



RELIABILITY FIRST

PUBLIC

Minutes

Board of Directors • Compliance Committee

August 23, 2023 • 1:00 PM – 3:00 PM (ET)

ReliabilityFirst Corporation
3 Summit Park Drive
Cleveland, OH 44131

Open Session

Call to Order – Chair Joanna Burkey called to order a duly noticed open meeting of the Compliance Committee (Committee) on August 23, 2023, at 1:01 pm (ET). A quorum was present*, consisting of the following members of the Committee: Joanna Burkey, Chair; Patrick Cass, Vice Chair; Lesley Evancho; Jason Marshall; Ken Seiler; and Simon Whitelocke. A list of others present during the Committee meeting is set forth in Attachment A.

***Note** – Three of the four independent directors were present. Ms. Geduldig was provided materials and updates, and during the meeting the stakeholder vote of Simon Whitelocke was not counted so that the independent directors maintained majority vote.

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

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

Approve Compliance Committee Meeting Minutes – Chair Burkey presented draft minutes for the April 26, 2023 Committee meeting, which were included with the agenda package. Upon a motion duly made and seconded, the Committee approved the minutes as presented.

Guest Speaker – Mark Lauby, Senior VP and Chief Engineer, NERC - Mr. Lauby provided an update on NERC's standards development efforts, and discussed several items related to cold weather preparedness across the ERO Enterprise. He discussed NERC's winterization efforts, and commended RF's winterization program that includes site visits to generating plant and educational workshops. He highlighted the joint FERC, NERC, and Regional Entity Winter Storm Elliott report efforts, and the timeline for the report's completion and public release. He also discussed NERC's recent cold weather alert, and the alert's content and requirements for entities.

In response to a question regarding the impact of distribution on reliability, Mr. Lauby responded that it is important to understand and monitor whether distribution issues are impacting the Bulk Electric System (BES). He stated that NERC is not seeing a lot of these types of issues so far, and discussed how NERC monitors the health of the BES and studies events. Mr. Lauby gave an overview of NERC's work studying inverter-based resources and electric vehicles. Discussion ensued on how NERC is monitoring increasing loads resulting from increased electrification, through its assessments and forecasting efforts.

Inverter Based Resources Update – Jim Kubrak, RF's Manager of Operations and Planning Compliance Monitoring, discussed inverter-based resources (IBRs) such as wind, solar, and battery storage. He noted that IBRs are increasing on the BES, including in the RF footprint. Mr. Kubrak explained how IBRs convert direct current to alternating current, and he walked through key reliability risks associated with IBRs.

He then discussed ERO Enterprise and industry efforts taking place to help reduce these risks, including event analysis of IBR-related events, registration of entities owning IBRs, NERC alerts, webinars, creation and sharing of lessons learned, and modeling and study improvements. In the compliance monitoring space, RF has scheduled engagements in 2024 focusing on Reliability Standards associated with common IBR risks (such as PRC-024 to address ride-through risks, MOD-025 and FAC-002 to address capacity risks, and PRC-027 to address fault contribution risks). Mr. Whitelocke suggested that RF should learn and discuss with other states that already have higher percentages of renewables.

Physical Security Update – Johnny Gest, RF's Manager of Engineering and System Performance, provided an overview of developments related to physical security. He began by describing the attack on the PG&E Metcalf substation in 2013, after which CIP-014 was created. Mr. Gest noted that CIP-014 requires asset owners to perform a risk assessment to identify their critical facilities, evaluate threats and vulnerabilities, and develop and implement a security plan. He discussed how NERC's E-ISAC reported an uptick in physical security events in 2022, and FERC issued an order shortly thereafter directing NERC to study the effectiveness of CIP-014. In NERC's study and report, NERC concluded that CIP-014's existing criteria is adequate for the substations reviewed in the assessment, but that there is a lack of specificity in the requirements for CIP-014's required risk assessment.

Mr. Gest then discussed the recent NERC/FERC joint physical security conference, during which representatives from the federal government, registered entities, the ERO, and other organizations discussed physical security, CIP-014, and best practices regarding event prevention, response, and recovery. He reported that during the conference, panelists stressed the importance of information sharing, both with law enforcement and among the industry. Panelists also discussed how CIP-014 should be risk-based, tailored, and evolve over time, as each facility has different risks and needs. There was then discussion among the Committee on NERC's CIP-014 study methods and models, and the importance of

resilience and redundancy measures. There was also discussion on the importance of giving the industry advance notice of revisions to a Reliability Standard.

Compliance Committee Charter Discussion – Chair Burkey led a discussion on proposed changes to the Compliance Committee Charter (Charter), which included changing the name of the Committee to the “Risk and Compliance Committee” and expanding the Committee’s scope to focus on risks to the grid beyond compliance (including how RF addresses risks through various tools and methods). The proposed changes also included the Committee having oversight of the Stakeholder Advisory and Technical Committees (which previously resided with the Nominating and Governance Committee).

Ms. Schaefer discussed additional proposed changes to the Charter that would move the nominations of hearing officers to the Nominating and Governance Committee. She also noted additional minor changes to the Charter for consistency with the other Committee Charters. Upon a motion duly made and seconded, the Committee approved the changes to the Charter.

Next Meeting – Chair Burkey noted that the next Committee meeting will occur in Washington, DC on December 6, 2023. At 2:28 pm, Chair Burkey moved the Committee into closed session.

Closed Session

Confidential Compliance & Enforcement Matters – Kristen Senk, Tom Scanlon, and Matt Thomas presented on confidential matters.

Adjourn – Chair Burkey adjourned the Committee meeting at 3:08 pm (ET).

As approved on this 6th day of December, 2023 by
the Compliance Committee,



Niki Schaefer
*Vice President General Counsel & Corporate
Secretary*

Attachment A

Others Present During the Compliance Committee Meeting

Steve Ambrose • DTE Energy
Steve Belle • Dominion Energy
Jeff Craigo • ReliabilityFirst
Beth Dowdell • ReliabilityFirst
Scott Etnoyer • Talen
Tim Gallagher • ReliabilityFirst
Megan Gambrel • ReliabilityFirst
Johnny Gest • ReliabilityFirst
Vinit Gupta • ITC
Diane Holder • ReliabilityFirst
Erik Johnson • ReliabilityFirst
Rhonda Jones • Invenergy
Marcus Noel • ReliabilityFirst
Nicholas Poluch • Talen
Tom Scanlon • ReliabilityFirst
Niki Schaefer • ReliabilityFirst
Kristen Senk • ReliabilityFirst
Jennifer Sterling • Exelon
Brian Thiry • ReliabilityFirst
Matt Thomas • ReliabilityFirst
Jody Tortora • ReliabilityFirst
Jim Uhrin • ReliabilityFirst