Closed Agenda

Board of Directors – Executive Session
Room Location: TBD
Breakfast Included
8:15 am

Open Agenda

1. Call to Order and Appoint Secretary to Record Minutes
   Presenter: Lou Oberski, Chair
   10:30 am

2. Antitrust Statement
   Presenter: Jason Blake
   Reference: Antitrust Compliance Guidelines
   10:30 am

3. Chair Remarks
   Presenter: Lou Oberski, Chair
   10:35 am

4. Keynote Speaker
   Presenter: Ron Ciesiel, President and General Manager, Southwest Power Pool Regional Entity
   Reference: Biography
   10:40 am

5. Consent Items
   Presenter: Lou Oberski, Chair
   Reference: a) Draft Minutes for September 28, 2017 Board of Directors Meeting
             b) Resolution for Election of Corporate Officers for 2018 (No. 2017-9)
             c) Proposed 2018 Board Meeting Dates
   Action: Approve Consent Items
   10:55 am

6. Informational Items
   Presenter: Lou Oberski, Chair
   a) Standard Update: ReliabilityFirst Planning Resource Adequacy Analysis, Assessment, and Documentation (BAL-502-RFC-03)
   Action: Accept Informational Item
   11:00 am
7. **SPP RE Integration Update**  
   **Presenter:** Jason Blake  
   **Description:** Mr. Blake will provide an update on the Registered Entities that have requested to join ReliabilityFirst, the value that ReliabilityFirst can provide to these entities, and NERC’s timeline going forward.  
   **Reference:** Presentation  
   **Action:** Information and Discussion  
   **Time:** 11:05 am

8. **North American Transmission Forum**  
   **Presenter:** Tom Galloway, President and CEO, NATF  
   **Description:** Mr. Galloway will discuss the NATF’s activities over the year and its focus for 2018.  
   **Action:** Information and Discussion  
   **Time:** 11:20 am

9. **FERC Lessons Learned**  
   **Presenter:** Barry Kuehnle, CIP Senior Advisor, Federal Energy Regulatory Commission  
   **Description:** The Federal Energy Regulatory Commission led audits of registered entities across North America to evaluate their compliance with the Critical Infrastructure Protection reliability standards. Mr. Kuehnle will share commonly identified observations during these engagements.  
   **Action:** Information and Discussion  
   **Time:** 11:35 am

10. **Cyber Security Metrics**  
    **Presenter:** Larry Bugh  
    **Description:** Mr. Bugh will provide proposed metrics to afford the Board enhanced oversight into the security of the organization’s infrastructure and operations.  
    **Reference:**  
    a) Presentation  
    b) Draft Metrics  
    **Action:** Approve Metrics  
    **Time:** 11:50 am

11. **Committee Reports**  
    **Finance and Audit Committee • Pat Cass**  
    **Compensation Committee • Ken Capps**  
    **Compliance Committee • Brenton Greene**  
    **Nominating & Governance Committee • Larry Irving**  
    **Time:** 12:05 pm

12. **Comments from Stakeholders**  
    **Time:** 12:20 pm

13. **Adjourn**  
    **Time:** 12:30 pm
### Roster • Board of Directors

Lou Oberski, **Chair** • Dominion Resources Services, Inc. (S • 2018)  
Lisa Barton, **Vice Chair** • AEP (S • 2017)  
Michael Bryson • PJM (RTO • 2018)  
Brenton Greene • Independent (2019)  
Patrick Cass • Independent (2017)  
Larry Irving • Independent (2018)  
Ken Capps • Southern Maryland Electric Cooperative, Inc. (AL • 2019)  
Deborah Hart • Morgan Stanley Capital Group, Inc. – Retired (AL • 2017)  
Susan Ivey • Exelon Corporation (L-LSE • 2019)  
Matt Paul • DTE Energy (M-LSE • 2019)  
Jim Haney • FirstEnergy Services Company (T • 2019)  
Susan Sosbe • Wabash Valley Power Association, Inc. (S-LSE • 2020)  
Hertzel Shamash • The Dayton Power & Light Company (T • 2017)  
Simon Whitelocke • ITC Holdings Corporation (AL • 2018)
Antitrust Compliance Guidelines
ANTITRUST COMPLIANCE GUIDELINES

I. GENERAL

It is ReliabilityFirst’s policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct which violates, or which might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every ReliabilityFirst participant and employee who may in any way affect ReliabilityFirst’s compliance with the antitrust laws to carry out this policy.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert ReliabilityFirst participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the ReliabilityFirst policy contained in these guidelines is stricter than the applicable antitrust laws. Any ReliabilityFirst participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether ReliabilityFirst’s antitrust compliance policy is implicated in any situation should consult ReliabilityFirst’s President. The President will consult with legal counsel as appropriate.

II. PROHIBITED ACTIVITIES

Participants in ReliabilityFirst activities (including those of its committees and task groups) should refrain from the following when acting in their capacity as participants in ReliabilityFirst activities (e.g., at ReliabilityFirst meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants’ expectations as to their future prices or internal costs.

- Discussions of a participant’s marketing strategies.

- Discussions regarding how customers and geographical areas are to be divided among actual or potential competitors.
• Discussions concerning the exclusion of actual or potential competitors from markets.

• Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.

III. ACTIVITIES THAT ARE PERMITTED

There are a number of restrictions guiding and defining permissible activities.

In order to avoid antitrust issues, decisions and actions by ReliabilityFirst (including its committees and task groups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk electric supply system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during ReliabilityFirst meetings and in other ReliabilityFirst-related communications.

You should also ensure that ReliabilityFirst procedures, including those set forth in the ReliabilityFirst Agreement and the ReliabilityFirst Documents, are followed in conducting ReliabilityFirst business.

In addition, all discussions in ReliabilityFirst meetings and other ReliabilityFirst-related communications should be within the scope of mandate for or assignment to the particular ReliabilityFirst committee, task group or other group, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in ReliabilityFirst activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with NERC and ReliabilityFirst reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in ReliabilityFirst activities may discuss:

• Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising operating and planning standards and other reliability criteria, special operating procedures, operating transfer capabilities, and plans for new facilities.

• Matters relating to the impact of reliability standards for the bulk electric supply system on electricity markets, and the impact of electricity market operations on the reliability of the bulk electric supply system.

• Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.
- Matters relating to the internal governance, management and operation of ReliabilityFirst, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

Any other matters that do not clearly fall within these guidelines should be reviewed with ReliabilityFirst’s President before being discussed. The President will consult with legal counsel as appropriate.
Biography
Ron Ciesiel is the President & General Manager for the Southwest Power Pool (SPP) Regional Entity (RE). In this capacity Ron leads a group of engineers, compliance specialists, attorneys, and consultants with the overall responsibility for compliance monitoring and enforcement, critical infrastructure protection activities, event analysis, and reliability assessments for the SPP RE footprint.

He has been involved in the NERC/SPP Compliance Monitoring Program since its inception in 1998 and has led the efforts of SPP RE to develop, implement and monitor an effective and efficient program.

Prior to employment at SPP, Ron worked at Gulf States Utilities (GSU), in Beaumont, Texas for approximately 20 years. At GSU, Ron worked in the T&D operations group, standards development, transmission planning and the information technology groups.

Ron holds a Bachelor degree in Electrical Engineering from Georgia Tech, an MBA from Lamar University and a J.D. from the University of Louisville. He is admitted to the state bars in Kentucky and Arkansas and is a Registered Professional Engineer in the State of Texas.
a) Draft Minutes for September 28, 2017 Board of Directors Meeting
Draft Minutes
Board of Directors
September 28, 2017 • Stone Harbor, NJ

The Reeds at Shelter Haven
9601 3rd Avenue • Stone Harbor, NJ 08247

Executive Session

Confidential Topics - The Board met in executive session commencing at 8:15 am (ET) until 8:45 am (ET). During the executive session, the Board discussed confidential matters concerning the Corporation.

Open Session

Call to Order – Chair Lou Oberski called to order a duly noticed open meeting of the Board of Directors (Board) on September 28, 2017 at 9:03 am (ET). A quorum was present, consisting of the following members of the Board: Chair Lou Oberski; Vice Chair Lisa Barton; Michael Bryson; Patrick Cass; Ken Capps; Brenton Greene; Jim Haney; Deb Hart; Larry Irving; Susan Ivey; Matthew Paul; Susan Sosbe; Hertzel Shamash; and Simon Whitelocke.

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

Appoint Secretary to Record Minutes – Chair Oberski designated Jason Blake as the secretary to record the meeting minutes.

Antitrust Statement – Jason Blake advised all present that this meeting is subject to, and all attendees must adhere to, ReliabilityFirst’s Antitrust Compliance Guidelines.

Chair Remarks – Chair Oberski welcomed all in attendance, and thanked Sue and Bob Ivey for hosting the Board for a special dinner at their home. He then reported that he and Vice Chair Lisa Barton recently met with the other NERC and Regional Board officers, and discussed supply chain risk management.

Consent Items – Chair Oberski introduced the following consent agenda items for approval:

Agenda Item 4(a): Draft Minutes from June 1, 2017 Board of Directors Meeting

Agenda Item 4(b): Draft Minutes from August 17, 2017 Special Elections

Agenda Item 4(c): Resolution for Reimbursement of Deborah L. Hart’s Travel Expenses (No. 2017-6)
Agenda Item 4(d): Approval of ReliabilityFirst Standards Committee Large LSE Sector Member

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

Information Item – Chair Oberski introduced the following information item for acceptance:

Information Item 5: Update on BAL-502-RFC-03 Standard

Upon a motion duly made and seconded, the Board accepted the information item.

President’s Report – Tim Gallagher opened his report by recognizing and thanking Sue and Bob Ivey for hosting the Board and staff yesterday evening at their home. He then provided an overview of the successful results of ReliabilityFirst’s recent testing of its disaster recovery plan. He noted that in the future, ReliabilityFirst also intends to test its external relations communication approach for disasters at the same time it tests its disaster recovery plan.

Mr. Gallagher discussed NERC CEO Gerry Cauley’s recent visit to ReliabilityFirst, during which ReliabilityFirst staff presented and engaged in a fruitful dialogue on ongoing corporate initiatives and projects for continuous improvement. He reported that Tom Galloway, President and CEO of the North American Transmission Forum (NATF), and his team recently met with ReliabilityFirst senior staff to discuss opportunities for collaboration in furtherance of reliability. The ReliabilityFirst management team also recently had its annual retreat, during which the team focused on innovation and team building activities.

Mr. Gallagher thanked the Board for approving the additional resources and a new structure for the Event Analysis and Situational Awareness department, which works with entities to analyze Bulk Power System events and identify and share lessons learned from those events. As a result of the restructuring and additional resources, ReliabilityFirst recently cleared a backlog of events in this area.

He reported that ReliabilityFirst will release a new version of its CIP themes report in the near future. For this latest version of the report, ReliabilityFirst is partnering with WECC to incorporate key CIP themes identified in both regions. As such, the report will identify more CIP themes and reach a larger audience.

Financial Update – Ray Palmieri provided an overview of the Second Quarter financials and the major financial activities of the corporation (included in the agenda package). He reported that ReliabilityFirst is projected to be 0.29% under budget at year-end, and discussed the various contributors to this projection.

Mr. Palmieri reported that the NERC Board approved the 2018 NERC and Regional Entity Business Plan and Budgets, which were filed with FERC for approval in late August. He discussed the timeline for ReliabilityFirst’s 2017 financial audit, and the final results of ReliabilityFirst’s recent financial controls evaluation, which was completed in September. Mr. Palmieri also discussed ReliabilityFirst’s development of a formalized financial controls
review program and a formalized anti-fraud program, both of which will take effect in early 2018.

**MISO and PJM Perspectives on DOE Study** – Lori Spence from Midcontinent Independent System Operator, Inc. (MISO) and Rob Eckenrod from PJM Interconnection, Inc. (PJM) provided insights from MISO and PJM on the conclusions and recommendations set forth in the DOE’s recent study on baseload generation, and potential implications for the MISO and PJM footprints. They noted that a central issue in the DOE report is the stated need for more work to ensure that markets appropriately address resilience. They discussed that both MISO and PJM are doing significant work to study and enhance reliability and resiliency in their footprints.

Mr. Eckenrod discussed PJM’s reliability and resilience initiatives, which include: (1) proposing price formation changes; (2) publishing a report on fuel security and developing an analysis to quantify the benefits of essential reliability services; (3) creating a resilience roadmap with initiatives across PJM; (4) promoting research and development on reliability and resilience tools; and (5) working with the gas industry to coordinate contingency analysis, data sharing, and the development of reliability products.

Ms. Spence then discussed MISO’s reliability and resilience initiatives, which include: (1) exploring price formation improvements; (2) forming a Resilient Operations Task Team to coordinate with stakeholders to cost effectively improve the resiliency and security of the Bulk Electric System; (3) working with the National Renewable Energy Laboratory and Pacific Northwest National Laboratory on an HVDC study; (4) maintaining an operator training program that is a prerequisite for becoming an active MISO operator; and (5) collaborating with the gas industry and stakeholders.

**Oversight of Cyber Security** – Mr. Blake led a discussion on an approach to further ensure the Board’s continuing effective oversight of the organization’s cyber security posture. He provided proposed recurring Board cyber security discussion topics and metrics (included in the agenda package) to help inform the Board’s oversight and decision making. Several Board members offered to share the cyber security metrics they share with their respective boards to help further enhance the proposed metrics.

The Board then named Brent Greene as a Board liaison to help ReliabilityFirst finalize the proposed cyber security metrics and share those proposed metrics at the Fourth Quarter Board meeting. The Board also approved the proposed recurring cyber security discussion topics and schedule to guide future cyber security oversight activity.

**ReliabilityFirst 2018-2022 Strategic Plan** – Bob Wargo presented and led a discussion on the proposed final version of the ReliabilityFirst 2018-2022 Strategic Plan (Strategic Plan)(included in the agenda package). He provided a recap of the approach and steps taken to create the Strategic Plan, discussed the connection of the Strategic Plan to the ERO Enterprise vision and mission; and discussed the edits made in response to the Board’s last review of the Strategic Plan. Upon a motion duly made and seconded, the Board adopted Resolution No. 2017-8 to approve the Strategic Plan.
Winter Preparedness for 2017/2018 Season – Jeff Craigo led a discussion on the recently issued NERC Reliability Guideline for Generating Unit Winter Weather Readiness (Guideline), and how the controls listed in the Guideline tie to the management practices. He then discussed ReliabilityFirst’s plans to coordinate with stakeholders to ensure winter preparedness for the 2017-2018 winter, which include issuing a cold weather preparedness survey and conducting on-site winter readiness visits to entities with cold weather issues.

Committee Reports

a) Finance and Audit Committee – Patrick Cass, Chair of the Finance and Audit Committee (Committee), reported that the Committee received a financial update; discussed and approved the independent accountant’s 2017 service agreements; and discussed the preparation and filing of the Form 990 tax report. The Committee also discussed proposals and timing requirements regarding Enterprise Risk Management.

b) Compensation Committee – Ken Capps, Chair of the Compensation Committee, reported that the Compensation Committee discussed the progress of the 2017 corporate goals and the 2018 draft corporate goals, and conducted a review of employee benefits. The Compensation Committee received an update on staff retention and vacancy rates, which are at 100% and 0% respectively. The Compensation Committee also discussed succession planning, and is pleased with the quality of the succession plan.

c) Compliance Committee – Brenton Greene, Chair of the Compliance Committee, reported that the Compliance Committee heard a presentation on CIP version 5 trends and ReliabilityFirst’s plan for CIP version 5 analysis and outreach going forward. The Compliance Committee also discussed entities’ challenges associated with the implementation of new Reliability Standards and Requirements, and heard a presentation from Exelon on their Standards readiness program.

d) Nominating & Governance Committee – Larry Irving, Chair of the Nominating & Governance Committee (NGC), reported that the NGC nominated Scott Etnoyer for election as an At-Large Director and Pat Cass for re-election as an Independent Director. The NGC also recommended Board approval of (1) revisions to the Reliability Committee Governance Document and (2) the Resolution for Annual Meeting of Members (Resolution No. 2017-7), which establishes the time, date, and place of the Annual Meeting of the Members, and the record date for the determination of the Members entitled to notice and the right to vote.

Upon motions duly made and seconded, the Board approved the revisions to the Reliability Committee Governance Document and approved Resolution No. 2017-7.

Next Meeting – Chair Oberski noted that the next in-person meeting of the Board of Directors will occur on November 30, 2017 in Washington DC at the Pepco offices.

Adjourn - Upon a motion duly made and seconded, Chair Oberski adjourned the meeting at 11:22 am (ET).
As adopted on this ___ day of November, 2017, by the Board of Directors,

Jason Blake
Vice President, General Counsel & Corporate Secretary
Others Present During the Board of Directors Meeting

Jason Blake • ReliabilityFirst, Vice President, General Counsel & Corporate Secretary
Jeff Craigo • ReliabilityFirst
Rob Eckenrod • PJM
Scott Etnoyer • Talen Energy
Tim Gallagher • ReliabilityFirst, President & CEO
Thomas Leeming • Exelon
Ray Palmieri • ReliabilityFirst, Senior Vice President
Lori Spence • MISO
Jennifer Sterling • Exelon
Jody Tortora • ReliabilityFirst
Bob Wargo • ReliabilityFirst, Vice President
b) Resolution for Election of Corporate Officers for 2018 (No. 2017-9)
RESOLUTION NO. 2017-9

Resolution for
Annual Election of Officers

WHEREAS, Section 9.1 of the Bylaws states that the officers of the Corporation shall include a President, one or more Vice Presidents, a Secretary, a Treasurer and any other officers as may be elected or appointed in accordance with the Bylaws;

WHEREAS, Section 9.2 of the Bylaws states that the officers of the Corporation shall be elected annually by the Board of Directors at the annual meeting of the Board of Directors;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors elects, pursuant to Section 9.2 of the Bylaws,

Timothy R. Gallagher as President & Chief Executive Officer;
Raymond J. Palmieri as Senior Vice President & Treasurer;
L. Jason Blake as Vice President, General Counsel & Corporate Secretary; and
Jeffrey L. Craigo as Vice President, Reliability Assurance & Monitoring

FINALLY RESOLVED, that each elected officer shall continue to serve as officer of the Corporation in his respective elected capacity at the pleasure of the Board of Directors and hold office until his successor has been duly elected and qualified, or upon his earlier resignation or removal.

As adopted on this ___ day of December, 2017 by the Board of Directors,

Jason Blake
Vice President, General Counsel & Corporate Secretary
Proposed 2018 Board Meeting Dates
ReliabilityFirst Proposed Meeting Dates for 2018

*(all dates are Wednesday-Thursday)*

Request for approval of the following dates for the 2018 ReliabilityFirst Board of Directors and Committee meetings.

- **1st Quarter**
  - March 14-15

- **2nd Quarter**
  - May 23-24

- **3rd Quarter**
  - August 29-30

- **4th Quarter and Annual Meeting of Members**
  - November 28-29
a) Standard Update: ReliabilityFirst Planning Resource Adequacy Analysis, Assessment, and Documentation (BAL-502-RFC-03)
Update on ReliabilityFirst Planning Resource Adequacy Analysis, Assessment and Documentation (BAL-502-RF-03) Standard

The ReliabilityFirst Planning Resource Adequacy Analysis, Assessment and Documentation (BAL-502-RF-03) Standard was presented to and unanimously approved by the NERC Board of Trustees on August 8, 2017.


The Standard has an effective date of January 1, 2018.