##### December 7, 2023

**TO:** All Interested Parties

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

**RE: WEQ and RMQ Distributed Energy Resources (DERs)**

The WEQ and RMQ have continued to hold joint subcommittee meetings to discuss cybersecurity protections, such as Public Key Infrastructure (PKI), that may be necessary to secure electronic communications for distributed energy resources (DERs) and consider the development of related business practices. After making a determination that there is a gap in industry guidance regarding cybersecurity best practices to protect communication exchanges between DERs, third parties such as DER aggregators, utilities, and system operators, the participants are now focused on identifying areas in which NAESB Business Practice Standards could be beneficial. As a starting point, the participants are considering the various communication pathways for interactions between a DER, grid operator, distribution system operator, utility, and third-party, such as a DER aggregator, and the types of commercial interactions that would be conducted. The WEQ and RMQ subcommittees intend to develop use cases to help identify threat models and the type of security protections that will be beneficial.

As part of the proposed 2024 Annual Plans, the WEQ and RMQ have two joint standard development assignments related to DERs. These efforts are intended to support interoperability in the industry’s use of DER management systems and other tools that facilitate access to DER data. Additionally, as discussed in the October 2023 NAESB Executive Committee meetings, the U.S. Department of Energy (DoE) has reached out to NAESB regarding the potential creation of a model contract for the acquisition of distribution services. This is a recommended area of standards development included in the U.S. DoE’s September 2023 report, Pathways to Commercial Liftoff: Virtual Power Plants. The report notes that a standardized agreement could be used to support distribution-level transactions across various jurisdictions and that the development of terms and conditions consistent with FERC Order No. 2222 could facilitate more seamless wholesale market participation by DERs. While no official request has been made, there has been interest expressed in NAESB facilitating development of the model contract.