability Standards is still pending, as part of FERC Order No. 873, the Commission reiterated its intention “to coordinate the effective dates for the retirement of the MOD A Reliability Standards with the successor North American Energy Standards Board (NAESB) business practice standards.” NAESB has been in recent communications with both NERC staff and FERC staff regarding this topic.

As noted above, the WEQ SRS is monitoring NERC Project 2022-01 Reporting ACE Definition and Associated Terms. Under this effort, NERC is considering, among other revisions, potential modifications to the definitions for ACE and Reporting ACE as part of. While NERC maintains industry requirements and guidance for calculating ACE while the NAESB WEQ-005 Business Practice Standards address commercially related requirements for the calculation.

This year, as part of 2022 WEQ Annual Plan Item 4.b, the WEQ Cybersecurity Subcommittee reviewed the NERC CIP Reliability Standards and the existing NERC CIP-related standards development efforts to evaluate if complementary or corresponding modifications were needed to the WEQ Business Practice Standards. Although the participants will continue to monitor several NERC efforts that may 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.

NAESB and NERC staffs are in regular communication regarding activities related to energy storage/batteries and distributed energy resources. These discussions include the efforts of the WEQ BPS to address Standards Request R22001, submitted jointly by the Department of Energy, Lawrence Berkeley National Laboratory, and Pacific Northwest National Laboratory to support the implementation and integration of flexible, grid-edge resources such as batteries and distributed energy resources. As part of subcommittee discussions, it has been noted that any defined terms and definitions should coordinate with corresponding terms that are included as part of the NERC Glossary.

On July 29, 2022, FERC and NERC sent a joint letter to NAESB encouraging the organization to take steps to convene a forum 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 (Report). As part of Key Recommendation 7 of the Report, a recommendation was made that FERC consider establishing a forum to identify actions that will improve the reliability of the natural gas infrastructure system as necessary to support the bulk electric system (BES) and to address recurring challenges stemming from natural gas-electric infrastructure interdependency. As recommended in the letter, NAESB will be coordinating with FERC, NERC staff, and NARUC regarding the forum.