



RELIABILITY FIRST

PUBLIC

Minutes Board of Directors

December 7, 2023

Market Square Conference Center • Concourse Level
801 Pennsylvania Ave. NW • Washington, DC 20004

Closed Session

Executive Session – The ReliabilityFirst (RF) Board of Directors met in executive session at 8:00 am (ET) and discussed confidential matters concerning the corporation. Presentations included a training on Gas Markets an update on the status of the transfer capability studies being performed by the ERO pursuant to the Fiscal Responsibility Act of 2023, and a confidential security update.

Open Session

Call to Order – Chair Antonio Smyth called to order a duly noticed open meeting of the Board of Directors (Board) on December 6, 2023, at 10:39 am (ET). A quorum was present, consisting of the following members of the Board: Chair Antonio Smyth, Vice Chair Nelson Peeler; Steve Ambrose; Joanna Burkey; Patrick Cass; Courtney Geduldig; Lesley Evancho; Tim Gallagher; Jason Marshall; Ken Seiler; Rachel Snead; 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.

Remarks and Reports – Chair Smyth made opening remarks and welcomed everyone to the fourth quarter Board meeting.

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

- Agenda Item 4(a): Draft Minutes from the August 24, 2023 Board Meeting
- Agenda Item 4(b): Resolution for Election of Officers (No. 2023-5)
- Agenda Item 4(c): Resolution for Special Election (No. 2023-6)
- Agenda Item 4(d): Proposed 2024 Board Meeting Dates

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

Keynote Speaker – Chair Smyth introduced Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC. Mr. Cancel began his remarks by discussing the energy trilemma for utilities: balancing access and affordability, reliability and security, and environmental sustainability. He described the complex risk environment for the electric sector, as the resource mix continues to change and conventional generation retirements are expedited. Mr. Cancel noted the increasing number of cyber vulnerabilities and physical attacks, and discussed the importance of adding renewable resources to the system in a safe, secure, and reliable manner. He shared four key aspects of the energy transition that NERC is focusing on: (1) renewable energy resources, (2) transmission needs, (3) ensuring resource adequacy, and (4) the energy supply chain. He then discussed security threats. Ms. Burkey asked about software as a service coming out of Israel, and Mr. Cancel responded with some relevant examples.

President's Report – Tim Gallagher, RF's President and CEO, thanked Mr. Cancel and all the guest speakers, and began his report by highlighting recent projects at RF such as a new external website, a new internal DEI committee, and new projects in RF's analytics department. He then shared information about RF's recent hires and recent employee engagement survey results. Mr. Gallagher also discussed the success of RF's winterization program, and its state outreach program, where states are now reaching out to RF to serve as a credible, independent resource. He highlighted recent tabletop exercises and shared that RF's Chief Security Officer Marcus Noel is planning to do a tabletop exercise for NERC. Mr. Gallagher then reported on the impressive and high volume work the enforcement team performed in 2023, and then shared NERC Board updates. He expressed gratitude to Scott Etnoyer and Jason Marshall for their advocacy in moving reliability forward in their day-to-day work, and for being exemplary contributors to the RF Board.

Lead Independent Director Report Out – Pat Cass, Lead Independent Director, provided an overview of the independent directors' 2023 activities and a brief look into 2024. He discussed a planning session that occurred among the independent directors, and the various RF, NERC and industry events the independent directors participate in to strengthen relationships, learn about the industry, and share their expertise. These activities included onboarding, NERC Meetings, the RF Fall Workshop, a PJM visit, GridEx, and a security tabletop. Mr. Cass also highlighted events coming up in 2024, including a strategic plan retreat and planning session before the NERC board meeting, and a late September tour of the ITC facilities.

FERC Activities – Eric Vanderberg, Deputy Director of FERC's Office of Electric Reliability, provided an update on FERC Activities. He started with the areas of focus at FERC, showcasing the alignment between NERC, FERC, and the Regions. Mr. Vanderberg then discussed major FERC reliability-related activities that have occurred over the last few months, including an inverter-based resources (IBR) registration order, an approved NERC workplan for registering new IBRs on the system, and a Final Rule directing reliability standards for IBRs. Mr. Vanderberg gave an update on the Winter Storm Elliott joint inquiry and stated that the final report on Winter Storm Elliot will include refined recommendations with a focus on moving forward.

He then highlighted recent FERC technical conferences and noted key priorities for the Office of Electric Reliability (OER), which are: (1) cyber and physical security, (2) the generation resource transition, and (3) extreme weather. On the first priority (cyber and physical security), Mr. Vanderberg discussed the focus on reducing the risk of supply chain compromise and protecting low-impact assets. On the second priority (generation resource transition), he discussed the importance of resource and energy adequacy in light of the rapid transition to renewable resources and increasing load growth. Mr. Vanderburg noted FERC's work in reliability studies, tariff filings, and energy regulation and adjudication. On the third key priority (extreme weather), he discussed the importance of essential reliability services, and applauded RF's winterization program that goes beyond the Reliability Standards to focus on continuous improvement with entities.

Winter Storm Elliott Inquiry Report – Heather Polzin, Attorney Advisor and Reliability Coordinator for the FERC Office of Enforcement, and David Huff, Electrical Engineer for the FERC Office of Electric Reliability, presented on the joint inquiry into BPS operations during Winter Storm Elliot, and the joint inquiry report (Report) that resulted from it. Ms. Polzin began by describing how Winter Storm Elliott resulted in 90,500 MW of unplanned electrical generation outages, which is the largest confirmed firm load shed in the history of the Eastern Interconnection. She then presented the areas where firm load shed occurred, the length of the outages, and the rapid decline in natural gas production that occurred on December 24, 2022.

Mr. Huff discussed the electric generation outages in further detail, including their causes (which included freezing issues, fuel and pipeline issues, and mechanical/electrical issues associated with freezing). He went into detail on how issues with the production, processing, and transporting of natural gas contributed to the event. Mr. Huff also provided a summary of the recommendations included in the Report, and encouraged all to read the Report for further detail on these recommendations. Then there were several questions and a robust discussion around the Report and how to address the recommendations, especially those that call for infrastructure buildout.

Committee Reports

a) Compensation Committee – Compensation Committee (Committee) Chair Lesley Evancho reported that the Committee discussed updates on the state of RF's talent identification management programs. The Committee reviewed the completion of the 2023 corporate goals and accomplishments, including enforcement processing almost 400 violations, an upgraded RF physical security system, and the launch of a new state policy newsletter to legislators and state officials. Due to the staff's success in achieving the corporate goals, the Board approved 100% of the incentive award. Ms. Evancho noted the favorable contract terms that helped RF reduce its healthcare costs, which the Committee voted to approve along with the miscellaneous benefits. The Committee also reviewed its charter, its procedures, and performance of duties set forth in the charter for 2023. The Committee then discussed independent director compensation. There was also a discussion of Mr. Gallagher's goals and a review of his performance in the Committee's executive session.

b) Compliance Committee – Compliance Committee (Committee) Chair Joanna Burkey reported that the Committee, which will be known as the Risk and Compliance Committee going forward, first covered two standing topics, an update on compliance monitoring from Matt Thomas, RF’s Director of Compliance Monitoring, and an update on enforcement matters from Kristen Senk, RF’s Director of Legal and Enforcement. The Committee also heard about trends in registration (including the status of IBR registrations), and heard a presentation on the impact and oversight of CIP low impact entities. Finally, the Committee wrapped up their open session with the approval of the activities on in its charter and moved into closed session to discuss confidential matters.

c) Finance and Audit Committee – Finance and Audit Committee Chair Pat Cass reported that the Finance and Audit Committee (Committee) received a financial update, and while RF is currently under budget, the budget is expected to break even by the end of the year. The Committee also reviewed the status of the working capital investment portfolio and determined that no changes to it were needed. Mr. Cass advised the Committee on his review and the filing of the IRS Form 990 and the Ohio tax filing. The Committee also reviewed the Committee planner to ensure that it completed all required activities during the year. Mr. Cass noted that there was no activity on the whistleblower hotline and no breaches of the RF Code of Conduct were reported during the year. He shared that the Committee planned to do an RFP for RF’s external audit provider, but given the departure of RF’s treasurer and new replacement, management requested for the Committee to engage RSM for another year before seeking proposals. The Committee also discussed Enterprise Risk Management, which is an area that has made great strides. The Committee reviewed RF’s corporate insurance providers and levels and determined that RF’s current insurance coverage is appropriate. Finally, the Committee held an executive session with Mr. Gallagher, discussing his key areas of focus for 2024, recent personnel changes, and other organizational matters.

d) Nominating and Governance Committee – Nominating and Governance Committee Chair Courtney Geduldig reported that the Nominating and Governance Committee (Committee) endorsed a resolution to hold a special industry sector election in February to fill the upcoming vacancy when Jason Marshall leaves the Board in January. The Committee reviewed the timetable of RF key events as well as the Committee’s performance of activities for the year. The Committee also discussed the biennial Board evaluation process, and there was a robust discussion on ways to continue to improve the evaluation surveys. The Committee then discussed the Board Chair and Committee assignments, and decided to not replace Jason Marshall’s seat on the Compliance Committee, which will make it easier to maintain a majority of independent directors and maintain continuity in other committees. The Committee nominated Antonio Smyth as Chair of the Board, Nelson Peeler as Vice Chair, and Pat Cass as lead Independent Director. Upon a motion duly made and seconded, the Board accepted the Committee’s nominations for Board Chair, Vice Chair and Lead Independent Director, as well as the recommended committee assignments.

The Committee also reviewed Board training offered over the past year and submitted ideas for topics to create the tentative training plan for 2024. These ideas included an

overview of grid operations, continuing training on natural gas, and enhancing the Board orientation and onboarding process (and making it open to all directors).

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

Next Meeting – Chair Smyth noted that the next meeting of the Board of Directors will occur May 2, 2024, in Cleveland, OH at the RF offices.

Adjourn – Chair Smyth adjourned the meeting at 1:34 (ET).

As approved on this 2nd day of May, 2024 by the
Board of Directors,

A handwritten signature in blue ink, appearing to read 'Niki Schaefer', is positioned above the typed name.

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

ATTACHMENT A

Others Present During the Board of Directors Meeting

Steve Belle • Dominion Energy
Zack Brinkman • ReliabilityFirst
Manny Cancel • E-ISAC
Jeff Craigo • ReliabilityFirst
Hue DeLuca • ReliabilityFirst
Beth Dowdell • ReliabilityFirst
Chelsey Eppich • ReliabilityFirst
Fritz Hirst • NERC
Diane Holder • ReliabilityFirst
David Huff • FERC
Marcus Noel • ReliabilityFirst
William Pezella • Old Dominion
Niki Schaefer • ReliabilityFirst
Kristen Senk • ReliabilityFirst
Joan Soller • Wabash
Brian Thiry • ReliabilityFirst
Matt Thomas • ReliabilityFirst
Jody Tortora • ReliabilityFirst
Jim Uhrin • ReliabilityFirst
Eric Vanderberg • FERC