##### August 17, 2021

**TO:** All Interested Parties

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

**RE: Update to the Board of Directors – WEQ NERC Coordination Activities**

As always, NAESB and NERC staffs remain in frequent communication to ensure the organizations remain coordinated regarding areas of commercial and reliability overlap within the wholesale electric industry as well as the development of WEQ Business Practice Standards and NERC Reliability Standards. Recent topics of discussion have included changes to the NERC Glossary, cybersecurity, battery storage/distributed energy resources, the WEQ-005 Business Practice Standards, and the draft NERC 2022 – 2024 Reliability Standards Development Plan.

Resulting from staff coordination discussions, NERC submitted Standards Request R21002 to NAESB proposing that NAESB consider revisions to the definition for the term System Operating Limit following NERC efforts to revise the definition for the same term in the NERC Glossary. Where possible, NAESB aligns with NERC the definition for shared terms to promote consistency for the industry and avoid confusion. The request was assigned to the WEQ Standards Review Subcommittee (SRS), which voted out a recommendation during its August 11 meeting. The subcommittee participants determined that the changes made by NERC to the definition were non substantive, and developed a recommendation proposing consistent revisions to the NAESB definition. The formal comment period closes on September 10, and the recommendation will be considered by the WEQ Executive Committee during its meeting on October 5.

Cybersecurity remains an area of frequent coordination discussions by NAESB and NERC. Additionally, the WEQ Cybersecurity Subcommittee is assigned a recurring annual plan item to review the NERC Critical Infrastructure Protection (CIP) Reliability Standards and any other NERC or FERC related cybersecurity activities to determine if supporting or complementary changes are needed to the WEQ Business Practice Standards. In July, as a result of discussions on this annual plan item, the WEQ Cybersecurity Subcommittee voted out a recommendation proposing modifications to the NAESB Accreditation Requirements for Authorized Certification Authorities that address requirements for NAESB Authorized Certification Authorities issuing code signing certificates. These requirements would be supportive of the NERC CIP-010 Cyber Security – Configuration Change Management and Vulnerability Assessment Reliability Standards which require verification of the identity of a software source. The formal comment period for the recommendation closed on August 12, and the recommendation will be considered by the WEQ Executive Committee during its meeting on October 5.

In February, the WEQ Business Practices Subcommittee (BPS) kicked-off an effort to address the development of standards regarding energy storage resources and distributed energy resources in support of the industry’s implementation of FERC Order Nos. 841 and 2222. As identified by WEQ BPS participants, this could be a potential area of coordination between applicable commercial and reliability requirements. NAESB staff has been communicating with NERC staff regarding NAESB’s efforts as well as the identification of current and future NERC projects addressing reliability issues in this area.

In addition to these WEQ BPS efforts, NAESB and NERC staff have also engaged in coordination activities regarding revisions to the WEQ-005 Area Control Error (ACE) Equation Special Cases Business Practice Standards to support recent updates made as part of Version 4 of the NERC Dynamic Transfer Reference Document. This document provides non-mandatory guidance regarding the calculation of the ACE equation which represents the difference between scheduled and actual generation. During its August 19 meeting, the WEQ BPS anticipates voting out a recommendation to modify the WEQ-005 Business Practice Standards to provide greater clarity regarding the commercial impact of jointly operated units on the ACE equation as well as consistency in the use of terms between the standards and the NERC Dynamic Transfer Reference Document.

In promotion of coordination between NAESB and NERC, staffs also discuss the NAESB annual planning process and the NERC reliability standards development planning. During the August 11 meeting, the WEQ SRS reviewed the draft NERC 2022 – 2024 Reliability Standards Development Plan, and their comments have been forwarded to the NAESB Managing Committee for consideration.