



RELIABILITY FIRST

Agenda

Board of Directors • Compliance Committee

April 26, 2023 • 1:00 PM – 3:00 PM (ET)

ReliabilityFirst Corporation
 3 Summit Park Drive
 Cleveland, OH 44131
 Room: 5th Floor, Suite 500
 Attire: **Business Casual**

Open Agenda

1. **Call to Order and Appoint Secretary to Record Minutes**
 Presenter: Joanna Burkey, Chair
2. **Antitrust Statement**
 Presenter: Joanna Burkey, Chair
3. **Approve Compliance Committee Meeting Minutes**
 Presenter: Joanna Burkey, Chair
 Reference: [Draft Minutes for the December 7, 2022 Compliance Committee Meeting](#)
 Action: **Approve Minutes**
4. **Enforcement Update**
 Presenter: Tom Scanlon, Managing Enforcement Counsel
 Description: Mr. Scanlon will give an update on key enforcement metrics, with a focused discussion on specific risks and trends identified through enforcement activities.
 Reference: [Presentation](#)
 Action: Information and Discussion
5. **North Carolina Physical Security Attack Cluster**
 Presenter: Bill Peterson, SERC - Senior Manager, Training, Outreach and Communication
 Description: Mr. Peterson will share an overview of the North American physical security threat landscape as assessed by the NERC E-ISAC and specifically focused on recent uptick in clustered ballistic attack. Additionally, he will dig into the Moore County and associated recent clustered attacks in North Carolina, many of which are still under an active investigation.
 Reference: Presentation
 Action: Information and Discussion

6. Winterization Update

Presenter: Derek Kassimer, Principal Technical Analyst
Description: Mr. Kassimer will provide an update on ReliabilityFirst's Cold Weather Program from the recent winter visits performed, the recent ERO Small Group Advisory Sessions and the Cold Weather NERC Alert. Mr. Kassimer will also provide an update on the Cold Weather Standards.
Reference: [Presentation](#)
Action: Information and Discussion

7. Regional Risk Assessment

Presenter: Johnny Gest, Manager, Engineering & System Performance
Description: Mr. Gest will lead a discussion regarding the ReliabilityFirst Regional Risk Assessment and provide an overview on future plans for involving ReliabilityFirst's Committees in its development.
Reference: Presentation
Action: Information and Discussion

8. Compliance Committee Charter Discussion

Presenter: Joanna Burkey, Chair
Description: Ms. Burkey will lead a discussion on proposed changes to the Compliance Committee Charter, which include an expansion of scope to discuss risks to the grid beyond those identified and addressed through compliance and enforcement activities.
Reference: a) [Charter Revision Overview and Summary](#)
b) [Charter- Redline](#)
Action: Information and Discussion

9. Next Meeting

- August 23, 2023 RF Offices

Closed Agenda**10. Confidential Compliance and Enforcement Matters**

Presenter: Kristen Senk and Matt Thomas
Description: Ms. Senk and Mr. Thomas will present confidential matters and an overview of the confidential documents, which include an updated format, metrics, and information.
Reference: Confidential Documents
Action: Information and Discussion

11. Adjourn

Roster • Compliance Committee

Joanna Burkey, **Chair** • Independent (2025)
Patrick Cass, **Vice Chair** • Lead Independent (2023)
Lesley Evancho • Independent (2025)
Courtney Geduldig • Independent (2024)
Jason Marshall • S-LSE (2023)
Ken Seiler • RTO (2024)
Simon Whitelocke • At-Large (2024)

Draft Minutes for the December 7, 2022 Compliance Committee Meeting



RELIABILITY FIRST

DRAFT - Minutes

Board of Directors • Compliance Committee

December 7, 2022 • 1:00 PM – 3:00 PM (ET)

Ritz Carlton, Pentagon City
1250 S. Hayes Street • Arlington, VA 22202

Open Session

Call to Order – Chair Brenton Greene called to order a duly noticed open meeting of the Compliance Committee (Committee) on December 7, 2022, at 1:02 pm (ET). A quorum was present, consisting of the following members of the Committee: Brenton Greene, Chair; Joanna Burkey, Vice Chair; Patrick Cass; Courtney Geduldig; Jason Marshall; and Ken Seiler. A list of others present during the Committee meeting is set forth in Attachment A.

Appoint Secretary to Record Minutes – Chair Greene designated Niki Schaefer as the secretary to record the meeting minutes.

Antitrust Statement – Chair Greene advised all present that this meeting is subject to, and all attendees must adhere to, ReliabilityFirst's (RF) Antitrust Compliance Guidelines.

Approve Compliance Committee Meeting Minutes – Chair Greene presented draft minutes for the August 24, 2022 Committee meeting, which were included with the agenda package. Upon a motion duly made and seconded, the Committee approved the minutes as presented.

Compliance Monitoring – Matt Thomas, Director of Compliance Monitoring, presented an update on recent Compliance Monitoring activities. Mr. Thomas began by discussing the ERO Enterprise Compliance Monitoring and Enforcement Program (CMEP) Implementation Plan, and covered its annual development and how RF uses it as an input for risk-based decisions. Mr. Thomas then presented the 2023 risk elements, and discussed the changes to them from the prior year. One of the 2023 risk elements is Cold Weather Response, and Mr. Scott Etnoyer commended the RF staff for the RF winterization visit program. The Committee then discussed the role of extreme weather in relation to the Texas events and how it relates to the importance of electric-gas coordination. Mr. Ken Seiler raised a discussion on other risks to the Bulk Electric System, including vegetation management and misoperations.

Enforcement Update – Kristen Senk, Director of Legal and Enforcement, provided an update on enforcement activities, including metrics on violation intake and output and specific risks. Ms. Senk began with the metrics for year-over-year violation intake for self-reports, audit findings and spot checks, noting that the violation intake numbers have been high the past two years. She stated that self-logged violations have doubled, and comprised more than half the of the violation intake for the year. In light of the increased volume of violations, RF is

evaluating enforcement resources to ensure that there are sufficient subject matter experts and attorney case managers to handle the workload. Ms. Senk also noted that the number of violations processed was consistent with prior years and highlighted the process, which includes steps to ensure early mitigation of the issue as well as a coordinated oversight program with other Regions.

Ms. Senk discussed the age of RF's violation inventory, and future plans to address volume by shifting staff workloads in the coming year. She also discussed some expected unknowns with processing times resulting from the use of the Align tool. Ms. Senk also spoke to the Enforcement Department's diverse reach, including participating in outreach efforts (newsletter articles, tech talks, webinars, industry forums) and shared future focus areas (CIP themes report, ERO efficiencies, Align support). Mr. Scott Hipkins inquired regarding analyzing data across the ERO Enterprise to see if outreach efforts had an impact on violation risk at intake. Ms. Senk explained how a violation's risk is not finalized until the end of the process, but noted that the ERO Enforcement Group has a reoccurring agenda item to review high risk issues upon their disposition and examine issues across the ERO. Ms. Rachel Snead asked about self-reporting and self-logging data, and comparing information with other Regions. In response, Mr. Gallagher noted the disparity in the levels of participation in these programs. Mr. Brenton Greene then commended the team for the significant work bringing the violation inventory current.

Registration Trends and Align Update – Tony Jablonski, Manager of Risk Analysis and Mitigation, provided an update on the Align tool and registration trends. He began with an overview of the Align tool release, noting that all the phases of the tool are now in production, and that the remaining items for 2023 are data migration and the continued retiring of legacy applications. Mr. Jablonski discussed recent Align tool enhancements and performance testing, and highlighted the significant RF staff participation in the overall project (18 staff members and 7,688 total hours).

Then Mr. Jablonski provided an overview of 2022 registration activities and metrics, noting that most registration and deregistration activities concerned generator owners and operators. He also noted recent and expected trends, including supply chain delays, a proliferation of wind and solar generation, and continued retirement of fossil generation. Mr. Ken Seiler initiated a discussion about what types of generation RF is tracking, as well as the issue of asynchronous generation that falls under the BES threshold but could cause issues in the aggregate. He shared his perspective on how PJM is trying to obtain better visibility into this asynchronous generation.

Modification to CIP Standards – Zack Brinkman, CIP Compliance Manager, provided an update on the modifications to the CIP Standards as part of Standard Project 2016-02. He gave an overview of the modifications, and tips on how to prepare for the new Standards. Mr. Brinkman noted that the Standards Drafting Team wanted to address items identified by the CIP Version 5 transition advisory group, including virtualization and how that is going to change the cyber landscape. He stated that every CIP standard has either been modified or proposed to be modified, and new Standards have also come from the project, such as

CIP -012-1. Mr. Brinkman discussed the reasoning behind incorporating virtualization into the CIP Standards, and the potential benefits of the approach (e.g., reducing IT costs, helping with disaster recovery or increased effectiveness, better reliability).

He then presented the implementation timeline for the new CIP Standards, including an option for early adoption. He shared that with early adoption, multiple entities may be in compliance with multiple versions of the CIP Standards; accordingly RF will need a holistic approach with adequate planning and processes to address this scenario. Mr. Brinkman noted the complexity of virtualization and shared RF's plans to prepare for the challenge, including education and lessons learned. Finally, he shared RF's plans to communicate the changes to the CIP Standards once approved and assist with the development of ERO documents and tools. Mr. Cass requested an example of virtualization and how it would work, and Mr. Brinkman provided a high-level example comparing a traditional server environment to a virtualized environment. Then he compared the controls in the CIP Standards today with those in the future CIP standards. Mr. Greene initiated a discussion about whether the new CIP Standards will be well received, and whether changes to them are keeping pace with advancing technology.

NERC CMEP 4A Audit of ERO – Niki Schaefer, VP and General Counsel, provided an overview of NERC's audit of RF and the other Regions pursuant to Appendix 4A of the NERC Rules of Procedure (RoP). She stated that the audit focused on the effectiveness of the Regions' Compliance Monitoring and Enforcement Programs (CMEP). While NERC audited all the Regions, RF was in the first group of audits that took place from January to June, and the audit was a heavy lift for staff. Ms. Schaefer shared that RF received a report of RF's specific findings, which the Board previously discussed. After NERC completed all the audits, it completed a consolidated audit report. Ms. Schaefer shared aggregate findings and action items from this consolidated report, and highlighted a subset of findings that included RF's findings. Most of these did not involve potential RoP issues, and instead related to areas where the Regions were potentially inconsistent in their processes, which have evolved over time (and sometimes have valid reasons for nuances and differences). There was discussion around the audit findings and the potential for additional work.

Mr. Seiler asked about the value of the audit, and Ms. Schaefer shared that certain discoveries were made through the audit process and RF identified internal process improvements that were largely unrelated to the findings, but were part of our journey during the audit. Mr. Gallagher shared additional ancillary benefits, noting that NERC got a better feel for what the Regions do; the accumulation of best practices can allow for improvement across the Regions; and it reminds the Regions what it is like to be audited.

Evaluation of the Committee's Charter and Performance – Matt Thomas led the annual review of the Committee's performance against its Charter, which showed all activities as completed for the year. He also presented the Charter itself and the Committee did not make any changes.

Chair Greene, who has chaired the Committee since 2006, closed the meeting by highlighting RF's accomplishments and commending the leadership role RF has taken within the ERO Enterprise. He expressed his gratitude for his time at RF, and with pride handed the baton off to Ms. Burkey, the future Committee Chair.

Next Meeting – Chair Greene noted that the next Committee meeting will occur in Cleveland on April 26, 2023. At 2:41 pm, Chair Greene moved the Committee into closed session.

Closed Session

Confidential Compliance, Enforcement, & Registration Matters – Kristen Senk and Matt Thomas presented on confidential matters.

Adjourn – Upon a motion duly made and seconded, Chair Greene adjourned the Committee meeting at 3:27 pm (ET).

As approved on this 26th day of April, 2023 by the
Compliance Committee,

Niki Schaefer
*Vice President General Counsel & Corporate
Secretary*

Attachment A

Others Present During the Compliance Committee Meeting

Zack Brinkman • ReliabilityFirst
Gregory Campbell • Exelon
Jeff Craig • ReliabilityFirst
Dowdell, Beth • ReliabilityFirst
Chelsey Eppich • ReliabilityFirst
Scott Etnoyer • Talen
Tim Gallagher • ReliabilityFirst, President & CEO
Lesley Evancho • EQT
Vinit Gupta • ITC
Scott Hipkins • FirstEnergy
Anthony Jablonski • ReliabilityFirst
Erik Johnson • ReliabilityFirst
Marcus Noel • ReliabilityFirst
Williams Pezalla • Old Dominion Energy
Niki Schaefer • ReliabilityFirst
Kristen Senk • ReliabilityFirst
Rachel Snead • Dominion Energy
Jennifer Sterling • Exelon
Brian Thiry • ReliabilityFirst
Matt Thomas • ReliabilityFirst
Jody Tortora • ReliabilityFirst
Joe Trentacosta • SMECO
Jim Uhrin • ReliabilityFirst
Simon Whitelocke • ITC Holdings

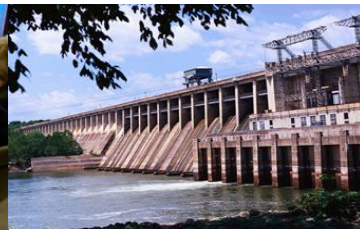
Enforcement

Enforcement Activities

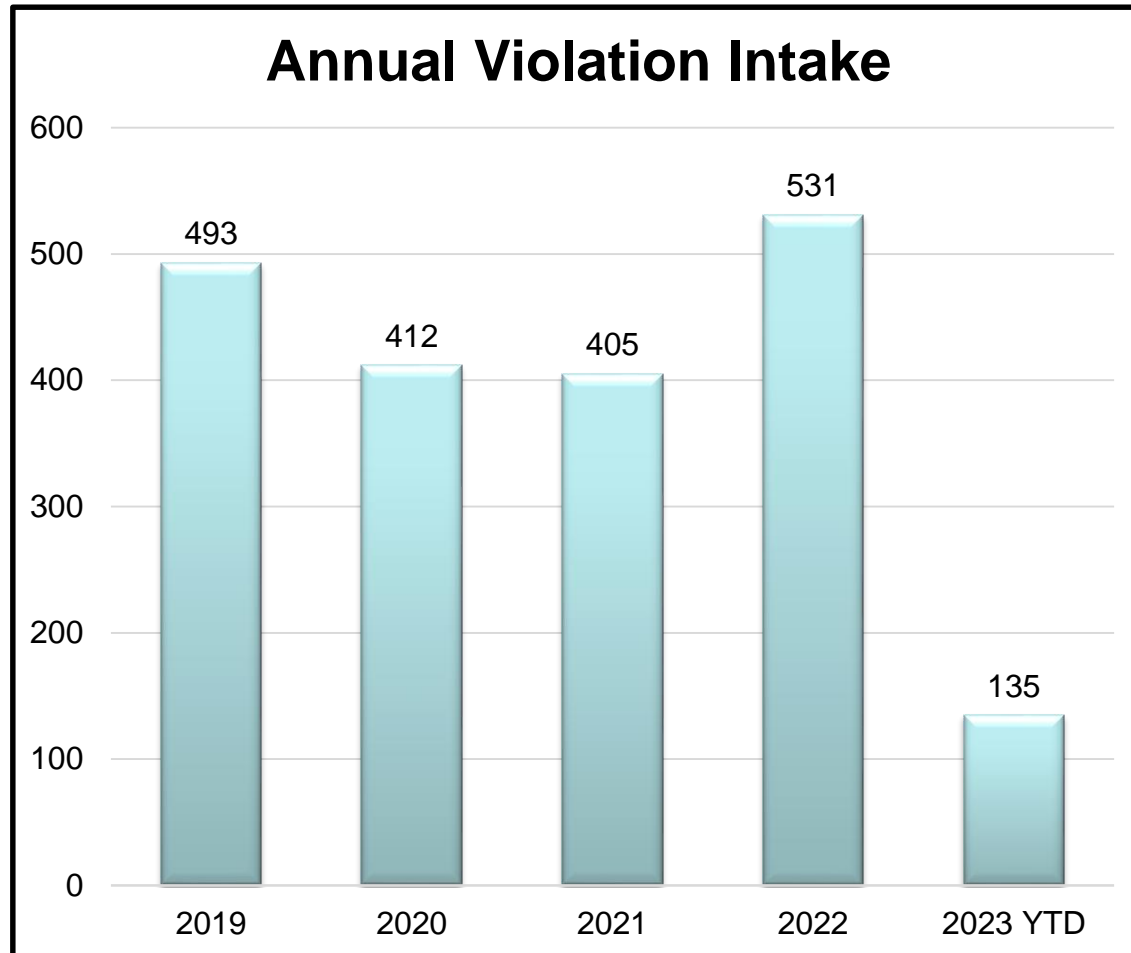
Tom Scanlon, Managing Enforcement Counsel

April 26, 2023

Cleveland, Ohio



RF Violation Intake

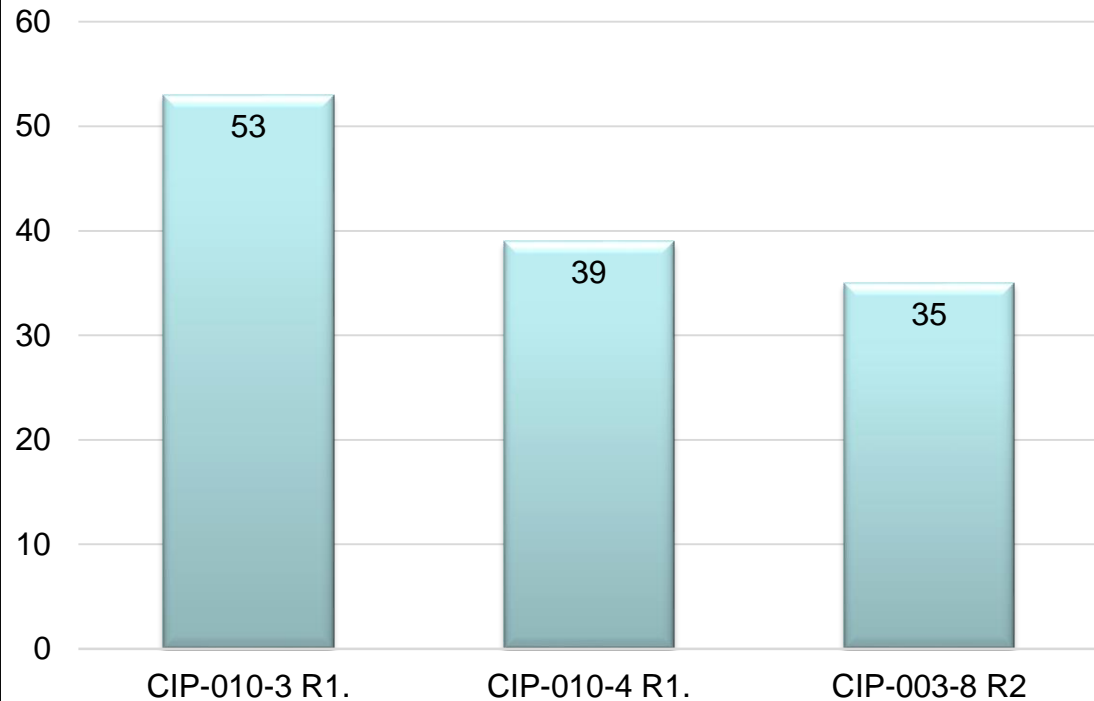


- **Continued high volume in 2022; on pace to continue**
- **Between 2022 and 2023 YTD:**
 - Majority self-reported/self-logged (91%)
 - Majority CIP (82%)

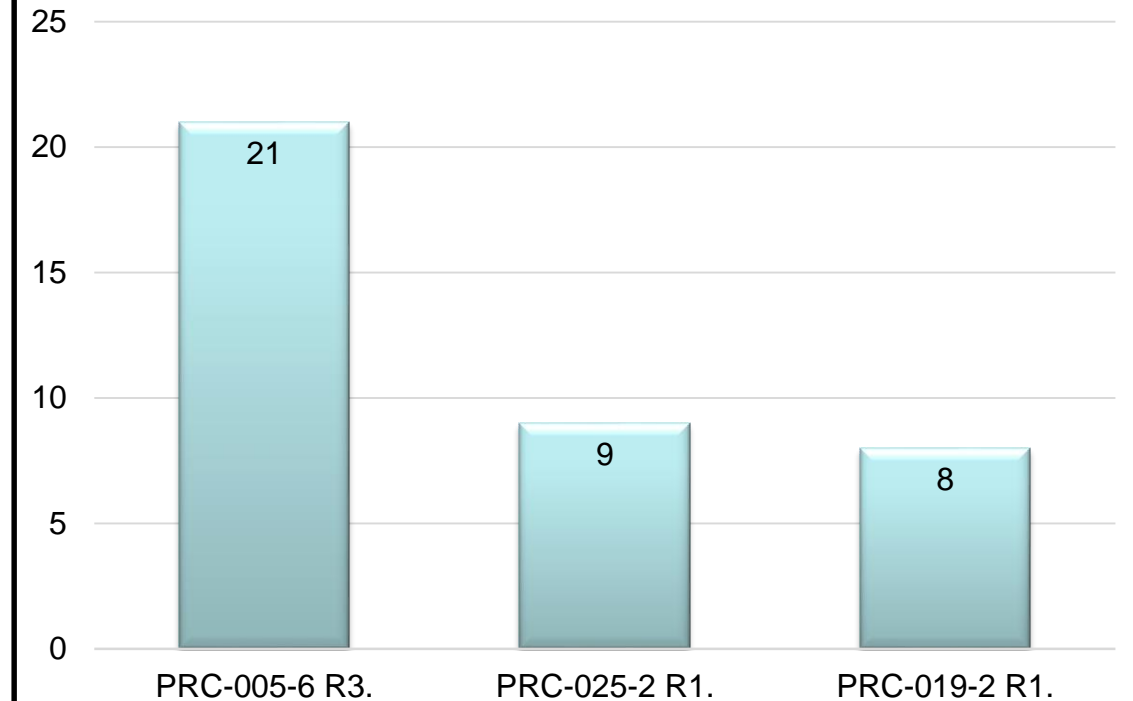


RF Most Violated Requirements

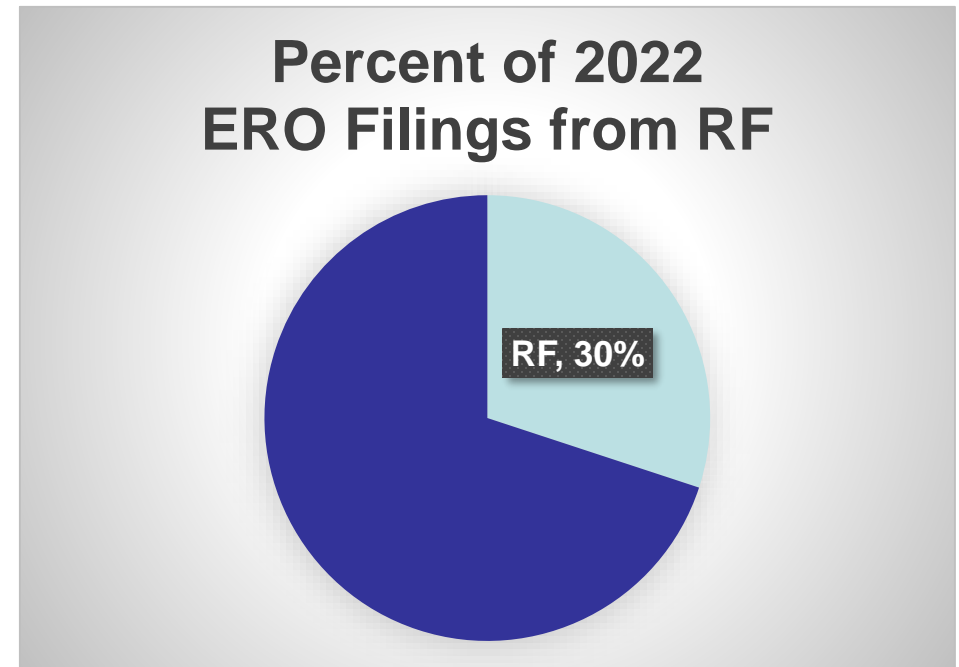
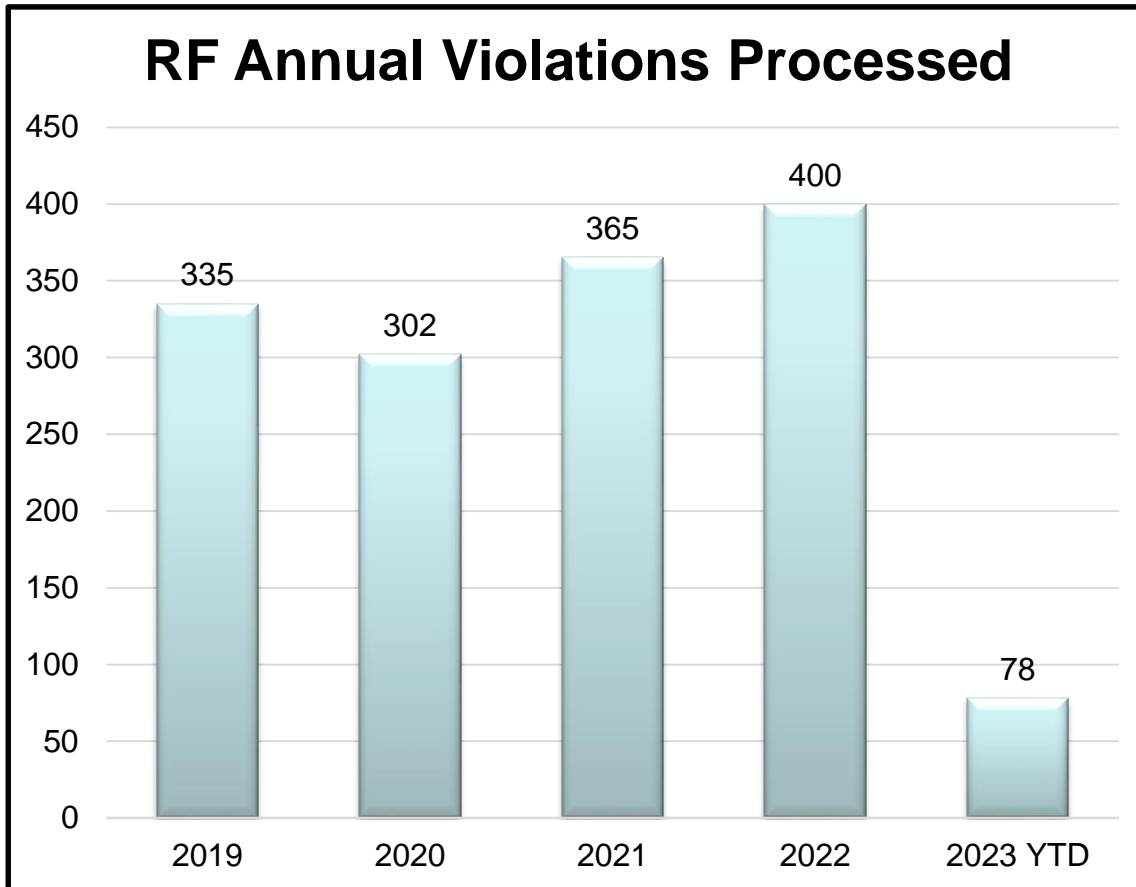
Top 3 Most Violated CIP Requirements (Intake Last 12 Months)



Top 3 Most Violated Ops and Planning Requirements (Intake Last 12 Months)



Violation Processing – RF and ERO



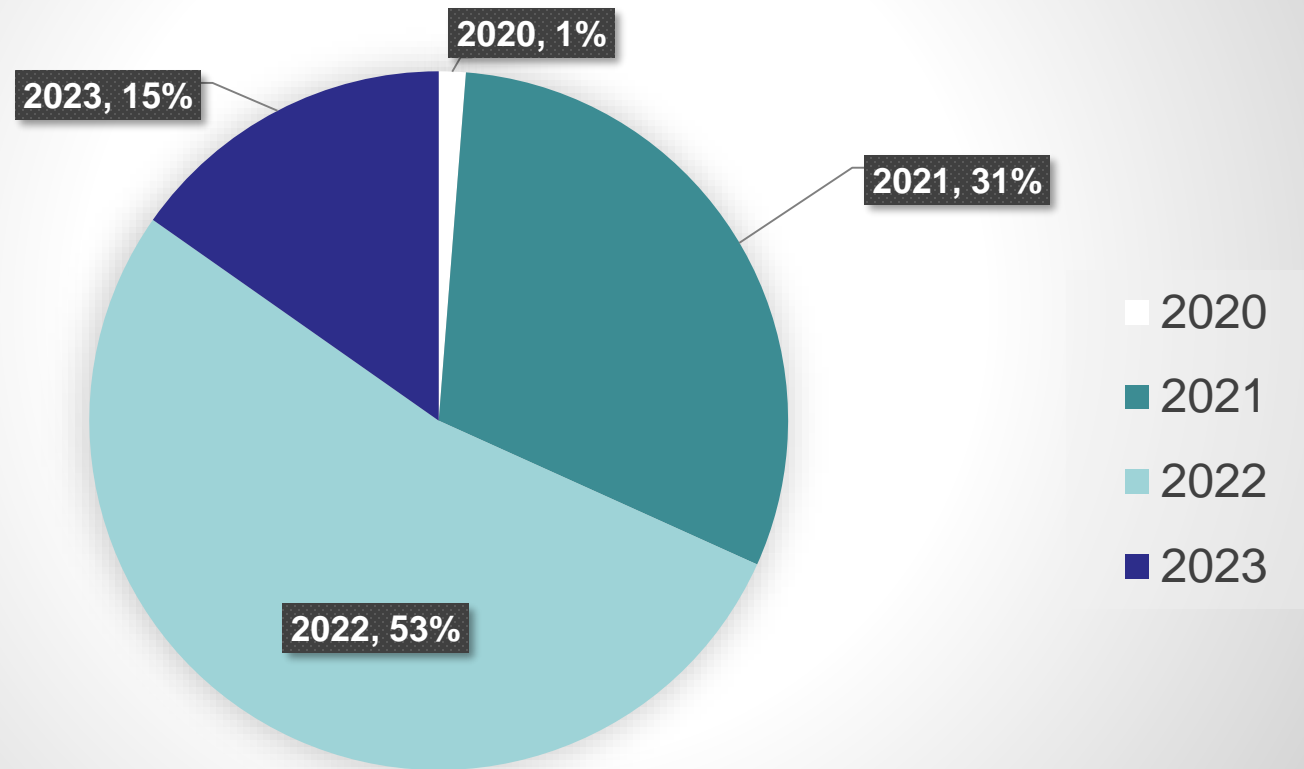
➤ **Between 2022 and 2023 YTD:**

- ~85% were processed as Compliance Exceptions or Find, Fix, and Track Reports
- Majority CIP (80%)



RF Inventory

Inventory by Year Self-Reported or Found at Audit/Spot Check/Self-Certification



Questions & Answers

Forward Together  **ReliabilityFirst**

-NC Physical Security Attack - redacted

Winterization

Cold Weather Update and Initiatives

Derek Kassimer, Principal Technical Analyst

April 26, 2023

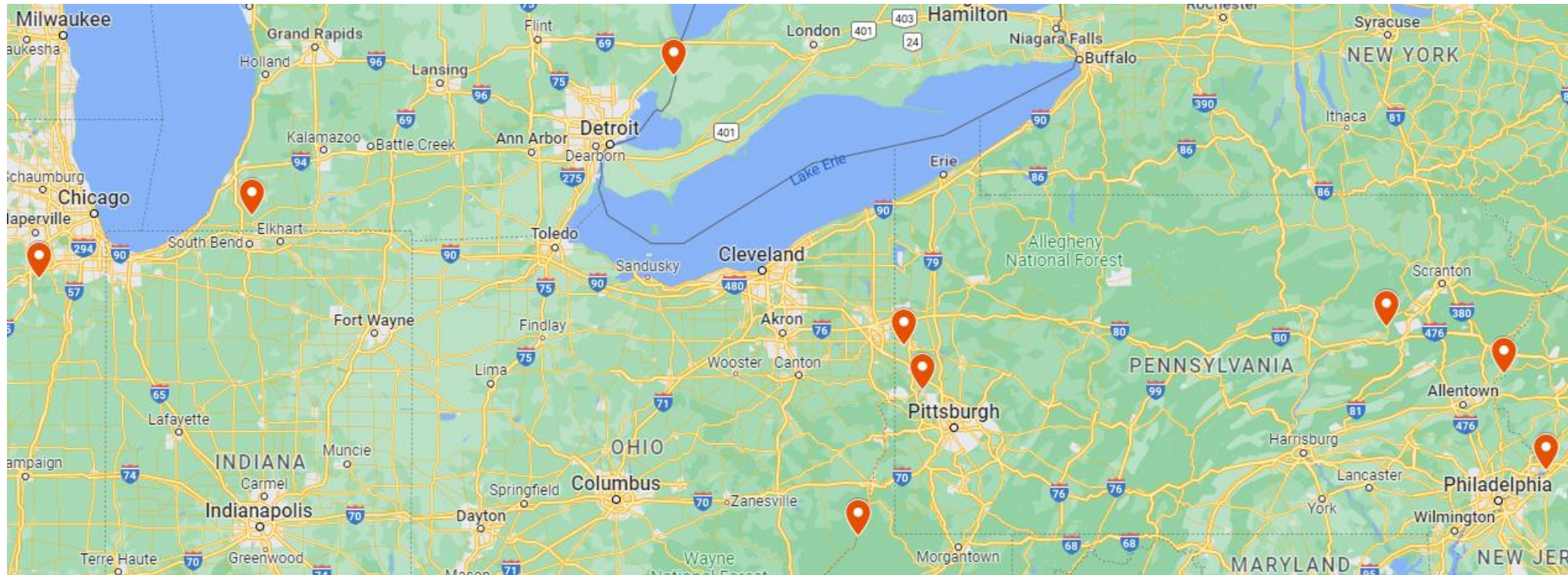
Cleveland, OH



RF Footprint - 2022/2023 Winter Review

➤ 21 Generating Facilities completed RF's cold weather survey

- RF conducted 9 site visits to assess cold weather preparations
- In lieu of a site visit, 12 responded to RFIs to provide additional detail on their survey response, cold weather readiness, etc.



Project 2021-07 – Cold Weather

➤ Phase 1

- Approved by FERC on February 16, 2023
- SDT directed to modify EOP-012-1
 - Applicability
 - Generator Constraints
 - Corrective Action Plan deadlines
 - Implementation Timeline
 - Continuous Operations requirements

➤ Phase 2

- Comment period closing April 13, 2023
- EOP-012-2 not included in this posting due to revisions underway as directed by FERC



Additional Cold Weather Efforts

- **NERC Small Group Advisory Sessions**
- **NERC Alerts**
- **FERC/NERC Black Start Unit Availability Study**
- **FERC/NERC inquiry – Winter Storm Elliot**



Questions & Answers

Forward Together  **ReliabilityFirst**

RRA



SUMMARY Summary of Proposed Changes to Board Committee Charters

In late 2022, the Board Executives and Independent Directors met to discuss broadening the Compliance Committee to the Compliance and Risk Committee. However, because of the interrelatedness of the Committees, and to ensure holistic risk oversight, it was determined that the Board and Committees should review all Charters for potential changes.

RF staff held calls with the chairs and vice chairs of each Committee to discuss big picture changes and the plan to review the charters and have changes approved by the Board and Members at the December Meeting. The summary on the following page is designed to provide the holistic overview as each of the Committees begins to consider the changes to their specific charter.

The draft Charter revisions (redlines) included in the April Committee agenda packages also include minor language updates to increase uniformity and consistency among the four committee charters with language on committee composition, minutes, and other areas where it made sense to align. The revisions are not being proposed for approval during the April meetings, but rather are provided to assist the discussions regarding charter changes.

RISK AND COMPLIANCE COMMITTEE (FORMER COMPLIANCE COMMITTEE)

- **Broaden**
 - **Risks to Grid** - broaden focus to include grid risks beyond compliance, including broader focus on risks in the Regional Risk Assessment; discuss how RF deploys all risk tools (e.g., outreach, CMEP, Standards, registration)
 - **CMEP Strategy** - focus on enforcement and monitoring will relate to big picture strategy
 - **Cyber** - focus on cyber as related to risks in footprint
 - **Oversight** – maintain awareness of FERC/NERC/CCC oversight relating to CMEP program
- **Add**
 - **Stakeholder Advisory and Technical Committees** - expand scope to include overseeing technical committee work (CIPC, Reliability Committee, and subcommittees) *(oversight and effectiveness of Stakeholder Advisory and Technical committees currently with Nom and Gov)*

NOMINATING AND GOVERNANCE COMMITTEE

- **Broaden**
 - **Conflicts** - committee will also review directors’ potential conflicts to ensure independence *(previously with staff)*
- **Add**
 - **Hearing Body** - appoint members to Hearing Body under the compliance monitoring and enforcement program’s hearing procedures *(previously with Compliance)*

FINANCE AND AUDIT

- **Broaden**
 - **ERM** - expand oversight of ERM beyond legal requirements to look at corporate risk (continue to separate detailed discussions of grid risk from corporate risk, but FAC will coordinate with other Committees to ensure risks are addressed)

TALENT AND COMPENSATION (FORMER COMPENSATION)

- **Broaden**
 - **Title** - expand title to account for diversity and engagement work
 - **Ensure Charter Actions reflect work being done** (diversity and retention updates, and input to FAC on benefits and FTE's).

FULL BOARD

- **Significant Risks to Grid will still be discussed**
- **Agenda items**
- **Standing items (Security, State Outreach, DEI, Finance)**



RISK AND COMPLIANCE COMMITTEE CHARTER

The Board of Directors of ReliabilityFirst Corporation ("ReliabilityFirst") has established a Compliance Committee (the "Committee") with the general responsibilities and specific duties as described below. ~~Capitalized terms used herein and defined shall have the meanings set forth in the Bylaws of ReliabilityFirst.~~

COMPOSITION

The Committee shall be comprised of five (5) directors, three (3) of whom shall be independent directors according to independence standards established under the governance guidelines adopted by the Board (the "Governance Standards"). Committee members shall be elected by the Board at its annual meeting and shall serve until their successors are duly elected and qualified. The Committee shall have a chair and a vice chair. The vice chair shall assume the duties of the chair in the absence of the chair at any meeting. The Committee's chair and vice-chair shall both be independent directors designated by the full Board upon the recommendation of the Nominating and Governance Committee.

RESPONSIBILITY

The primary purpose of the Committee will be to: (i) oversee the processes, procedures and program used by ReliabilityFirst to monitor compliance with and enforce Reliability Standards (including Regional Standards) in the Region in an effective, efficient, and risk based manner, (ii) monitor the results achieved through the compliance and enforcement activities of ReliabilityFirst, and ~~(iii) appoint members to serve on the Hearing Body for disputes relating to noncompliance with Reliability Standards in accordance with ReliabilityFirst's hearing procedures.~~ (iii) oversee ReliabilityFirst's approach to addressing significant risks to the grid.

Commented [A1]: Hearing body appointment duty moves to N&G

~~The Committee shall have the sole authority to retain, and approve the fees and other retention terms of, legal and other advisors, as it deems necessary for the fulfillment of its responsibilities.~~

ATTENDANCE AND VOTING

Members of the Committee should endeavor to be present, in the designated format, (in-person or by telephone, virtual), at all meetings; ~~however, three.~~ Three (3) Committee members shall constitute a quorum, provided a majority of the members at a meeting are independent directors. Each member of the Committee, including

the chair, shall be entitled to one vote on each matter presented before the Committee. Action by the Committee may be taken at any duly called meeting at which a quorum is present upon the vote of a majority of the members present.

MINUTES OF MEETINGS

Minutes of each meeting shall be prepared and sent to Committee members for approval at the next regularly scheduled ~~Board meeting~~, and thereafter publicly posted on ReliabilityFirst's website. The Committee's minutes will be kept by the person so designated by the chair with a copy retained by the Secretary of ReliabilityFirst.

SPECIFIC DUTIES

The Committee will:

1. Review and evaluate the effectiveness, efficiency, and risk~~-~~ based approach of ReliabilityFirst's compliance monitoring and enforcement ~~program~~programs and ReliabilityFirst's approach to addressing broader grid risks.
2. Recommend for adoption by the Board amendments to or modifications of the compliance monitoring and enforcement program, ~~including the hearing procedures,~~ as necessary or appropriate.
3. Review the ~~status~~current state and composition of the ReliabilityFirst compliance registry for Registered Entities in the Region.
4. ~~Review ReliabilityFirst's regional risk assessments used to identify the reliability risks that serve as the focus of ReliabilityFirst's compliance assessment and enforcement program oversee facilitation and any other compliance and enforcement activity output that the Committee deems necessary, regarding the application and execution of a risk-based approach to ReliabilityFirst's compliance monitoring and enforcement program.~~
- 9.5. ~~Review the sanctions and penalties imposed by ReliabilityFirst in connection with ReliabilityFirst's approach to significant enforcement actions relating to~~ violations of Reliability Standards.
- 10.6. ~~Consider any input provided by Registered Entities on risk and compliance issues and ReliabilityFirst's compliance and enforcement activities.~~
- 11.7. ~~Perform other activities as requested by the Board.~~

Commented [A3]: Removed because this language is no longer in bylaws.

~~12.8.~~ Conduct an evaluation of the Committee's performance and charter at least annually, and adopt such Committee Charter changes, as the Committee deems appropriate, subject to approval by the Board

~~13.9.~~ Report regularly to the Board regarding the Committee's activities.

~~APPOINTMENT OF ADVISORS~~

~~The Committee shall have the sole authority to retain, and approve the fees and other retention terms of, legal and other advisors, as it deems necessary for the fulfillment of its responsibilities.~~

Commented [A4]: Moved to responsibility section at the top for consistency with other Charters.

ADOPTION AND APPROVAL

As adopted by the Compliance Committee on ~~March 13, 2019,~~[DATE], approved by the Board of Directors on ~~March 14, 2019,~~[DATE], contingent on adoption of the related Bylaw amendments by the Members. The Members adopted the Bylaw amendments on ~~May 15, 2019,~~[DATE].

Confidential Documents