##### April 24, 2023

**TO:** All Interested Parties

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

**RE: NERC Coordination Activities Update**

NAESB and NERC continue the long-standing coordination efforts between the organizations to help ensure synchronization in areas that address commercial and reliability considerations for the wholesale electric industry. Recent topics of discussions between staffs have included gas-electric market coordination, area control error (ACE), cybersecurity, and batteries and distributed energy resources.

As you may know, the NAESB, at the request of FERC and NERC and to address Key Recommendation 7 in the FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and South Central United States, is working to develop recommendations that could improve upon the reliability of the natural gas infrastructure in support of the bulk electric system through the NAESB Gas-Electric Harmonization (GEH) Forum. NAESB has been engaging with NERC as well as FERC staff throughout this effort and will continue to do so as the forum works to towards identifying concrete actions that can be taken and plans for implementing those actions. GEH Forum leadership anticipates completing the development of a report that can be submitted to FERC and NERC early-to-mid summer.

Also related to gas-electric coordination activities, the WEQ has added a provisional item to the 2023 WEQ Annual Plan to develop and/or modify business practice standards, as needed to support the NERC effort to develop reliability standards in response to the FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and the South Central United States (NERC Project 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination). To assist in this effort, the WEQ Standards Review Subcommittee (SRS) recently performed a preliminary review of two reliability standards in this area recently approved by FERC, EOP-011-3 Emergency Operations and EOP-012-1 Extreme Cold Weather Preparedness and Operations. Additional NERC development items being monitored by the WEQ SRS to identify any potential areas of coordination include activities related to ACE, batteries, and cybersecurity.

To further support coordination regarding cybersecurity, the WEQ Cybersecurity Subcommittee has a recurring annual plan item to review the current version of the NERC CIP Reliability Standards as well as other cybersecurity activities of NERC and FERC in order to identify and make any necessary complementary or corresponding modifications to the WEQ Business Practice Standards. As part of this year’s review, the subcommittee discussed NERC CIP-003-9 Cyber Security – Security Management Controls, filed by NERC with FERC in December 2022 as well as the FERC Notice of Proposed Rulemaking *Incentives for Advanced Cybersecurity Investment*, issued in September 2022, and FERC Order No. 887 *Internal Network Security Monitoring for High and Medium Impact Bulk Electric Cyber Systems*, issued in January 2023. As a result of the review, the subcommittee determined that no modifications to WEQ Business Practice Standards are needed at this time but will continue to monitor these efforts and reconvene as necessary.

Both NAESB and NERC have various efforts underway addressing the utilization of batteries and distributed energy resources within the wholesale electric market and staff engage in coordination efforts in these areas to help ensure consistency between any developed business practices and reliability standards. These coordination activities include discussions of active NERC development projects and the activities of the NERC System Planning Impacts from Distributed Energy Resources Working Group (SPIDERWG) as well as recent efforts of the WEQ Business Practices Subcommittee in this area, such as the development of a new suite of WEQ Business Practice Standards identifying common operationally-based grid services in support of industry integration of flexible, grid-edge resources. NAESB staff will continue to work with NERC staff in this area as the subcommittee now shifts focus back to the development of standards to support industry utilization of energy storage resources and distributed energy resource aggregations under FERC Order Nos. 841 and 2222.