**via posting**

**TO:** NAESB Board Strategic Plan Task Force Members and Interested Industry Parties

**FROM:** Elizabeth Mallett, NAESB Deputy Director

**RE:** Meeting Notes from theNAESB Board Strategy Committee Conference Call – May 20, 2021

**DATE:** May 24, 2021

Dear Board Strategy Committee Members,

A Board Strategy Committee conference call was held on Thursday, May 20, 2021. The meeting was called to order at 9:00 AM Central. Mr. Desselle presided over the meeting. The notes and attachments below serve as a record for the meeting.

| **Notes from May 20, 2021 NAESB Board Strategy Committee Conference Call** | |
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| **Administrative** | Mr. Desselle opened the meeting and welcomed the participants. Mr. Booe referenced the NAESB Antitrust and Other Meeting Policies and called the roll. Quorum was not established and the meeting was deemed a working session. Mr. Desselle reviewed the draft agenda with the participants. Mr. Burks moved to adopt the agenda and Mr. Thorn seconded motion. The motion passed without opposition. Mr. Desselle reviewed the February 22, 2021 meeting notes with the participants, and Mr. Burks moved to adopt the notes as final. Mr. Darnell seconded the motion, and the motion passed without opposition. |
| **Discuss Potential Gas-Electric Coordination Activities** | Mr. Desselle stated that during the recent NERC Board of Trustees meeting, that the major focus of the meeting was recent cold weather events and outages that underscore the interconnectedness of the electricity and natural gas markets. Mr. Desselle stated that, during the NERC discussion, he noted that NAESB has focused on gas and electric coordination for years. Ms. McQuade noted that recent trade press and major media outlets have covered stories on gas-electric coordination and cybersecurity. In response to these activities, Mr. Desselle stated that the NAESB Board Gas-Electric Harmonization (GEH) Committee should be reconvened to discuss potential gas-electric coordination activities that NAESB should consider in response to these recent events.  Mr. Booe briefly reviewed the previous activities the organization has undertaken to support gas-electric market coordination. Mr. Connor stated that gas-electric coordination discussions seem to frequently focus on firm versus interruptible transmission service. Mr. Desselle agreed that the topic is a component of the concern and noted that in the past that NAESB has identified it as an area where guidance by regulators could be helpful. Ms. McQuade noted that it is possible that NAESB may be asked to support standards development as a result of the joint NERC/FERC inquiry into Winter Storm Uri. Mr. Desselle stated that NERC has had an effort underway through the Electric-Gas Working Group to develop a guidance document for coordination, but not specific action was recommended for NAESB. Mr. Thorn stated that it would be helpful to develop a description of the issues that NAESB standards could resolve and a summary of the activities underway within the industry to support the initial work of the Gas-Electric Harmonization Committee. Ms. McQuade noted that there should be involvement by those in the retail market in the committee as intrastate pipelines are part of the Texas market that faced Winter Storm Uri. She also noted that the committee could begin its review by discussing potential standards that support communication requirements. |
| **Discuss Cybersecurity Executive Order & Potential Survey** | Mr. Booe stated that Executive Order 14028, *Improving the Nation’s Cybersecurity*, was issued on May 12, 2021 in response to the Colonial Pipeline cybersecurity intrusion. He noted that the Order, like all Executive Orders, is applicable to federal entities and not private industries; however, the Order notes that it is intended to be a guide for the private sector. Mr. Wollman stated that NIST will host a virtual meeting June 2-3, 2021 to discuss enhancements to the security of the software supply chain and in an effort to fulfill the requirements contained in the Order. He explained that NIST is soliciting two-page position papers from the industry to be submitted by May 26, 2021. The request asks for input on the nature and definition of critical software, the criteria for critical software, and other topics. Mr. Booe stated that he would send the notice to the committee members on behalf of Mr. Wollman.  Ms. Lee stated that the zero trust architecture requirements contained in the Executive Order may be of interest to NAESB. Mr. Brooks stated that the security of the software used in the supply chain is of critical importance and that he has been involved in the NERC initiatives to address these issues. Most recently, he noted an issue regarding digital signatures and provided that to the NERC groups involved in the area.  Mr. Desselle stated that the Executive Order may provide an opportunity to evolve the NAESB cybersecurity standards for both the gas and electric markets. Mr. Booe stated that the WGQ Electronic Delivery Mechanisms (EDM) Subcommittee and the WEQ Cybersecurity Subcommittee (CSS) have standing agenda items to annually review the standards for cybersecurity improvements, and that requirements of the Order should be incorporated into that review and that it should be expedited. Mr. Booe also noted that NAESB recently submitted a comment to the FERC regarding the NOPR of the WGQ Version 3.2 standards clarifying that specific standards require single-factor authentication rather than multi-factor authentication as required in the Order. He noted that optics and timing of the comment were not ideal. Ms. McQuade asked if there are discussions or efforts underway in the WGQ that would address the lack of multi-factor authentication in the standards. Mr. Burden stated that the consensus of the subcommittee was to include single-factor authentication during the previous review of the standards despite the recommendation provided by Sandia National Laboratories in the 2019 Surety Assessment, but that the decision should be reevaluated given the direction of the Order and industry best practices. He stated that he would review the justification provided by the subcommittee for not requiring multi-factor authentication and determine if there are other impacts. Mr. Desselle asked whether the board should request that the WGQ EDM Subcommittee reconsider multi-factor authentication. Mr. Burden stated that he will work with Mr. Spangler to schedule a subcommittee meeting very soon to review the standards and determine whether a modification should be made. |
| **Review Draft NAESB Strategic Plan 2021-2023 and Discuss Next Steps** | Mr. Booe stated that he posted a revised version of the current NAESB Strategic Plan that only incorporated updated dates and grammatical corrections. He stated that, if there is support for making substantive changes to the plan, the committee should adopt those prior to the September Board of Directors meeting. Mr. Desselle recommended that the revised plan be distributed to committee members for a two-week comment period to solicit any substantive changes. Ms. McQuade stated that the committee may want to update the deliverables related to coordination in light of the discussion this morning. Mr. Booe stated that there may be additional modifications to the section related to industry tools. |
| **Discuss Potential Standards Support for Hydrogen Market** | Mr. Desselle stated that there has been a lot of activity in the trade press recently concerning the use of hydrogen as a fuel source, and there has been a specific recognition of a lack of standards in the area to support the market. He asked if any other committee members or participants had any comments or guidance regarding NAESB’s involvement in the hydrogen markets. Mr. Thorn stated that Europe, Asia, and Australia are now making advancements on hydrogen markets and that will be an ever-increasing focus in the U.S. under the current administration as it provides another pathway to decarbonization. Mr. Thorn stated that NAESB needs to examine its role in the transactional process, especially considering a standardized contract. Mr. Desselle asked whether a standards development request for a hydrogen contract is ripe for this year. Mr. Thorn stated that starting the process would be beneficial. He suggested that the participants examine the work that has been underway in Europe as a starting point. Mr. Booe suggested that he work with Mr. Thorn to draft a scope of work for the committee to consider.  Mr. Thorn stated that standards to support sustainably produced natural gas, including the development of standardized contract, should be revisited by NAESB. Mr. Booe stated that there has been discussion concerning a possible standard request in the area, and that the Department of Energy is very interested in NAESB’s potential involvement. He stated that he would bring Mr. Thorn into the discussions he has had over the last month and notify the committee of any progress in the area. |
| **Other Business and Action Items** | Mr. Desselle reviewed the action items from the meeting.   * Mr. Desselle will reconvene the NAESB GEH Committee to discuss potential gas-electric coordination activities that NAESB should undertake in response to recent events * The chairs of the relevant subcommittees should schedule meetings to determine if there are standards actions that NAESB should undertake in response to recent Executive Order on cybersecurity * Mr. Booe will disseminate the information provided by Mr. Wollman concerning the upcoming NIST virtual meeting and request for position papers * The NAESB office will distribute the draft 2021-2023 NAESB Strategic Plan for a two-week comment period and make it available to the Board of Directors * Continue discussions regarding potential standards development to support the hydrogen market * Continue discussions regarding potential standards development to support the sustainably produced natural gas market.   The committee agreed to schedule its next meeting in June. |
| **Adjourn** | Mr. Thorn moved to adjourn the meeting at 10:06 AM Central. |
| **Work Papers Provided for the Meeting:** | * **Agenda Item 1:** Antitrust Guidance: <http://www.naesb.org/misc/antitrust_guidance.doc> (antitrust), <https://naesb.org/pdf4/board_strategic_plan_taskforce_members.pdf> (roster), <http://www.naesb.org/pdf4/bd_strategic_052021a.docx> (agenda), <https://www.naesb.org/pdf4/bd_strategy_022221mn.docx> (notes) * **Agenda Item 3**: Executive Order on Improving the Nations Cybersecurity – May 12, 2021: <https://www.naesb.org/misc/bd_strategy_052021_execorder_cybersecurity.pdf> & Fact Sheet: <https://www.naesb.org/misc/bd_strategy_052021_execorder_cybersecurity_faq.pdf> * **Agenda Item 4**: Draft Board Strategic Plan 2021 - 2023: <https://www.naesb.org/misc/draft_naesb_strategic_plan_2021_2023.docx> |

| **May 20, 2021 NAESB Board Strategy Committee Conference Call**  **BOARD STRATEGY COMMITTEE MEMBERS** | | | |
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| **Name** | **Organization** | | **Attendance** |
| J. Cade Burks | Big Data Energy Services | | Present |
| Valerie Crockett | Tennessee Valley Authority | |  |
| Lorraine Cross | Cross & Company, P.L.L.C. | |  |
| David Darnell | Systrends, USA | | Present |
| Michael Desselle (Chairman) | Southwest Power Pool | | Present |
| Mark G. Lauby | North American Electric Reliability Corporation | |  |
| Debbie McKeever | Oncor Electric Delivery Company LLC | |  |
| Timothy Alan Simon | TAS Strategies | |  |
| Terence (Terry) Thorn | KEMA Gas Consulting | | Present |
| Sue Tierney | Analysis Group, Inc. | |  |
| **OTHER ATTENDEES** | | | |
| **Name** | | **Organization** | |
| Jonathan Booe | | North American Energy Standards Board | |
| Michelle Brocklesby | | ESG Global | |
| Dick Brooks | | Reliable Energy Analytics | |
| Christopher Burden | | Enbridge (U.S.) Inc. | |
| Pete Connor | | rep. American Gas Association | |
| Mark Gracey | | Kinder Morgan | |
| Annabelle Lee | | Nevermore Security | |
| Elizabeth Mallett | | North American Energy Standards Board | |
| Steve McCord | | TC Energy Corporation | |
| Rae McQuade | | North American Energy Standards Board | |
| Catherine Meiners | | Electric Reliability Corporation of Texas | |
| Megan Miller | | Enbridge (U.S) Inc. | |
| Emily Perryman | | Quorum Software | |
| Denise Rager | | North American Energy Standards Board | |
| David Wollman | | National Institute of Standards and Technology | |

\*Please note that attendees that did not provide their company affiliation are not included in the attendance list above. If you did attend this meeting and are not listed, please alert the NAESB office and we will update this record.