##### April 25, 2022

**TO:** All Interested Parties

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

**RE: NERC Coordination Activities Update**

As always, NAESB and NERC staffs continue to hold regular discussions regarding a variety of topics impacting commercial and reliability aspects within the wholesale electric market to ensure the organizations remain coordinated regarding any areas of potential overlap between the WEQ Business Practice Standards and the NERC Reliability Standards. Recent topics of discussion have included cybersecurity and area control error (ACE) as well as energy storage/batteries and distributed energy resources, and natural gas-electric market coordination activities.

Regarding cybersecurity, on April 7, 2022, the WEQ Cybersecurity held a meeting to begin discussing its recurring assigned annual plan items, including 2022 WEQ Annual Plan Item 4.b – Evaluate and modify standards as needed to support and/or complement the current version of the NERC Critical Infrastructure Protection Standards (CIP) and any other activities of NERC and the FERC related to cybersecurity. As part of this effort, the WEQ Cybersecurity is currently monitoring a number of NERC efforts that could 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. Additionally, the subcommittee reviewed the NERC CIP-004-7 and CIP-011-3 Reliability Standards, approved by FERC in December 2021 as well as the FERC Notice of Proposed Rulemaking *Internal Network Security Monitoring for High and Medium Impact Bulk Electricity System Cyber Systems*, issued in Docket No. RM22-3-000 on January 20, 2022. The WEQ Cybersecurity Subcommittee has scheduled an additional meeting for May 12, 2022 to continue discussions.

The WEQ Standards Review Subcommittee (SRS) is also monitoring several NERC efforts that could result in modifications to reliability standards for which NAESB maintains complementary business practices. One such effort is NERC Project 2022-01 Reporting ACE Definition and Associated Terms. As you may recall, the WEQ-005 Area Control Error (ACE) Special Cases Business Practice Standards address commercially related requirements in the calculate of ACE and are supportive of NERC requirements and guidance for calculating ACE. NAESB and NERC staffs have been in communication regarding NERC’s efforts in this area as well.

Additionally, NAESB and NERC staffs have engaged in discussions regarding two standard development efforts that may address the same subject matter as current NERC development areas. As identified by WEQ BPS participants, energy storage and distributed energy resources may be an area of overlap between reliability and commercial considerations. NAESB and NERC staffs have been in communication regarding the activities of the WEQ BPS as well as the efforts of NERC committees and working groups in this area, including 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 BPS 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.