



RELIABILITY FIRST

PUBLIC

Minutes Board of Directors

April 27, 2023

ReliabilityFirst Corporation
3 Summit Park Drive, Suite 600 • Cleveland, OH 44131

Closed Session

Executive Session – The Board of Directors met in executive session at 8:00 am (ET) and discussed confidential matters concerning the corporation.

Open Session

Call to Order – Chair Antonio Smyth called to order a duly noticed open meeting of the Board of Directors (Board) on April 27, 2023, at 9:10 am (ET). A quorum was present, consisting of the following members of the Board of ReliabilityFirst Corporation (RF): Chair Antonio Smyth, Vice Chair Nelson Peeler (virtual); Joanna Burkey; Patrick Cass; Scott Etnoyer; Lesley Evancho; Tim Gallagher; Courtney Geduldig; Jason Marshall; Ken Seiler; Rachel Snead (virtual); Jennifer Sterling; Joe Trentacosta; and Simon Whitelocke.

A list of others present during the Board meeting is set forth in Attachment A.

Appoint Secretary to Record Minutes – Chair Smyth designated Niki Schaefer, RF's Vice President and General Counsel, as the secretary to record the meeting minutes.

Antitrust Statement – Ms. Schaefer advised all present that this meeting is subject to, and all attendees must adhere to, RF's Antitrust Compliance Guidelines.

Consent Items – Chair Smyth introduced the following consent agenda items for approval:
Agenda Item 3(a): Draft Minutes from the March 21, 2023 Board Teleconference
Agenda Item 3(b): Resolution 2023-01 to Hold Industry Elections

Upon a motion duly made and seconded, the Board approved the consent agenda items.

Keynote Speaker – Chair Smyth introduced Lisa Barton, Chief Operating Officer at Alliant Energy, who has previously served as Chair of RF's Board. She discussed her career in the electric industry and her experience working at American Electric Power during Winter Storm Uri. Ms. Barton also discussed the complexity of the electric grid, and how maintaining reliability and resiliency depends upon people, process, design, and architecture, combined with compliance and regulatory controls. She noted that human error presents the biggest risk to grid operations, and that layers of protection can help to mitigate this risk. Ms. Barton commended NERC and the Regions for their event analysis

work to generate and share lessons learned from system events, and she shared the benefits of the ERO's GridEx program. She talked about the role of leadership in ensuring reliability, and the importance of learning, asking the right questions, investing in people, and accountability.

President's Report – Mr. Gallagher thanked Ms. Barton for her remarks and began by discussing RF's 2022 Annual Report. He stated that the Annual Report highlights RF's efforts in various areas such as cybersecurity, misoperations, extreme weather, facility ratings, and state outreach. Mr. Gallagher stated that staff has worked hard on initiatives in these areas and took a leadership role to cascade these efforts across the entire ERO.

Mr. Gallagher discussed the Ohio Tabletop Exercise, where RF led a tabletop exercise in February for Ohio state government, healthcare, law enforcement, and infrastructure leaders. He shared that the effort was a success and thanked all who organized and participated in the event. Mr. Peeler and Chair Smyth both shared that they participated in the event and encouraged others to do so in the future. Mr. Gallagher then discussed the importance of state governments, noting that RF's state outreach work is increasing exponentially and being received positively at state public utility commissions and legislatures.

Mr. Gallagher then discussed the RF region's progress in lowering the misoperations rate, and he thanked stakeholders for working with RF on the issue. He discussed the business plan and budget and noted that the Board took this year's budget increase seriously. He discussed items impacting the budget increase, including that RF is processing one third of the ERO's violations, and that some efficiencies have been lost with the implementation of Align and the Secure Evidence Locker.

Mr. Gallagher congratulated Ben Felton on his new role and stated that this new role meant he had to resign from the Board. He noted that elections will be held in August to fill the vacant Board seat. He also noted that Scott Hipkins could not attend this meeting due to a medical issue and that he wishes him a speedy recovery. Lastly, Mr. Gallagher thanked Beth Dowdell, RF's Senior Director of Corporate Services, for her indispensable work on the budget and across the board.

Winter Storm Elliott – Chair Smyth introduced Mike Bryson, the Senior Vice President of Operations at PJM, and previously a member of the RF Board. Mr. Bryson discussed PJM's cold weather preparation efforts, which includes a cold weather preparation checklist and exercise, fuel inventories, and a seasonal assessment. He discussed PJM's 2022-2023 winter capacity projections and provided an overview of PJM's actions during the Winter Storm Elliott event. He also discussed the impact of rapid temperature changes and holiday demand during the event, and stated that PJM is working with other RTOs to improve future load forecasting.

Mr. Bryson reported that over 46,000 MW of generation failed to perform on Christmas Eve, and he discussed the causes of forced outages and derates during the event (which included numerous gas supply and freezing issues). He stated that PJM is performing its

own event analysis for the event, as well as participating in the FERC-NERC inquiry into the event.

There was Board discussion on gas-electric coordination during the event and going forward. Ms. Burkey noted that although multiple risk factors combined during the event, this “stacking” of risks is something that will likely occur more frequently in the future, given extreme weather and resource adequacy risks facing the grid.

Financial Update – Carol Baskey, RF’s Treasurer and Manager Finance and Accounting, reviewed the 2022 year-end financials, including the 2022 year-end projections compared to the actual year-end results. She stated that RF ended 2022 \$125K (0.5%) under budget. She shared that meeting expenses were substantially under budget for the year due to the impact of the pandemic and increased virtual meetings. Personnel expenses were also slightly under budget, due to a change in health care providers and some understaffed full-time employees (FTE). However, most of these savings were offset by recent Board approved staff pay adjustments. Ms. Baskey also noted that RF was somewhat over budget in office costs, rent, and utilities. Lastly, she shared that RF had a clean 2022 financial audit (performed by RSM US LLP), with no material weaknesses and no identified significant deficiencies.

Business Plan & Budget - Beth Dowdell, RF’s Senior Director of Corporate Services, led a discussion on the 2024 Business Plan and Budget (BP&B). She began by sharing the lower and higher range budget projections for 2024 and noted that RF’s personnel expenses make up 86% of the budget. Ms. Dowdell discussed the Board’s process to review and approve seven new Full Time Employee (FTE) positions, as well as \$1M in staff salary adjustments that went into effect in January 2023. She reported that the 2024 BP&B will result in a 12% budget increase and a 9.5% assessment increase, and that RF’s assessment increase is lower than many of the other Regions (despite the higher budget increase percentage). Ms. Dowdell then discussed the need for and the roles of the additional seven FTEs in the 2024 BP&B, as well as reductions in personnel, travel, and medical costs from the first draft to the final draft of the 2024 BP&B.

Pat Cass reiterated the extensive process the Finance and Audit Committee went through to review and discuss the 2024 BP&B, and on behalf of that Committee, endorsed it for the Board’s approval. Upon a motion duly made and seconded, the Board approved the 2024 BP&B for public comment and submission to NERC for approval. Finally, Ms. Dowdell discussed the assessment stabilization analysis and the future budget projections.

Outreach Approach and Successes – Brian Thiry, RF’s Director of Entity Engagement, provided an update on RF’s outreach activities and successes. He began by discussing why RF performs outreach and the need to be proactive in addressing risks to the grid. Mr. Thiry then discussed the different types of outreach RF performs, including the quarterly newsletters, annual report, monthly Tech Talk webinars, workshops, and state outreach activities. He went on to discuss state outreach in further detail, such as recent meetings with state public utility commissions and legislatures across RF’s footprint, a widely attended state outreach webinar, and a new state outreach monthly newsletter. He discussed RF’s messaging to states on the pace of the changing resource mix and the

“energy trilemma” of balancing reliability, cost, and environmental considerations, and RF’s role as an expert resource on reliability for the states. Mr. Marshall encouraged RF to continue these efforts, and Mr. Whitelocke inquired whether RF coordinates with NERC on its state outreach efforts. Mr. Thiry confirmed that RF does coordinate state outreach with NERC, particularly on written content and outreach before state legislatures.

Mr. Thiry also discussed the recent success of RF’s tabletop exercise with Ohio government officials and infrastructure representatives, and the success of RF’s internal control workshop and misoperations outreach with entities.

Standing Updates

a) Security Update – Marcus Noel, RF’s Chief Security Officer, provided a security update to the Board. He began by discussing RF’s security framework and RF’s maturity levels measured against that framework. Mr. Noel then discussed RF’s security projects and the security project roadmap for 2023. These projects include security policy rewrites, third party penetration testing, further integrating the security strategy with RF’s Enterprise Risk Management program, additional work on the Data Loss Prevention system, and access validation enhancements. He discussed the 2023 Ohio security tabletop exercise, which was a preparation drill to improve disaster and emergency response by strengthening communication channels between infrastructure providers, government partners, and the community. Mr. Noel described the scenario for the tabletop exercise, and the level of participation from other Ohio organizations. He discussed that RF is planning to conduct similar exercises at other states within its footprint and may consider creating lessons learned reports following the exercises (currently there is a lessons learned report for participants but not for a wider audience).

b) Diversity, Equity, and Inclusion Update – Ms. Dowdell shared RF’s overarching Diversity, Equity, and Inclusion (DEI) strategy, and discussed the recent work of the DEI Committee. She noted that RF is focusing on increasing the ethnic diversity of staff and broadening its recruiting sources. RF is also enhancing staff DEI training and is making this training more targeted and focused on implementation of concepts. Ms. Dowdell also highlighted recent trainings and events such as the RF lunch with leaders (which included Mr. Smyth and Ms. Evancho from the Board sharing their career paths with RF staff). Finally, Ms. Dowdell noted that RF conducted its 2023 engagement survey, and strong survey results resulted in RF being named a 2023 top workplace in Northeast Ohio.

Committee Reports

a) Compensation Committee – Compensation Committee Chair Lesley Evancho reported that the Committee received an update from Ms. Dowdell on staffing metrics and demographics and discussed DEI activities. The Committee discussed the 2024 Business Plan and Budget and 2024 staffing, including the value of each of the new positions proposed and potential risks associated with not adding those positions. The Committee discussed RF’s overall staffing and hiring strategy and will continue that discussion throughout the year. The Committee also reviewed the Q1/Q2 corporate goals (which are on track for timely completion), and the employee survey results. Finally, the Committee

discussed proposed revisions to its Charter, which include changing the name to the Talent and Compensation Committee to reflect its jurisdiction and clarifying roles and responsibilities.

b) Compliance Committee – Compliance Committee Chair Joanna Burkey reported that the Committee received an update on enforcement activities, trends, and inventory from Tom Scanlon, RF's Managing Enforcement Counsel. Bill Peterson from SERC then provided a presentation on physical security and the recent substation attacks in North Carolina. Derek Kassimer, RF's Principal Technical Analyst, provided an update on RF's cold weather initiatives and the NERC cold weather standards. Johnny Gest, RF's Manager, Engineering System and Performance, led a discussion on future plans for the Regional Risk Assessment (RRA), including utilization of the Stakeholder and Advisory Committees to obtain stakeholder perspective on risks in the RF footprint. Lastly, Chair Burkey discussed proposed changes to the Committee Charter, including changing the name to the "Risk and Compliance Committee" and expanding the Committee's scope to focus on risks to the grid beyond compliance. The proposed changes also include having oversight of the Stakeholder Advisory and Technical Committees (previously with the Nominating and Governance Committee) and moving the appointment of hearing body members to the Nominating and Governance Committee.

c) Finance and Audit Committee – Finance and Audit Committee Chair Pat Cass reported that the Committee received a presentation from RSM on the December 2022 financial audit (which was complimentary of RF) and approved the audited financial statements. The Committee then reviewed the status of RF's working capital and reviewed two corporate policies (the Working Capital and Operating Reserve Policy and the Whistleblower Policy). Ms. Schaefer led a discussion on the proposed Committee Charter changes, including clarifying that the Committee will oversee Enterprise Risk Management (ERM) and overall corporate risks (in contrast with the Compliance Committee, which will oversee risks to the grid). Additionally, in closed session the Committee endorsed the draft Business Plan and Budget and Diane Holder, RF's Vice President of Entity Engagement and Corporate Services, provided an update on the ERM program.

d) Nominating and Governance Committee – Nominating and Governance Committee Chair Courtney Geduldig reported that the Committee reviewed the timetable of upcoming events and discussed upcoming training topics for the Board. The Committee then reviewed proposed changes to its Charter, which include adding responsibilities to: 1) review Board members' potential conflicts of interest, and 2) appoint members to the Hearing Body under the compliance monitoring and enforcement program's hearing procedures. Lastly, due to Ben Felton's recent resignation from the Board, the Committee nominated Rachel Snead to serve as Committee Vice Chair. Upon a motion duly made and seconded, the Board approved the nomination for Rachel Snead to serve as Vice Chair of the Committee.

Stakeholder Comments - Chair Smyth provided an opportunity for stakeholders to comment, and no stakeholders did so.

Commented [EB1]: Megan can you help on this? They discussed reporting, the name change, proposed changes to hearing body process, and then I couldn't understand notes in compliance minutes re Jason/Simon and multiple charters.

PUBLIC

Board of Directors Minutes
April 27, 2023

Next Meeting – Chair Smyth noted that the next meeting of the Board of Directors will occur on August 24, 2023 at the RF offices.

Adjourn – Upon a motion duly made and seconded, Chair Smyth adjourned the meeting at 12:37 (ET).

As approved on this 24th day of August 2023 by
the Board of Directors,

A handwritten signature in blue ink, appearing to read "Niki Schaefer".

Niki Schaefer
*Vice President, General Counsel & Corporate
Secretary*

ATTACHMENT A

Others Present During the Board of Directors Meeting

Lisa Barton • Alliant Energy
Carol Baskey • ReliabilityFirst
Mike Bryson • PJM
Jeff Craig • ReliabilityFirst
Beth Dowdell • ReliabilityFirst
Chelsey Eppich • ReliabilityFirst – virtual
Megan Gambrel • ReliabilityFirst – virtual
Vinit Gupta • ITC
Diane Holder • ReliabilityFirst
Erik Johnson • ReliabilityFirst
Marcus Noel • ReliabilityFirst
Olenger Pannell • First Energy
Nicholas Poluch • Talen
Tom Scanlon • ReliabilityFirst
Niki Schaefer • ReliabilityFirst
Kristen Senk • ReliabilityFirst
Brian Thiry • ReliabilityFirst
Matt Thomas • ReliabilityFirst
Jody Tortora • ReliabilityFirst
Jim Uhrin • ReliabilityFirst
Colleen VanZandt-Dolan • Talen