



RELIABILITY FIRST

PUBLIC

# Minutes Board of Directors

December 8, 2022

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

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## Closed Agenda Executive Session

**Discussion** – The Board of Directors discussed confidential matters concerning the corporation.

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## Open Session

**Call to Order** – Chair Simon Whitelocke called to order a duly noticed open meeting of the Board of Directors (Board) on December 8, 2022, at 10:24 am (ET). A quorum was present, consisting of the following members of the Board of ReliabilityFirst Corporation (RF): Chair Simon Whitelocke; Vice Chair Antonio Smyth; Brenton Greene; Joanna Burkey; Patrick Cass; Scott Etnoyer; Tim Gallagher; Courtney Geduldig; Scott Hipkins; Nelson Peeler; Ken Seiler; Rachel Snead; Jennifer Sterling; and Joe Trentacosta.

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

**Appoint Secretary to Record Minutes** – Chair Whitelocke 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.

**Remarks** – Chair Whitelocke made opening remarks and recapped the morning's executive session where Marcus Noel, RF's Chief Security Officer, discussed the IT security audit, the Board approved RF staff incentive compensation and merit increases, and Mr. Gallagher discussed performance reviews. Mr. Gallagher welcomed Lesley Evancho to the Board.

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

- Agenda Item 4(a): Draft Minutes from the August 25, 2022, Board of Directors Meeting
- Agenda Item 4(b): Draft Minutes from the October 26, 2022, Board of Directors Meeting
- Agenda Item 4(c): Resolution 2022-5 Election of Officers
- Agenda Item 4(d): Resolution 2002-6 Recognition of Brenton Greene
- Agenda Item 4(e): Proposed 2023 Board Meeting Dates

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

**Guest Speaker** – Chair Whitelocke introduced Ken DeFontes, Chair of the NERC Board of Directors, giving a brief background and recognizing departing Director Greene as a pioneer of the RF Board. Mr. DeFontes recounted the beginning of the ERO and noted those who helped build it along the way. He highlighted Mr. Greene’s background as a captain of a nuclear submarine and spoke to his character, family, and role in the industry. Then there was a brief video tribute to Mr. Greene with remarks from former RF Board Chair Ken Capps, SERC CEO and former RF General Counsel Jason Blake, and former RF Senior Vice President Ray Palmieri. Chair Whitelocke provided remarks regarding Mr. Greene’s assistance in cybersecurity and national security matters, emphasizing his expertise in those areas. Mr. Gallagher noted Mr. Greene’s extensive career in service, his work in the intelligence community and the U.S. Navy, and how he served as a member of various presidential commissions.

**Lead Independent Director Report Out** – Mr. Greene thanked everyone, indicating he was happy to have contributed to the ERO and was grateful for his time at RF.

**Keynote Speaker** – Jim Robb, NERC President and CEO, began his remarks by highlighting the challenges in the electric industry and walking through the history and changes from the 1965 blackout to today. Mr. Robb emphasized the need to find new ways to ensure resource adequacy in light of growing demand and the expansion of Distributed Energy Resources (DER). He noted new and unfamiliar risks to the system and the increased complexity of conditions with climate change and increased electrification, which will continue to increase the performance expectations of the industry.

Mr. Robb discussed the need for 21<sup>st</sup> century tools to manage an incredibly complex system of systems that will require a change planning mindset and a deeper understanding of fuel variability. He also spoke to the rate of software vulnerability and said that as ransomware and organized criminals keep getting better, continued diligence is needed from everyone with system access.

Mr. Robb underlined four key priorities: energy, security, agility, and institutional sustainability. There was a question on abilities to respond to cyber and kinetic threats, which Mr. Robb responded to by noting regular meetings involving the ESCC (Electricity Subsector Coordinating Council) and other organizations whenever there is a storm or system event. He said that frank discussions can occur during these meetings, and he also recognized the inherent challenges because the information is classified. There was a discussion around the participation in such meetings and about NERC and the risks associated with supply chain management.

**State Outreach** – Diane Holder, RF’s Vice President, Entity Engagement and Corporate Services, introduced herself and shared her background for speaking on state outreach activities at RF. Ms. Holder stated there has been a flurry of state outreach activities, as well as efforts to optimize the outreach timing and approach while addressing emerging

reliability risks. She noted the focus on state outreach in the new RF Strategic Plan, and how RF is uniquely positioned to perform these activities due to its reliability expertise and objectivity. She then discussed how RF will serve as an expert technical resource for policy makers.

Ms. Holder announced a recent division internally that split external outreach into a separate department from entity engagement. She discussed the importance of making contacts and building relationships with the states. She also noted that the team is prioritizing states based on risk and developing a core message based on top reliability concerns while also understanding what information the states want to hear. Ms. Holder presented three pillars of success: environment, affordability, and reliability, noting that the successful transition of the grid to the evolving resource mix requires an optimal balance of the three. She also stated that RF's top concerns with the energy transition are: 1) resource adequacy, 2) essential reliability services, and 3) the pace and complexity of change.

Ms. Holder shared the RF state outreach roadmap, noting that it will evolve over time. The roadmap includes making contact with all the RF states, conducting a state outreach webinar, and establishing a process to track state interactions and who is requesting them. Ms. Holder indicated that RF is establishing a process to update the Board on state outreach activities. She also stated that NERC has several collaboration groups and that she is now co-chairing the state outreach group to discuss lessons learned and best practices. Discussion followed regarding the continuous challenge to get the message out to the states, and that ultimately the states are likely to appreciate the information and outreach efforts.

**Strategic Plan Review** – Jeff Craigo, RF's Senior Vice President, Reliability and Risk, thanked the Board Strategic Plan Committee and the RF staff for contributing to the creation of the new Strategic Plan, which was included in the Board materials for review. He recapped the Strategic Plan creation and approval timeframe (including an initial review by the Board in August) and reported that the Strategic Plan has been posted for public comment. Mr. Craigo then discussed plans to communicate the Strategic Plan going forward via RF's website, social media, newsletters, and webinars. Upon a motion duly made and seconded, the Board approved the Strategic Plan.

## **Standing Updates**

**a) Security Update** – Marcus Noel, RF's Chief Security Officer, provided an organizational security update. He began with a refresher of the NIST security framework, then shared the security roadmap organized by the principles of the security framework. Mr. Noel discussed 2022 accomplishments, including a hardware and software inventory, a third party penetration test, the implementation of the data loss prevention tool, a security program overhaul, and a new structure for IT policies, procedures, and standards. He also discussed the success of recent tabletop exercises, including a tabletop exercise at SERC and an upcoming MRO insider threat-based tabletop exercise.

Mr. Noel then discussed the threat landscape and provided information on the Uber Breach. He noted that RF has taken proactive measures regarding when administrative

credentials are used, and additional controls for the use of shared accounts. He gave a preview of work planned for 2023/2024 and discussed defining security metrics to regularly share with the Board, including what metrics would be valuable to the Board.

**Diversity, Equity, and Inclusion Update** – Beth Dowdell, RF’s Senior Director Corporate Services, provided an update on RF’s diversity, equity, and inclusion (DEI) and other human resource related efforts. Ms. Dowdell noted that much progress has been made, including the diversity of candidates and the needed outreach to ensure that diverse candidates apply for positions. She shared the addition of a DEI page on the RF website and updates made to the internal corporate DEI page. Ms. Dowdell discussed the decision to step back from training creation to instead focus on being more strategic, and bringing in a partner in Atlanta for DEI workforce training. She discussed the role of the DEI Committee, which includes a cross section of RF staff. The DEI Committee and the HR Department is looking at minority engineering groups and cyber groups and understanding RF’s open positions and what groups represent them. Lastly, Ms. Dowdell noted the use of cultural celebrations to balance out DEI education as well as celebrate our differences.

**2022 Corporate Goals** – Ms. Dowdell provided an update on RF’s corporate goals. She shared the overarching goals, showing the tier two goals and noting recent accomplishments related to each goal. Examples included accounting and finance being under budget, and enforcement meeting all goals while surpassing prior processing volume. She highlighted the state outreach efforts, and shared updates on the work to survey RF Organizational Committee members and improve the structure of the Committee meetings.

## **Committee Reports**

**a) Compensation** – Chair Courtney Geduldig recapped the meeting, beginning with the Compensation Committee’s (Committee) approval of minutes from the August 2022 meeting. The Committee reviewed staffing and diversity updates, including recruiting and turnover metrics. The Committee also covered progress made on the DEI strategy. There was discussion on corporate goals performance and incentive rewards, including a review of the completion of 2022 goals. Ms. Geduldig reported that the Committee discussed the 2023 corporate goals (which are based on the Strategic Plan), and reviewed and approved the Tier 1 and 2 goals, allowing RF staff to create the Tier 3 objectives. The Committee also discussed salaries, including the off cycle pay study and another analysis that was done to see if there were any gaps. The Committee approved moving forward with some salary adjustments due to changes in the marketplace, and budgeted in those amounts. Ms. Geduldig reported that the Committee reviewed its Charter and procedures, and consolidated several documents. Upon a motion duly made and seconded, the Board approved amendments to the Committee Charter to have all independent directors to serve on the Committee. There was also a discussion of Mr. Gallagher’s goals and a review of his performance in the Committee’s executive session.

**b) Compliance** – Chair Brenton Greene reported that the Compliance Committee (Committee) received an update on compliance monitoring activities, including the Compliance Monitoring and Enforcement Program (CMEP) Implementation Plan and the

2023 risk elements. Kristen Senk, RF's Director of Legal & Enforcement, provided enforcement updates on RF's violation intake and noted progress made to resolve the oldest violations first. The Committee also received information on updates coming to the Align system in 2023. Zack Brinkman, RF's CIP Manager, gave an update on future modifications to the CIP Standards regarding virtualization, and Niki Schaefer, RF's Vice President and General Counsel, discussed NERC's CMEP audit of RF, which had no material findings relating to the NERC Rules of Procedure. Finally, the Committee reviewed its Charter and identified no required changes.

**c) Finance and Audit** – Chair Pat Cass reported that the Finance and Audit Committee (Committee) received a financial overview and reviewed the status of the working capital investment portfolio with Glenmede. The Committee made no changes to the investment strategy or the advisor. The Committee also reviewed several policies, including the Code of Conduct and the Policy on Personnel Conflicts Related to Entity Employment and Certain Financial Interests in Entities (both of which were approved by the Committee and also reviewed by the full Board in executive session). The Committee also reviewed the Policy for Investment of Corporate Funds and made a minor change to the policy. Mr. Cass reported that the Committee approved slight modifications to the Committee Charter, and reviewed the Committee planner to ensure the Committee completed all required activities for 2022. Mr. Cass advised the Committee and the Board on his review and the filing of the IRS Form 990 and the Ohio tax filing. Ms. Carol Baskey, RF's Manager and Treasurer of Finance and Accounting, presented on RF's Enterprise Risk Management program, which led to robust conversation. Finally, the Committee held an executive session with Mr. Gallagher to discuss key personnel changes within the organization.

**d) Nomination and Governance** – Chair Joanna Burkey reported on the activities of the Nomination and Governance Committee (Committee). She reported that the open part of the meeting included a review of the timetable of key RF events, a review of the Committee's performance of activities for the year, and a review of the Committee Charter with no changes made. In closed session, the Committee discussed and endorsed the Board Chair and Committee assignments. Ms. Burkey stated that Antonio Smyth will serve as the Chair of the Board, Nelson Peeler will serve as Vice Chair, and Pat Cass will serve as lead Independent Director. Upon a motion duly made and seconded, the Board approved the Committee assignments. Niki Schaefer then presented on Board training, including the upcoming new director onboarding and training. Topics for future Board training include another round of the interactive OPS-X training, a potential tour of the ITC substation, and continuing the 411 education sessions.

### **Stakeholder Comments**

Chair Whitelocke gave an opportunity for stakeholders to comment. He thanked Jody Tortora for her efforts and adjourned the meeting.

**Next Meeting** – Chair Whitelocke noted that the next meeting of the Board of Directors will occur on April 26, 2023, in Cleveland, Ohio.

**Adjourn** – Upon a motion duly made and seconded, Chair Whitelocke adjourned the meeting at 1:02 pm (ET).

As approved on this 21<sup>st</sup> day of March, 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**

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**Others Present During the Board of Directors Meeting**

Carol Baskey • ReliabilityFirst  
Zack Brinkman • ReliabilityFirst  
Jeff Craigo • ReliabilityFirst  
Ken DeFontes • NERC  
Beth Dowdell • ReliabilityFirst  
Chelsey Eppich • ReliabilityFirst  
Lesley Evancho • EQT  
Debbie Greene  
Vinit Gupta • ITC  
Diane Holder • ReliabilityFirst  
Tony Jablonski • ReliabilityFirst  
Erik Johnson • ReliabilityFirst  
Marcus Noel • ReliabilityFirst  
David Ortiz • FERC  
William Pezalla • Old Dominion Electric  
Jim Robb • ReliabilityFirst  
Niki Schaefer • ReliabilityFirst  
Kristen Senk • ReliabilityFirst  
Brian Thiry • ReliabilityFirst  
Matt Thomas • ReliabilityFirst  
Jody Tortora • ReliabilityFirst  
Jim Uhrin • ReliabilityFirst