##### December 7, 2023

**TO:** All Interested Parties

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

**RE: WEQ Coordination Activities with NERC**

NAESB and NERC continue to work together in support of coordination efforts regarding activities and standards development in areas that may involve commercial and reliability considerations for the wholesale electric industry. Among other areas, recent topics of discussion have included NERC cold weather-related development efforts, the WEQ-023 Modeling Business Practice Standards, and distributed energy resources (DERs).

As you may know, NERC is currently undertaking the development of reliability standards to address recommendations from the FERC, NERC, and Regional Entity Joint Staff Report: The February 2021 Cold Weather Outages in Texas and the South Central United States. As part of its proposed 2024 Annual Plan, the WEQ will be reviewing these new and revised NERC Reliability Standards and develop, as needed, complementary business practice standards. The WEQ initially evaluated a previous version of the reliability standards earlier this year and noted that there may be areas in which corresponding business practices could be helpful for the industry. NERC staff has indicated that its development efforts should be completed in the 1st Quarter, 2024.

In October, FERC issued Order No. 902 approving NERC’s proposed retirement of reliability requirements commonly known as the NERC MOD A Reliability Standards. This has been an area of long-term coordination between NAESB and NERC, with NAESB developing its WEQ-023 Modeling Business Practice Standards at NERC’s request to support the proposed retirement by incorporating commercial considerations regarding calculations related to available transmission capacity. In Order No. 676-J, FERC adopted the business practices through its incorporation by reference process, and Order No. 902 establishes the retirement date for the NERC MOD A Reliability Standards to coincide with the effective date of industry compliance filings on Order No. 676-J.

Given that there may be both commercial and reliability considerations regarding the development of DER-related standards, NAESB and NERC staffs frequently communicate regarding the activities of each organization in this area. Recently, at the request of the WEQ and RMQ participants participating in the NAESB DER cybersecurity-related efforts, NAESB staff reached out to NERC regarding any white papers or other documentation that could be helpful for subcommittee discussions. NERC staff identified the NERC Privacy and Security Impacts of DERs and DER Aggregators White Paper, released in September 2023, which the WEQ and RMQ subcommittees are reviewing as part of their work.