##### April 8, 2019

**TO:** All Interested Parties

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

**RE: WEQ Sandia National Laboratories Surety Assessment Update**

In 2019, Sandia National Laboratories (Sandia) anticipates that it will provide a final report on the surety assessment being performed on the NAESB Business Practice Standards and Model Business Practices. In early February, the NAESB Board Critical Infrastructure Committee (Board CIC) met to develop written feedback to Sandia in response to a fourth iteration of the updated draft surety assessment received on January 25, 2019. In total, there are four reports in the assessment, each addressing a different topic: the Public Key Infrastructure (PKI) Business Practice Standards, the Business Operations Practices and Standards - addressing the WGQ and RMQ Internet Electronic Transport and Electronic Delivery Mechanism Standards, the OASIS, and an addendum that performs a threat-based examination of the standards reviewed as part of the surety assessment. Each report identifies findings and recommendations for improvements to the standards. The written feedback from the Board CIC was sent to Sandia on February 15, 2019 and provides comments on each finding, analysis, and recommendation. The committee found that, although the draft report establishes a basis for the initiation of standards development by NAESB, there were a number of findings and recommendations that could benefit from additional clarification.

Last year, the Board CIC reviewed and provided feedback to several iterations Sandia provided to NAESB. In order to provide the most value to the industry, the Board CIC has indicated that a final report should be drafted in a structure and format similar to the 2006 surety assessment with an emphasis on forward-thinking, vulnerability based assessments. The written feedback, provided in March, August, and December 2018 following the receipt of each draft report, was intended to offer insights as to the level of detail and granularity which would be needed for NAESB to efficiently and effectively evaluate any findings and carryout subsequent standards development.

This is the third surety assessment sponsored by the Department of Energy, with previous assessments resulting in recommendations that led to modifications of the NAESB Business Practice Standards and Model Business Practices. In discussions concerning the forthcoming final reports on the surety assessment, the Department of Energy has requested that, where possible, NAESB expedite our standard development process.  To assist in these efforts, the Board CIC has committed to reviewing the final reports on the surety assessment and providing context to any recommendations that may result in standards development.  The committee has already begun efforts to address this task by developing work papers based on the updated draft reports provided by Sandia on January 25, 2019.  These work papers group together the various findings contained in the draft reports and will help the committee create a defined framework for standards development to address any clearly articulated recommendations from Sandia.

To ensure a timely completion of any resulting standard modifications, NAESB will work with the committee, quadrant executive committee leadership, and the subcommittee chairs to ensure there are adequate resources allocated for the efforts. In anticipation of the final report, the Board of Directors added new items to each quadrant’s 2019 annual plan directing a review of the final report and the development and/or modifications of NAESB Business Practice Standards as needed.  Upon completion of any standard development activities, NAESB will file any ratified WEQ and WGQ Business Practice Standards with the FERC, and make any modifications to the RMQ Business Practice Standards available to NARUC and State Commissions.