



RELIABILITY FIRST

Minutes

Board of Directors

March 26, 2024

Teleconference

Closed Agenda

Call to Order – Chair Antonio Smyth called to order a duly noticed open meeting of the Board of Directors (Board) on March 26, 2024 at 11:02 am. A quorum was present, consisting of the following members of the Board: Chair Antonio Smyth; Steve Ambrose; Patrick Cass; Lesley Evancho; Tim Gallagher; Craig Grooms; Scott Hipkins; 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, ReliabilityFirst's (RF) 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.

2025 Business Plan and Budget Assumptions: Beth Dowdell noted that the Finance and Audit Committee met the day prior and approved the 2025 budget assumptions and operating reserve. She then began with the business plan and budget timeline and followed by explaining the process for creating the budget assumptions, including a brief review of an internal SWOT analysis as well as RF's Strategic Plan and how each pillar (being an excellent regulator, cultivating a talented and engaged workforce, and harnessing knowledge to proactively address risks to the grid) drove the proposal and SWOT analysis results.

Ms. Dowdell then discussed the budget assumptions. She started with a review of the projections from the 2024 budget for the 2025 budget, and those included a projected budget increase between a range of 4.3% and 6.5%. Ms. Dowdell then discussed some initiatives for 2025, including implementing cloud-based technology, growing outreach and education efforts, and continuing and growing monitoring, analysis, and reporting activities.

A discussion then ensued regarding cloud-based technology and whether RF has realized the benefit of these tools compared to the cost. Ms. Dowdell explained that RF has realized the benefits of cloud-based tools to an extent, but still needs to refine these tools. There was also a discussion regarding whether RF has the tools its needs on the engineering

side to do the additional new studies required by NERC and to analyze emerging reliability risks. Mr. Craig explained that the ERO is looking at new tools and that RF is planning to add a new full-time employee to the Engineering & System Performance department to help build that knowledge base.

Mr. Evancho asked for a future conversation around what we can consider beyond adding resources, including ways to creatively leverage and analyze the tools, roles, and people we already have. Mr. Gallagher noted that RF should rethink its approach and more proactively assess needs.

Ms. Dowdell then continued her discussion of initiatives, including implementing tools to use Artificial Intelligence (AI), both at RF and across the ERO. A discussion then ensued regarding the need to ensure that security is at the forefront of the AI discussions, and recalled similar discussions and lessons learned from the Align project. Lastly, in terms of initiatives, Ms. Dowdell discussed education and outreach relating to Inverter-Based Resources, and internal staff training and engagement efforts.

Ms. Dowdell then discussed the budget composition, noting that 86% of the budget is driven by fixed costs, with 84% made up from staffing and salary. Some key budget drivers for 2025 include a projected merit increase of 4%, a medical insurance increase (likely only 2.6% due to an 18 month plan cycle), increased meetings and travel, continued table-top exercises, and AI. She noted that RF kept some costs flat from 2023 to 2024, but that those costs will rise slightly into 2025. She also discussed resource and process drivers, including FERC Order 881, new cloud requirements, and energy assessments.

Ms. Dowdell then discussed the projections for three additional full-time employees.

The first role request is for an Energy Policy Analyst to assist with state outreach efforts and navigating the complex policy landscape. This role will also assist with the state table-top exercises, because the work falls more on the outreach arm of the organization as opposed to the security department.

The second role request is for an Engineer in the Engineering and System Performance department, which is needed to assist with the increase in energy assessments and transfer studies that will be taking place.

The third role request is for a Supervisor of CMEP Operations and Standards, which is needed to help with the heavy administrative burden of Align and the Secure Evidence Locker. This position will centralize the ownership and management of Align and the Secure Evidence Locker, as well as assist with other administrative and operational needs of the Compliance Monitoring department. Ms. Dowdell explained that this position was proposed instead of the enforcement attorney originally projected for 2025 because RF has realized that the burden of Align and SEL is much heavier on the administrative side than anything else and in order to continue processing enforcement actions without creating a backlog, there is an immediate need for this position to relieve the paralegal currently working through Align and SEL issues at the expense of processing enforcement actions, as it is currently occupying 50% of her time.

Ms. Dowdell then discussed the assessment strategy, which manages penalty dollars in a way that stabilizes assessments. She also discussed the operating reserve, noting that RF would like to continue with maintaining a \$1,000,000 operating reserve for the 2025 budget (which is consistent with the funding level used historically). Mr. Gallagher explained that the regions vary in terms of the amount of operating reserves they carry.

A motion to approve the \$1,000,000 operating reserve was then made, seconded and unanimously approved.

Next Meeting – Chair Smyth noted that the next meeting of the Board of Directors will occur on May 2, 2024.

Adjourn – Upon a motion duly made and seconded, Chair Smyth adjourned the meeting at 11:55 a, (ET).

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



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

ATTACHMENT A

Others Present During the Board of Directors Meeting

Beth Dowdell • ReliabilityFirst
Diane Holder • ReliabilityFirst
Christi Klein • ReliabilityFirst
Jeff Craigo • ReliabilityFirst
Marcus Noel • ReliabilityFirst
Niki Schaefer • ReliabilityFirst
Kristen Senk • ReliabilityFirst
Jody Tortora • ReliabilityFirst