##### February 22, 2022

**TO:** All Interested Parties

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

**RE: NERC Coordination Activities**

NAESB and NERC staffs continue to engage in coordination activities on a variety of topics to ensure the organizations remain in lock-step regarding areas of overlap between commercial and reliability issues for the wholesale electric industry. Recent topics of discussion included cybersecurity and area control error (ACE) as well as energy storage/batteries and distributed energy resources and natural gas-electric market coordination activities.

Cybersecurity remains an important area of coordination between NAESB and NERC. Last year, the WEQ Cybersecurity Subcommittee, as part of its recurring annual plan item to review the NERC Critical Infrastructure Protection (CIP) Reliability Standards and other NERC related cybersecurity activities identified several items to continue to review this year. These include potential modifications being considered by NERC the CIP Reliability Standards to address directives contained in FERC Order No. 866 and low impact bulk electric system cyber systems.

In November, the WEQ ratified modifications to the WEQ-005 Area Control Error Special Cases Business Practice Standards that, in part, served to align terminology used within the standard with that used in the NERC Dynamic Transfer Reference Document Version 4. This document provides non-mandatory guidance regarding the calculation of the ACE equation which represents the difference between scheduled and actual generation. The WEQ-005 Business Practice Standards address commercially relevant requirements for calculating ACE. Currently, NERC is considering potential revisions to the definitions for ACE and Reporting ACE as part of NERC Project 2022-01 Reporting ACE Definition and Associated Terms. NAESB and NERC staffs will continue to communicate regarding NERC’s efforts in this area.

NAESB and NERC staffs have also continued discussions regarding two standard development efforts being addressed by the WEQ Business Practices Subcommittee (BPS). As identified by the WEQ BPS participants, energy storage and distributed energy resources may be an area of overlap between reliability and commercial considerations. As a result of these staff level discussions, NERC staff has provided documentation regarding applicable terms and definitions created by the NERC System Planning Impacts from Distributed Energy Resources Working Group. NAESB and NERC staffs have also engaged in discussions regarding the activities of the WEQ BPS, working jointly with the RMQ and WGQ BPS, to address Standards Request R21006 regarding enhanced natural gas-electric market coordination as well as NERC efforts to address NERC Project 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination.