



RELIABILITY FIRST

PUBLIC

Agenda

Board of Directors

May 2, 2024 • 8:00 am – 12:45 pm (ET)

ReliabilityFirst Corporation
3 Summit Park Drive, Suite 600
Cleveland, OH 44131

Theme: Building the Grid of the Future

Room: 5th Floor, Suite 500

Attire: Business Casual

Closed Agenda • Ohio Conference Room

Board of Directors – Executive Session	8:00 am
1. The Interregional Transfer Capability Study Update Presenter: Jim Uhrin, Director Engineering & Reliability Services.	8:05 am
2. Confidential Security Update Presenter: Marcus Noel, VP and CSO	8:20 am
3. Report on Start, Stop, Continue, Improve Exercise Presenter: Niki Schaefer, VP and General Counsel	8:30 am
4. Confidential Executive Session Presenter: Antonio Smyth, Chair	8:45 am

Open Agenda • 5th Floor, Suite 500

1. Call to Order and Appoint Secretary to Record Minutes Presenter: Antonio Smyth, Chair	9:00 am
2. Antitrust Statement Presenter: Niki Schaefer, Vice President and General Counsel Reference: Antitrust Compliance Guidelines	9:02 am

- 3. Consent Items** 9:05 am
 Presenter: Antonio Smyth, Chair
 Reference: a) [Draft Minutes from December 7, 2023 Annual Meeting of Members](#)
 b) [Draft Minutes from December 7, 2023 Board of Directors Meeting](#)
 c) [Draft Minutes from March 26, 2024 Board of Directors Meeting](#)
 d) [Resolution to Hold Elections \(No. 2024-01\)](#)
 Action: **Approve Consent Items**
- 4. Keynote Speaker** 9:10 am
 Presenter: Dr. Elizabeth Cook
 Reference: [Bio](#)
- 5. President's Report** 9:40 am
 Presenter: Tim Gallagher, President and CEO
- 6. 2023 ERO Reliability Risk Priorities Report** 10:10 am
 Presenter: Howard Gugel, Vice President, Compliance Assurance and Registration, NERC
 Description: NERC will present key findings from its 2023 ERO NERC Reliability Risk Priorities Report.
 Reference: [Presentation](#)
 Action: Information and Discussion
- 7. Inverter-Based Resources** 10:25 am
 Presenter: Howard Gugel, Vice President, Compliance Assurance and Registration, NERC
 Description: Mr. Gugel will discuss the ERO plan for identifying, registering, and monitoring Inverter Based Resources.
 Reference: [Presentation](#)
 Action: Information and Discussion
- 8. Resource Adequacy** 10:40 am
 Presenter: MISO, Davey Lopez, Lead Resource Adequacy Planning and PJM, Asanga Perera, Sr. Manager
 Description: Presenters will discuss resource adequacy studies and projections in the PJM and MISO footprints.
 Reference: a) [MISO Presentation](#)
 b) [PJM Presentation](#)
 Action: Information and Discussion

- 9. Financial Update** 11:10 am
- Presenter: Beth Dowdell, Senior Director, Corporate Services
- Description: Ms. Dowdell will provide an update on the financial audit, an update on the 2023 year-end financials and 2024 financials to date, and the draft 2025 ReliabilityFirst Business Plan and Budget to the Board of Directors for approval to submit as a first draft to NERC and to publicly post for 30 days for stakeholder comment.
- Reference: a) [Financial Update](#)
b) [Draft Business Plan and Budget Presentation](#)
c) 2025 Draft Business Plan and Budget
- Action: **Approve the posting of draft 2025 Business Plan and Budget for industry comment and submittal to NERC.**
- Break** 11:30 am
- 10. Standing Updates** (Information provided for transparency into key aspects of RF operations) 11:45 am
- [Security](#)**
- Marcus Noel, CSO, will provide an organizational security update.
- [Outreach and Regulatory Update](#)**
- Diane Holder, VP of Entity and Engagement and Corporate Services will provide an overview of RF's state outreach work, including examples of topics being discussed and actions coming out of those discussions.
- 11. Committee Reports** 12:15 pm
- Talent and Compensation Committee • Lesley Evancho*
Risk and Compliance Committee • Joanna Burkey
Finance and Audit Committee • Patrick Cass
Nominating & Governance Committee • Rachel Snead
- 12. Stakeholder Comments** 12:40 pm
- 13. 2024 Future Meetings:**
- August 21-22 • Canton, OH
 - December 4-5 • Washington, DC
- 14. Adjourn and Lunch to follow** 12:45 pm

Roster • Board of Directors

Antonio Smyth, **Chair** • AEP (S • 2026)
Nelson Peeler, **Vice Chair** • Duke Energy (T • 2024)
Patrick Cass • **Lead Independent** (2026)
Steve Ambrose • DTE Energy (M-LSE • 2025)
Joanna Burkey • Independent (2025)
Lesley Evancho • Independent (2025)
Tim Gallagher • ReliabilityFirst
Craig Grooms • Buckeye Power (Small-LSE • 2026)
Scott Hipkins • FirstEnergy Services Company (T • 2024)
Ken Seiler • PJM (RTO • 2024)
Rachel Snead • Dominion Resources Services, Inc. (S • 2024)
Jennifer Sterling • Exelon Corporation (L-LSE • 2025)
Joe Trentacosta • Southern Maryland Electric Cooperative, Inc. (AL • 2025)
Simon Whitelocke • ITC Holdings Corporation (AL • 2024)

**a) Draft Minutes from December 7, 2023 Annual Meeting
of Members**



RELIABILITY FIRST

PUBLIC

DRAFT Minutes

Annual Meeting of the Members

December 7, 2023

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

Open Session

Call to Order – Chair Antonio Smyth called to order a duly noticed open Annual Meeting of the Members on December 7, 2023, at 9:34 am (ET). A quorum of the members of ReliabilityFirst Corporation (RF) was present. A list of these members is set forth in Attachment A. A list of others present during the Annual Meeting of the Members is set forth in Attachment B.

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.

Chair's Remarks and Welcome – Chair Smyth welcomed all attendees to the meeting and introduced the keynote speaker, United States Senator John Hickenlooper.

Keynote Speaker – Senator Hickenlooper discussed the progress of and improvements occurring to the grid and noted the Bipartisan Infrastructure Bill as one of the tools in place to support and accelerate the energy transition. He highlighted the urgency and need for additional transmission to get energy to where it is needed most. Senator Hickenlooper discussed the need for accelerated change while maintaining reliability, and he encouraged a focus on regional communication. There were questions and a discussion on Senator Hickenlooper's vision for future legislation, which acknowledges the need for new and better transmission. There was also a question on how the ERO can get more involved in legislative discussions about the reliability of the grid. Senator Hickenlooper encouraged this effort and noted that NERC and the Regions are credible experts on reliability. Finally, there was a discussion on the Fiscal Responsibility Act of 2023 and its provisions related to reliability.

Guest Speaker – Emile Thompson, the chair of the Public Service Commission of the District of Columbia (DCPSC), began by sharing the mission and goals of his organization to ensure utilities provide safe, reliable, and affordable services to their ratepayers, while also considering the District of Columbia's climate goals and energy policy in the decision-making process. Chairman Thompson then shared how the DCPSC is focusing on addressing key reliability risks, including those related to energy policy, grid transformation, security risks, and critical infrastructure interdependencies.

**Minutes • December 7, 2023
Annual Meeting of the Members**

He also highlighted recent DCPSC resilience projects, including the Capital Grid Project and the DC Power Line Undergrounding (DC PLUG) initiative. He answered questions and engaged in discussion about utilities investing in the right projects for reliability and working with other states on resilience and redundancy efforts.

Election of an Independent Director – Courtney Geduldig, Chair of the Nominating & Governance Committee, presided over the election of the Independent Director. Ms. Schaefer announced that Mr. Cass was re-elected as Independent Director, and he will serve a three-year term through December 2025. Ms. Schaefer noted that an election was originally noticed for the At-Large Director position as well, but due to unforeseen circumstances, the election for the At-Large Director will be held at a later date.

Overview of Financial Position– Beth Dowdell, RF’s Senior Director of Corporate Services and Treasurer, provided an overview of the company’s 2023 financial information. She reviewed the third quarter financials, and noted that RF is trending under budget (\$342k under) primarily due to decreases in meetings and travel, contracts and consultants, and office costs. She noted that while RF is over on personnel expenses (including salaries), there are decreases in medical costs and employee training. Ms. Dowdell noted that some travel was purposefully cut, and there is a focus on intentionality with training and travel. She then shared the year-end projections, sharing that RF should be right at budget by the end of the year. Ms. Dowdell also provided an update on open and recently filled employee positions.

Comments from Members – Chair Smyth provided an opportunity for members to provide comments, and no additional comments were made.

Future Meeting – Chair Smyth announced the next Annual Meeting of Members was tentatively scheduled for December 5, 2024, in Washington DC.

Adjourn – Upon a motion duly made and seconded, Chair Smyth adjourned the Annual Meeting of Members at 10:21 am (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

Dan Snider On Behalf of American Electric Power Service Corp
Tom Finco On Behalf of American Transmission Company
Ryan Strom On Behalf of Buckeye Power Inc.
Brett Kruse On Behalf of Calpine Energy Services, LP
Timothy Sparks On Behalf of Consumers Energy
Leo Bernier On Behalf of Dayton Power and Light Company
Hugh Conley On Behalf of Duquesne Light Company
Dan Roethemeyer On Behalf of Dynegy Inc.
Gregory Campbell On Behalf of Exelon Corporation
Olenger Pannell On Behalf of FirstEnergy Corp.
Vinit Gupta On Behalf of International Transmission Company
Patrick Devon On Behalf of Michigan Public Power Agency
Price Marr On Behalf of Midcontinent Independent System Operator
Silivia Parada Mitchell On Behalf of NEXTERA Energy Resources
Nick Privette On Behalf of Ohio Valley Electric Corporation
Jack Robb On Behalf of Old Dominion Electric Cooperative
Michael Del Viscio On Behalf of PJM Interconnection LLC
Michelle Longo On Behalf of PPL Electric Utilities Corporation
Sean Cavote On Behalf of Public Service Enterprise Group, Inc.
Nicholas Poluch On Behalf of Talen Energy Supply, LLC
Lynnae Wilson On Behalf of Vectren Energy Delivery of Indiana, Inc.
Jason Marshall On Behalf of Wabash Valley Power Association, Inc.
Christine Kane On Behalf of Wisconsin Electric Power Company
Andrew Anderson On Behalf of Wolverine Power Supply Cooperative, Inc.

Others Present During the Annual Meeting of Members

Steve Ambrose • DTE Energy
Steve Belle • Dominion Energy
Zack Brinkman • ReliabilityFirst
Joanna Burkey • Independent
Manny Cancel • E-ISAC
Patrick Cass • Independent
Jeff Craigo • ReliabilityFirst
Hue DeLuca • ReliabilityFirst
Beth Dowdell • ReliabilityFirst
Chelsey Eppich • ReliabilityFirst
Lesley Evancho • EQT
Tim Gallagher • ReliabilityFirst, President & CEO
Courtney Geduldig • Independent
US Senator Hickenlooper
Scott Hipkins • FirstEnergy Corp.
Fritz Hirst • NERC
Diane Holder • ReliabilityFirst
David Huff • FERC
Marcus Noel • ReliabilityFirst
Nelson Peeler • Duke Energy
William Pezalla • Old Dominion Electric
Heather Polzin • FERC
Niki Schaefer • ReliabilityFirst
Ken Seiler • ReliabilityFirst
Kristen Senk • ReliabilityFirst
Joan Soller • Wabash Valley Power
Antonio Smyth • AEP
Rachel Snead • Dominion Energy
Jennifer Sterling • Exelon
Brian Thiry • ReliabilityFirst
Matt Thomas • ReliabilityFirst
Emile Thompson • Commissioner of the District of Columbia
Jody Tortora • ReliabilityFirst
Joe Trentacosta • SMECO
Jim Uhrin • ReliabilityFirst
Eric Vanderberg • FERC
Simon Whitelocke • ITC Holdings

RELIABILITYFIRST CORPORATION ANNUAL MEETING OF MEMBERS

December 7, 2023

CERTIFICATE OF MAILING

The undersigned hereby certifies that upon request of ReliabilityFirst Corporation, a Notice for the Annual Meeting of Members, a copy of which is attached hereto and made a part hereof, was emailed to the authorized representative of each member of record of ReliabilityFirst Corporation and posted on the website of ReliabilityFirst on October 28, 2023.

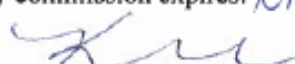
DATED this 28th day of October, 2023.

By: 

STATE OF OHIO)
)
County of Mahoning)

Subscribed and sworn to before me this 28th day of October, 2023.

Notary Public

My commission expires: N/A




KRISTEN M. CADY
Attorney at Law
Notary Public, State of Ohio
My commission has
no expiration date.
Section 147.03 O.R.C.

**RELIABILITYFIRST CORPORATION
ANNUAL MEETING OF THE MEMBERS
December 7, 2023**

CERTIFICATE OF INSPECTOR OF ELECTION

The undersigned, the duly appointed Inspector of Election at the Annual Meeting of the Members of ReliabilityFirst Corporation held on December 7, 2023, 9:30 am Eastern Time, hereby certifies that:

1. The following number of Regular Members were present at the Annual Meeting of Members in person or by proxy:

Industry Sectors	No. of Members Present
Suppliers	5
Transmission Companies	10
RTOs	2
Small LSEs	5
Medium LSEs	2
Large LSEs	2

2. The number of Regular Members of each Industry Sector present at the Annual Meeting of the Members constituted a quorum.
3. I tabulated and inspected the proxies and ballots for the election of directors at the Annual Meeting of Members, the results being as follows:

Election of At-Large Director	Votes FOR	%	Votes Withheld	%
Scott Etnoyer	25	99	1	1

Election of Independent Director	Votes FOR	%	Votes Withheld	%
Patrick CasS	25	99	1	1

b) Draft Minutes from December 7, 2023 Board of Directors Meeting



RELIABILITY FIRST

PUBLIC

DRAFT 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,

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

c) Draft Minutes from March 26, 2024 Board of Directors Meeting

**RELIABILITY FIRST**

DRAFT 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

Resolution to Hold Elections (No. 2024-01)



RESOLUTION NO. 2024-01

**Resolution for
Independent, At Large, and Industry Sector Director Elections**

WHEREAS, the Corporation's Bylaws provide that the Corporation's Industry Sectors may elect sector directors prior to the Annual Meeting of Members;

WHEREAS, At-Large Sector Director, Scott Etnoyer, resigned from the Board in November and Independent Director Courtney Geduldig resigned in December, so the elections for their replacements will be held with the other Industry Sector elections;

NOW, THEREFORE, BE IT RESOLVED, that the election of directors by the RTO, Transmission and Supplier sectors and a special election for the Independent and At Large Directors shall be conducted prior to the 2024 Annual Meeting of Members at a special telephonic meeting to be held on July 30, 2024, at 10:00 a.m., Eastern Time;

FURTHER RESOLVED, that the nominees selected by the Nominating and Governance Committee for the vacant at-large and independent directors shall be submitted to the Members in the notice of the election;

FURTHER RESOLVED, that the close of business on June 30, 2024 is designated as the record date for the determination of the Regular Members entitled to receive notice of, and to vote in, the election;

FURTHER RESOLVED, that members of each of the Industry Sectors must submit their nominees for directors to represent their respective Industry Sectors by June 30, 2024 to their respective Industry Sectors;

FURTHER RESOLVED, that the authorized officers, each acting alone or together with the other, are hereby authorized and directed to solicit and transmit a notice and proxy to each Regular Member entitled to receive notice of, and to vote, in the election;

FURTHER RESOLVED, that Niki Schaefer of the Corporation is hereby appointed and authorized to tabulate proxies on behalf of the Corporation and to act as inspectors of election in connection with the Election;

FURTHER RESOLVED, that the President or the Corporate Secretary, or such other officer of the Corporation as may be appointed by them, shall preside at the special meeting;

FURTHER RESOLVED, that all actions heretofore taken by the authorized officers of the Corporation in connection with the subject matter of any of the foregoing resolutions be, and they hereby are, approved, confirmed and ratified in all respects; and

FINALLY RESOLVED, that the appropriate officers of the Corporation be and they hereby are authorized and directed to take all actions and execute all such documents as they deem necessary or appropriate to effectuate the foregoing resolutions.

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

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

Bio



Dr. Elizabeth Cook, PhD

Dr. Elizabeth Cook, PhD, holding dual roles as the Vice President of Technical Strategy at the Association of Edison Illuminating Companies (AEIC) and as a consultant in grid modernization. At AEIC, she drives initiatives in electric energy innovation and operational excellence, working closely with technical committees, member companies, and directing projects at AEIC's Center for Operational Excellence.

Elizabeth is at the forefront of grid modernization efforts. Her expertise, honed through her experience as Director of Advanced Grid Systems at Duquesne Light Company, is pivotal in advancing digital transformation in utilities. She is also an adjunct professor, published author, mindset coach, and a mother of six. She holds a doctorate in electrical and computer engineering from the University of Pittsburgh.

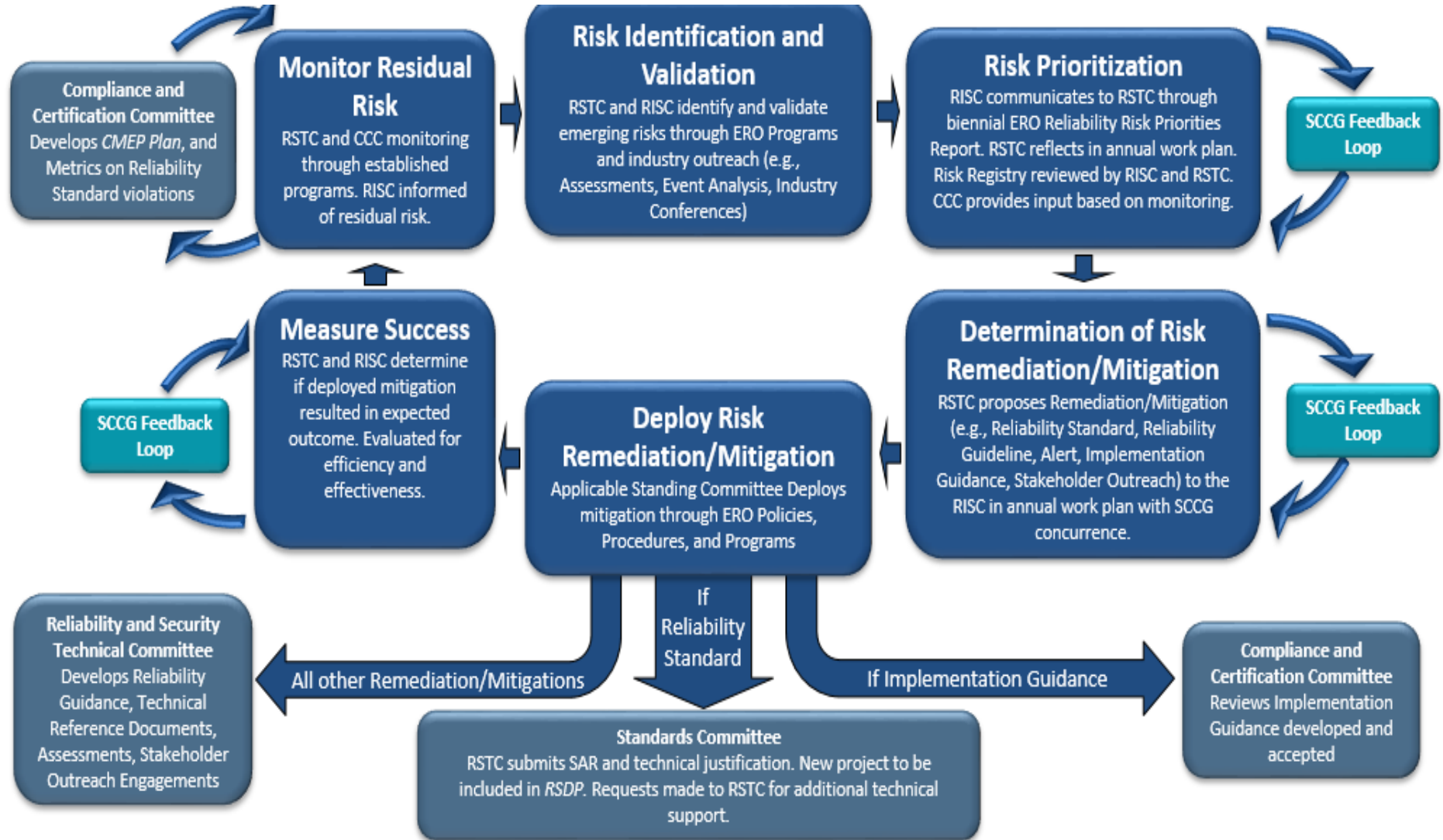
NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

2023 ERO Reliability Risk Priorities Report

Howard Gugel, Vice President of Compliance Assurance and Registration
ReliabilityFirst Board Meeting
May 2, 2024

RELIABILITY | RESILIENCE | SECURITY



- Objectives:
 - Develop the scope, priority, and goals to mitigate known and emerging risks to bulk power system reliability
 - Provide a framework to effectively focus NERC and industry resources to improve reliability
- Biennial Activities
 - Reliability Leadership Summit
 - Industry risk survey
 - Identify Priority Risks
 - Identify Mitigating Activities
- Document result in Reliability Issues Steering Committee (RISC) Report

Five high level risk profiles:

Energy Policy



- A. Federal
- B. State
- C. Provincial

Grid Transformation



- A. Bulk Power System Planning
- B. Resource Adequacy and Performance
- C. Increased Complexity in Protection and Control Systems
- D. Situational Awareness Challenges
- E. Human Performance and Skilled Workforce
- F. Changing Resource Mix

Critical Infrastructure Interdependencies



- A. Communications
- B. Water/Wastewater
- C. Oil
- D. Natural Gas

Resilience/ Extreme Events



- A. Extreme Natural Events, Widespread Impact
 - GMD
- B. Other Extreme Natural Events

Security Risks



- A. Physical
- B. Cyber
- C. Electromagnetic Pulse



Changing Resource Mix	Manage - 2019	Manage - 2021	Manage - 2023
Resource Adequacy and Performance	Manage - 2019	Manage - 2021	Manage - 2023
Cybersecurity Vulnerabilities	Manage - 2019	Manage - 2021	Manage - 2023
Extreme Natural Events/Extreme Events	Monitor - 2019	Monitor - 2021	Monitor - 2023
Critical Infrastructure Interdependencies	Manage - 2019	Manage - 2021	Manage - 2023
Bulk Power System Planning	Manage - 2019	Monitor - 2021	Monitor - 2023
Physical Security Vulnerabilities	Monitor - 2019	Monitor - 2021	Monitor - 2023
Control and Protection Systems Complexity	Monitor - 2019	Monitor - 2021	Monitor - 2023
Loss of Situational Awareness	Manage - 2019	Monitor - 2021	Monitor - 2023
Human Performance and Skilled Workforce	Monitor - 2019	Monitor - 2021	Monitor - 2023
Electromagnetic Pulse		Monitor - 2021**	Monitor - 2023



Questions and Answers

NERC

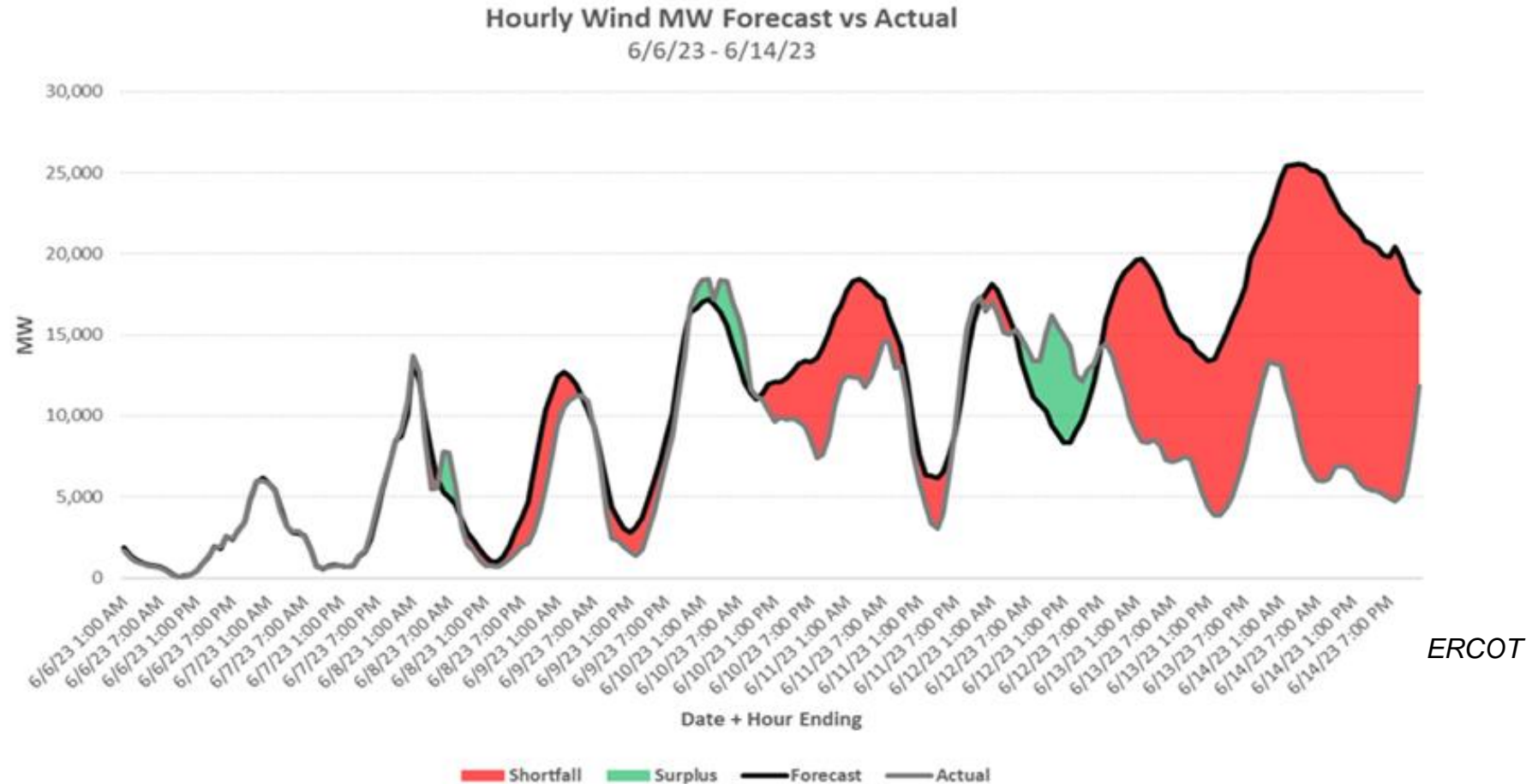
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

A Changing Risk Environment Requires Extraordinary Action

Howard Gugel, Vice President of Compliance Assurance and Registration
ReliabilityFirst Board Meeting
May 2, 2024

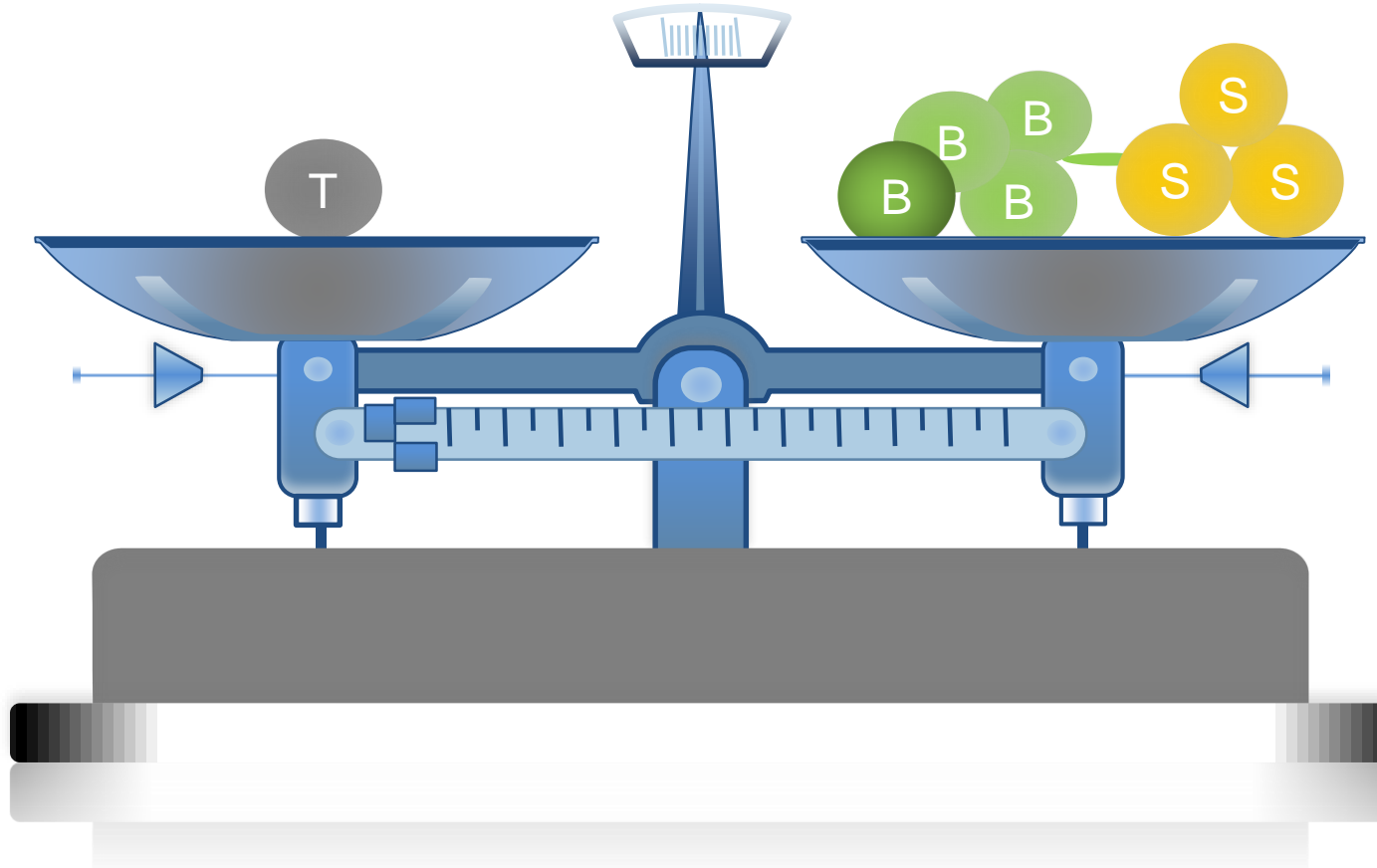
RELIABILITY | RESILIENCE | SECURITY

ERCOT, SPP, MISO: A “wind drought” caused 60 GW of installed wind capacity to generate 300 MW



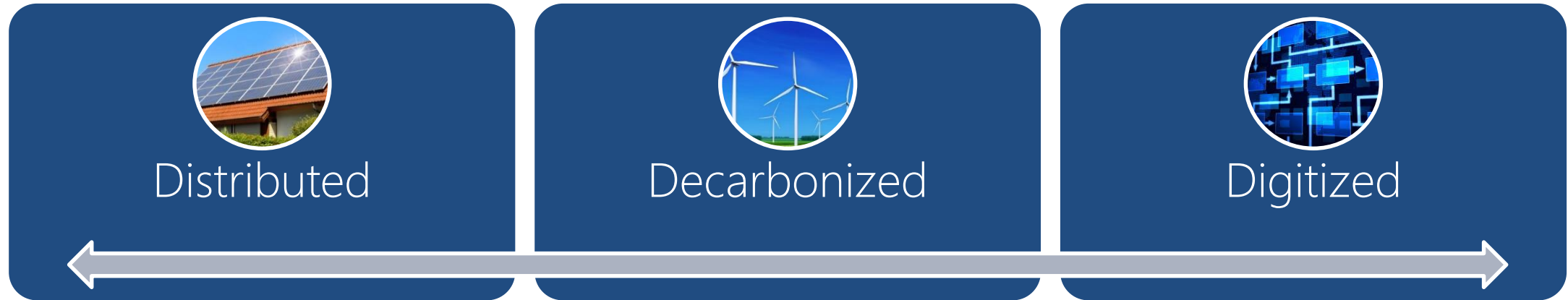
Retire 100 MW Base Load Generation

- *100 MW Traditional Base Load generates 2400 MWh*



300 MW Solar + 400 MW Batteries

- *Assume 8 hours of sunlight*
 - *Assume no losses in conversion*
- Usage*
- *100 MW **solar** for 8 hours (800 MWh)*
 - *400 MW **storage** for 4 hour discharge (1600 MWh)*
- Storage*
- *200 MW **solar** to charge storage 8 hours (1600 MWh)*



Must Wins:

1. **Manage the pace of transformation** through market mechanisms and inter-agency coordination on policies that impact generation
2. Develop sufficient **transmission**, to integrate renewables and distribute them, make the system more resilient
3. Maintain a robust fleet of **balancing resources**, with an ability to provide **Essential Reliability Services**
4. Ensure a robust **energy supply chain** for the balancing resources, with sufficient access to fuel and stored energy to withstand long-duration, wide-spread extreme weather events
5. **STATES:** Refine resource adequacy requirements that preserves energy assurance

- [NERC staff analysis](#) of IBRs in 2021-2022
- [FERC IBR Order](#) – November 17, 2022
- [Work plan](#) and white paper filed with FERC – February 15, 2023
 - Proposed ≥ 20 MW and ≥ 60 kV criteria
 - Registration changes, then Reliability Standard changes
- May 18, 2023: FERC Order approved work plan
 - Work plan updates every quarter | February 12, 2024: [Quarterly Update](#)
- February 22, 2024 – Board approves new registration criteria
- March 19, 2024 – NERC filed its [proposed revisions](#) with FERC

IBR Registration Milestones

Phase 1: May 2023–May 2024

- Complete Rules of Procedure revisions and approvals
- Commence Category 2 GO and GOP candidate outreach and education (e.g., through trade organizations)

Phase 2: May 2024–May 2025

- Complete identification of Category 2 GO and GOP candidates
- Continue Category 2 GO and GOP candidate outreach and education (e.g., quarterly updates, webinars, workshops, etc.)

Phase 3: May 2025–May 2026

- Complete registration of Category 2 GO and GOP candidates thereafter subject to applicable NERC Reliability Standards
- Conduct specific Category 2 GO and GOP outreach and education (e.g., quarterly updates, webinars, workshops, etc.)

- IBR quick reference guide [posted](#)
 - Visuals
 - Call to action
 - Links to all relevant web pages
- IBR registration initiative Q1 2024 update [posted](#)
- Planned webinar on ROP revisions
- Strategic communications plan developed

- Fact sheets:
 - How to determine if you are a candidate for IBR registration.
 - What does an implementation plan look like?
- Fundamentals: “who is NERC” and “who is the E-ISAC”?
- Continue outreach to identify candidates through various channels
- Continue engaging identified candidates for introduction to NERC and ERO Enterprise through multiple channels: website, email, CORES, Align, and trainings.
- Issue bulletins and other communication materials announcing the obligation to register, including the list of applicable Reliability Standards and Reliability Standards projects.



Questions and Answers



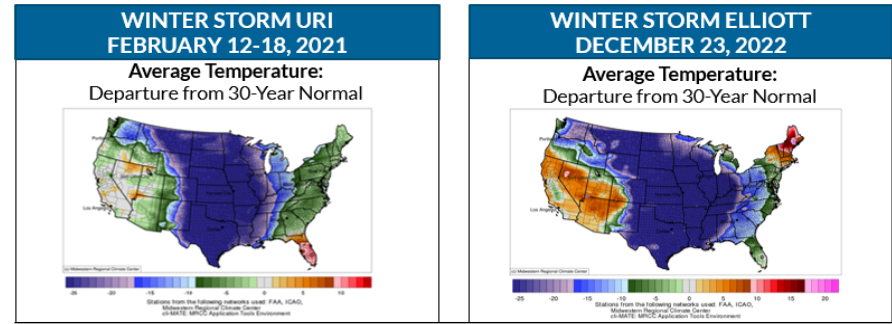
MISO Resource Adequacy

ReliabilityFirst Board Meeting

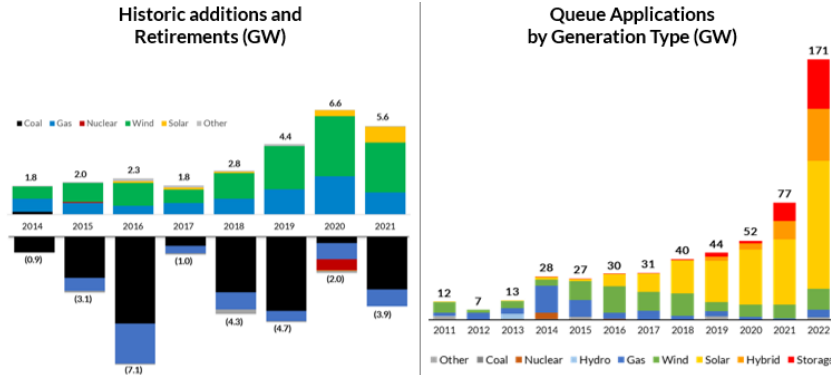
May 2, 2024

MISO is entering into a different operating & risk paradigm with increasing extreme weather events and transition to renewables

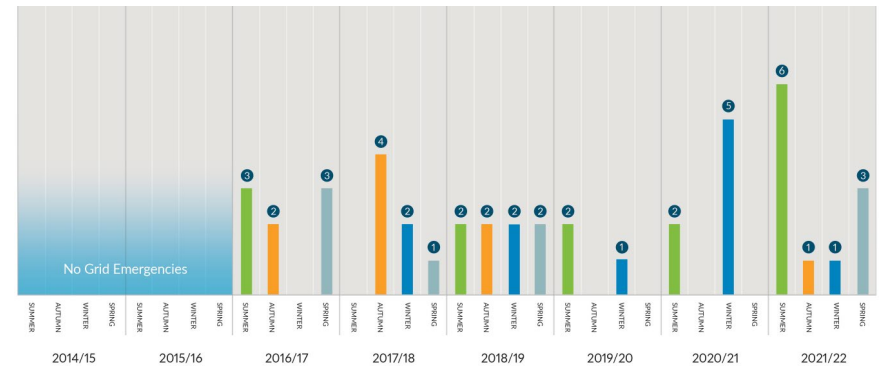
Extreme Weather events



Fleet transition



Non-summer, frequent emergencies



Key resource adequacy assessments across planning horizons provide visibility into gaps between future resource adequacy requirements and accredited capacity

1 YEAR

- MISO Planning Resource Auction (PRA)

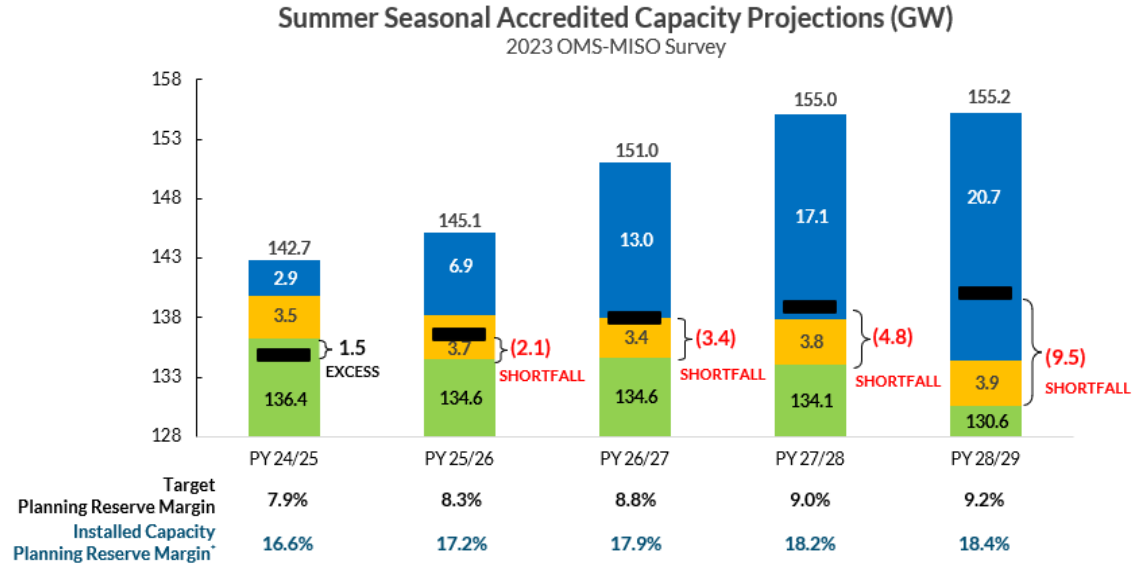
2-5 YEARS

- OMS-MISO Survey
- Interconnection Queue

6-20 YEARS

- Member Resource Plans
- Regional Resource Assessment (RRA)

Committed capacity projections from the OMS-MISO Survey show an increasing deficit beginning in 2025-26; capacity additions are needed, and retirements may need to be delayed to mitigate reliability risks



- Potential New Capacity
- Potentially Unavailable Resources
- Committed Capacity
- Projected PRMR

- Bracketed values indicate difference between Committed Capacity and projected Planning Reserve Margin Requirement (PRMR)
- Committed Capacity includes signed GIA projects shown on slide 19 of [OMS-MISO workshop presentation](#)
- Capacity accreditation values and PRM projections based on current practices
- Timing/GW of potential New Capacity projected per methodology noted in Oct 2022 RASC
- Regional Directional Transfer (RDT) limit of 1900 MW is reflected in this chart

Over the past few years, MISO has focused on multiple Resource Adequacy initiatives to improve pricing and accreditation as we go through the portfolio transition



'what is needed for reliability?'

Adjustments to parameters, methodologies to reflect operational experience

Measures:

- Seasonal Planning Reserve Margin Requirements
- Local Reliability Requirement
- Local Clearing Requirement



'what is counted from member resources?'

Evolution of accredited capacity values to reflect the expected capability and availability of the resource during periods of shifting reliability risk

Measures:

- Availability during historical risk periods
- Availability during modeled risk periods*



'how do we know what the system will need in the future?'

Maturation of information exchange, modeling, and gap analysis to better inform resource investment and retirement

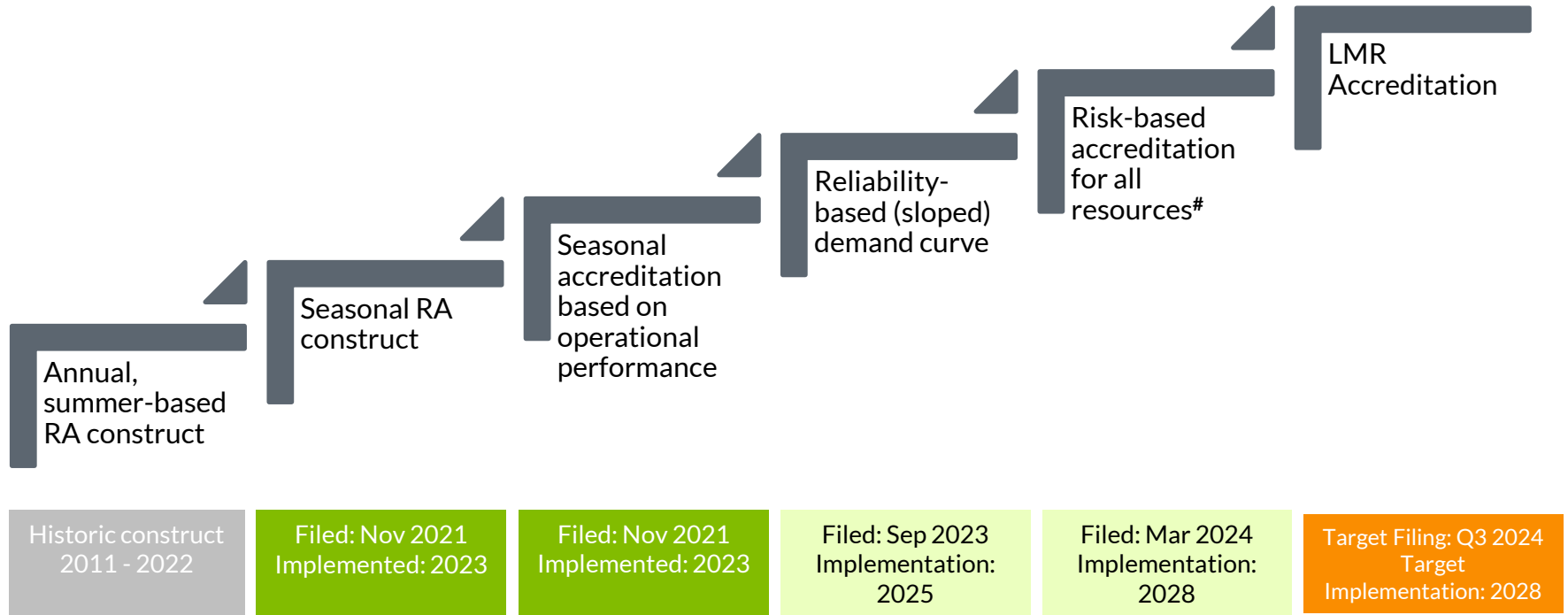
Measures:

- Supply offers
- Demand curve*
- Planning Resource Auction (PRA)

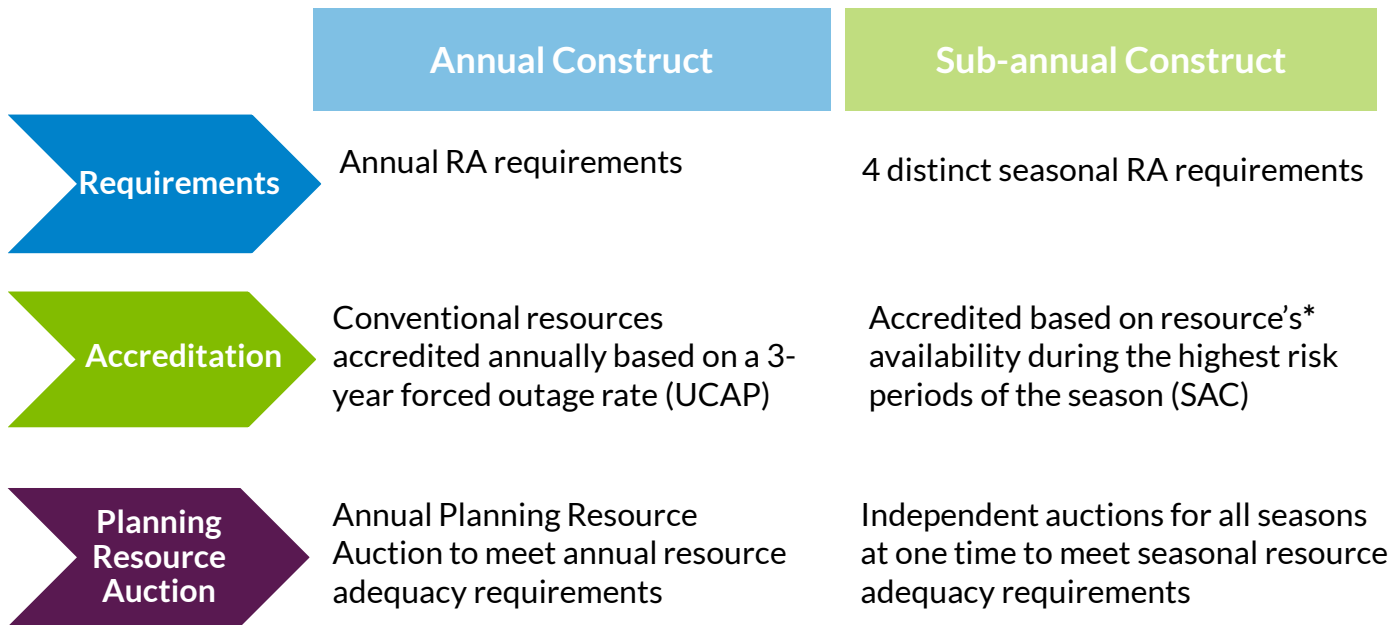
Consideration of reliability attributes is common across all RA categories. The Market Redefinition pillar additionally includes complimentary reforms in MISO's energy and ancillary services markets.

* Proposed, based on ongoing/future reforms, yet to be implemented

MISO continues to evolve its resource adequacy construct to meet the needs of the changing operating paradigm and associated risk profile



Seasonal resource adequacy construct revises planning requirements and resource accreditation & helps improve visibility into capacity sufficiency



Creation of a Reliability Based Demand Curve in MISO's Resource Adequacy construct will increase alignment with key design principles



PRA clearing prices will more properly value incremental capacity, recognizing that additional capacity above the 0.1 LOLE standard has additional reliability value



The capacity prices will better support Market Participants' retirement and replacement decisions consistent with state jurisdictional processes



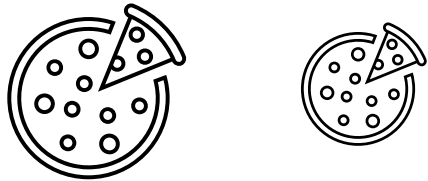
MISO should clear at more economically efficient outcomes reflecting an improved price of capacity

MISO's recommendation for accrediting all resources (except Load Modifying Resources) measures a resource's availability when reliability risk is the greatest

Class-Level (Prospective/Probabilistic)

Direct-LOL Method

Availability within LOLE model during
Critical Hours

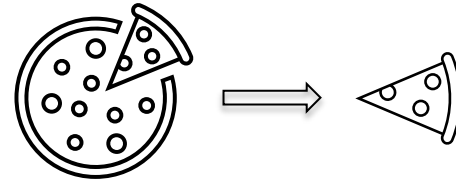


Step 1: Determining Class-level accreditation

Resource-Level (Retrospective/Deterministic)

Schedule 53A Method

Based on actual performance with historical
high-risk hours weighted more heavily



Step 2: Allocating Class-level accreditation
to each Resource in the Resource Class

MISO is projected to meet most Planning Year 2024-25 resource adequacy requirements; however, pressure persists with reduced capacity surplus across the region and a shortfall in Zone 5

- The Planning Resource Auction (PRA) clearing prices are flat across the region, except for fall and spring in Zone 5 (Missouri)
 - Zone 5 cleared at seasonal Cost of New Entry (CONE) in fall and spring due to inadequate capacity to meet its Local Clearing Requirement, driven by resource retirements and seasonal outages

All Zones (except Zone 5)

- Summer: \$30/MW-day
- Fall: \$15/MW-day
- Winter: \$0.75/MW-day
- Spring: \$34.10/MW-day

Zone 5:

- Summer: \$30/MW-day
- Fall: \$719.81/MW-day
- Winter: \$0.75/MW-day
- Spring: \$719.81/MW-day

- Capacity surplus across MISO eroded 30% in summer, primarily in the North/Central region
 - Retirements, reduced imports and higher requirements are insufficiently offset by new capacity
 - Trends are similar across other seasons except for winter which has a higher surplus
- Receding surplus, coupled with emerging risks due to fleet transition and new load additions, continue to pressure resource adequacy
- MISO's efforts under the Reliability Imperative – Reliability-Based Demand Curve, accreditation and attributes – are timely and responsive to the evolving resource adequacy risk

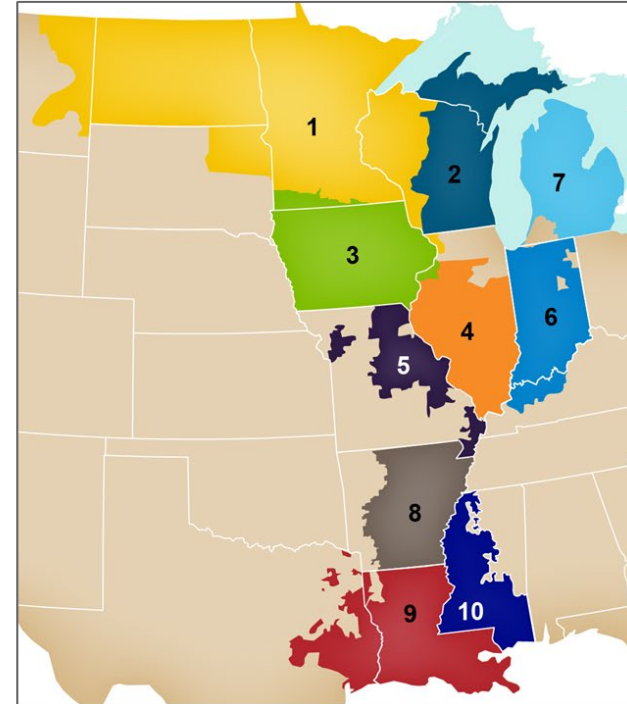
The 2024 PRA demonstrated sufficient capacity at the regional, sub-regional and zonal levels except for Zone 5

2024 PRA Results

Zone	Local Balancing Authorities	Summer	Fall (Price \$/MW-Day)	Winter	Spring
1	DPC, GRE, MDU, MP, NSP, OTP, SMP	30.00	15.00	0.75	34.10
2	ALTE, MGE, UPPC, WEC, WPS, MIUP	30.00	15.00	0.75	34.10
3	ALTW, MEC, MPW	30.00	15.00	0.75	34.10
4	AMIL, CWLP, SIPC, GLH	30.00	15.00	0.75	34.10
5	AMMO, CWLD	30.00	719.81	0.75	719.81
6	BREC, CIN, HE, IPL, NIPS, SIGE	30.00	15.00	0.75	34.10
7	CONS, DECO	30.00	15.00	0.75	34.10
8	EAI	30.00	15.00	0.75	34.10
9	CLEC, EES, LAFA, LAGN, LEPA	30.00	15.00	0.75	34.10
10	EMBA, SME	30.00	15.00	0.75	34.10
ERZ	KCPL, OPPD, WAUE (SPP), PJM, OVEC, LGEE, AECI, SPA, TVA	30.00	15.00	0.75	34.10

Highlighted prices went to CONE

MISO Resource Adequacy Zones



In tandem with the evolving RA construct, MISO continues to enhance its probabilistic model

Recent enhancements

- Cold-weather outage adder
- Planned outages
- Seasonal outage rates

Long-term focus

- Transmission Modeling
- External assistance
- Exploring Economics

Near-term focus

- Correlated events
- Planned outages
- Load forecasting
- Storage modeling
- Demand-side validation

Decreasing capacity surplus and the zonal deficiency, coupled with emerging risks due to fleet transition and new load additions, reinforce the urgency for ongoing reforms

Reforms under the Reliability Imperative are timely and responsive to the drivers contributing to resource adequacy challenges

DRIVERS

Premature retirement of dispatchable resources

Slow pace of resource additions

Loss of accredited capacity & reliability attributes

New load additions

MISO RESPONSE

Implemented

- Seasonal construct & thermal accreditation: implemented PY 2023-24

Filed

- Reliability-based demand curve: implementation PY 2025-26
- Resource accreditation: implementation PY 2028-29

Ongoing

- Load modifying resources accreditation: Target PY2028-29
- Attributes roadmap and associated reforms

Davey Lopez

Lead, Resource Adequacy
MISO
dlopez@misoenergy.org

PJM Presentation

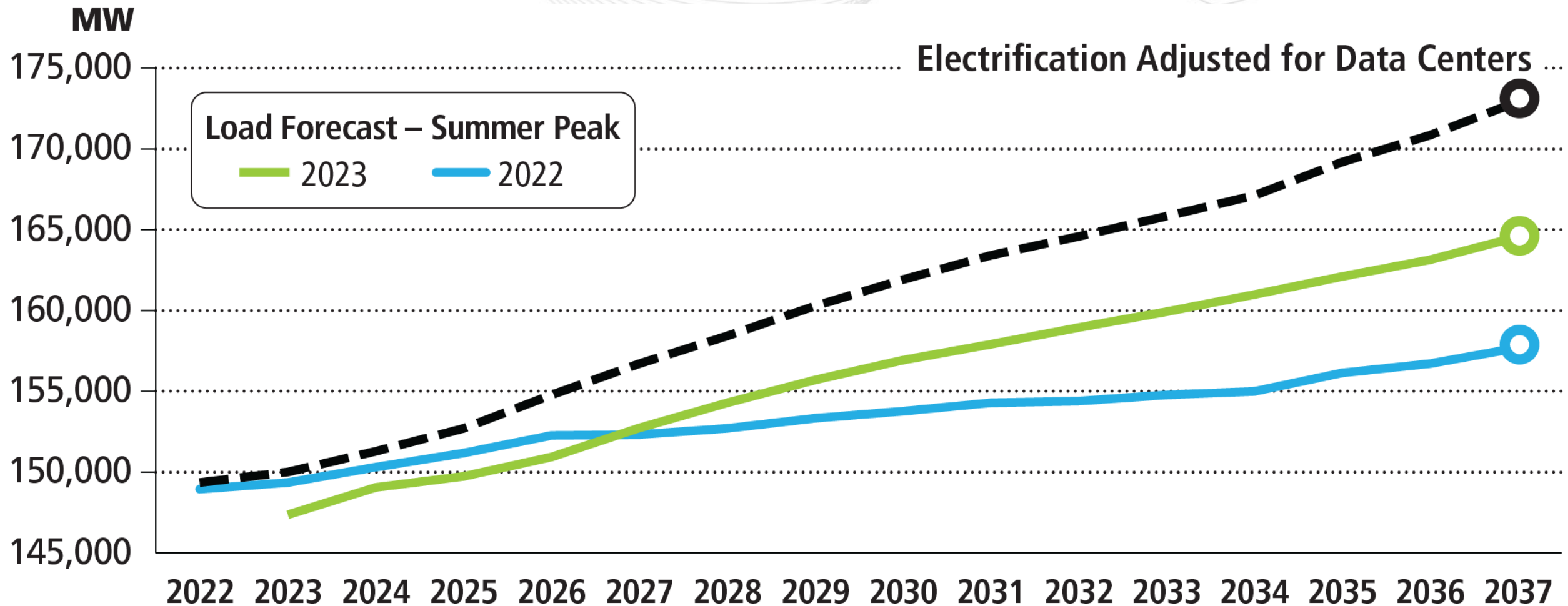


ReliabilityFirst Board of Directors Meeting Resource Adequacy Update

Asanga Perera

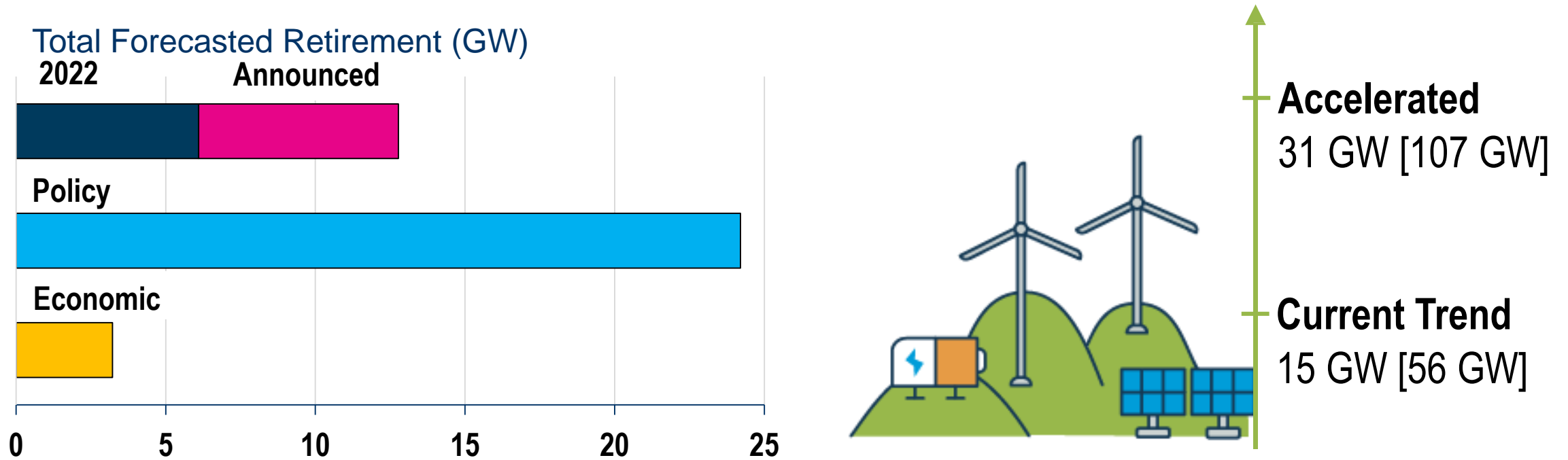
Sr. Manager – PJM Planning

May 2, 2024





Resource retirements and load growth could potentially outpace new entry (at the current pace, resource adequacy risks could emerge by 2028-2030).



Projected Changes in 2030 Resource Adequacy from the 4R Report



-10 GW



0 GW



+2 GW



-8 GW

Forecast revisions suggest growing risk of inadequate reserves

Growing risks of resource adequacy challenges

4R report indicated 2028-2030 time frame and latest forecast revisions show growing risks

Markets will respond to decreasing reserves

- Rising prices could result in additional supply, fewer retirements, and load response which could mitigate shortfalls
- Energy and capacity market reforms already underway and will be pursued to address price formation challenges

Continued focus is necessary to manage risk

- Outreach underway urging policy makers to avoid retirement policies till adequate supply with proven performance
- Executing Interconnection reforms to onboard new generation

Financial Update

FINANCIAL UPDATE

Beth Dowdell, Sr. Director, Corporate Services

May 2, 2024

Cleveland, OH



2024 FIRST QUARTER FINANCIALS

- As of March 31st
 - \$260K (3.22%) Under budget
 - Key variances
 - Funding \$67K ↑
 - Personnel Expenses \$136K ↓
 - Meeting Expenses \$43K ↓
 - Operating Expenses \$316K ↓

YEAR END PROJECTIONS

- Estimating as of 12/31/24
 - Early projections show on target with budget
 - Key variances
 - Funding \$200K ↑
 - Personnel Expenses \$195K ↑
 - Meeting Expenses On target
 - Operating Expenses \$133K ↓

QUESTIONS & ANSWERS

FORWARD TOGETHER  RELIABILITYFIRST



Draft Business Plan and Budget Presentation

2025 BUSINESS PLAN & BUDGET

Beth Dowdell Sr. Director Corporate Services

May 2, 2024

Cleveland OH



AGENDA

BUDGET BREAKDOWN

REGIONAL COMPARISON

BUDGET CONSIDERATIONS

FUTURE PROJECTIONS

ASSESSMENT STABILIZATION

APPROVE DRAFT BP&B



BUDGET BREAKDOWN

2025



WHAT WE PROJECTED LAST YEAR...

Low Range 4.3%

Expense	Details
Personnel 4.6%	<ul style="list-style-type: none"> • Merit Increase 4% • Medical/Dental Premiums 6% • 1 FTE*
Meetings	Increase by 2%
Travel	Increase by 2%
Operating	Increase by 2.5%
Fixed Assets	\$178,669

High Range 6.5%

Expense	Details
Personnel 6.6%	<ul style="list-style-type: none"> • Merit Increase 4% • Medical/Dental Premiums 10% • 3 Total FTEs**
Meetings	Increase by 7%
Travel	Increase by 7%
Operating	Increase by 5.4%
Fixed Assets	\$187,514

*1Security Architect preapproved for 2025 as part of the 2024 budget process

**2 additional FTEs projected for RAPA and Enforcement

WHERE WE LANDED

2025 Total Budget: \$33,373,022

- 6.5% increase over 2024 (\$2,048,487)
 - Personnel Expense – 6.6% increase (\$1,781,146)
 - Operating Expense & Fixed Assets – 6% increase (\$267,341)

Assessment: \$28,587,612

- 6% increase over 2024 (\$1,628,340)

Penalties released: \$2,707,910

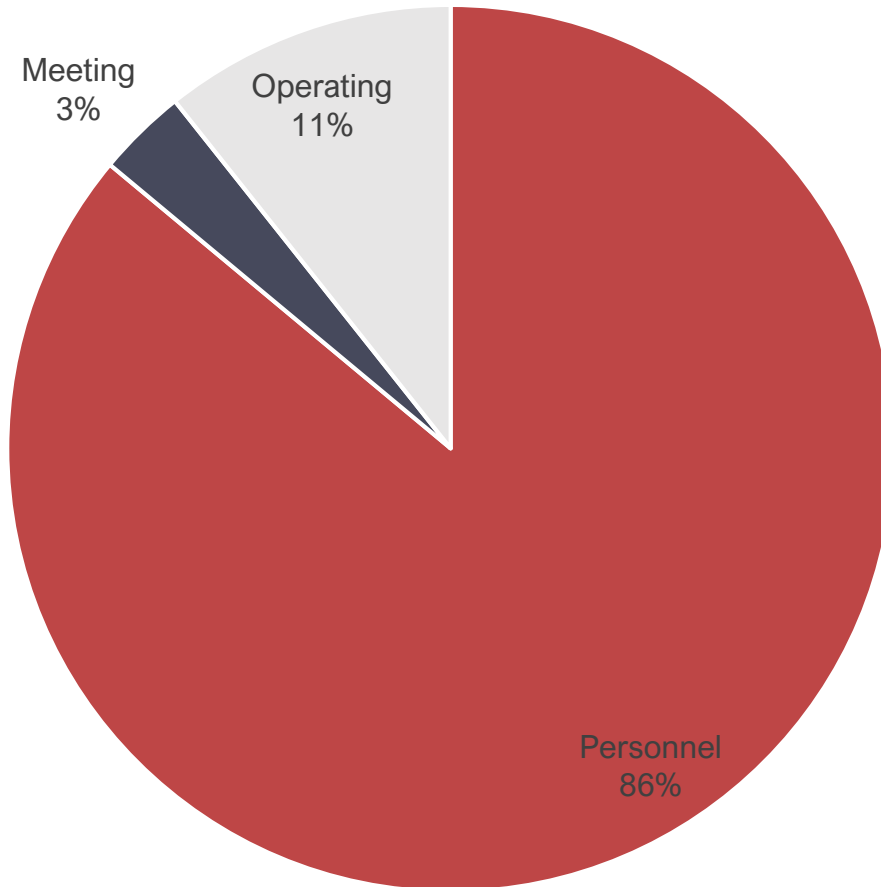
- 83% increase over 2024 (\$1,234,562)

FTEs Added: 3

- Total FTEs: 101

ALLOCATED BY EXPENSE

2025 Budget



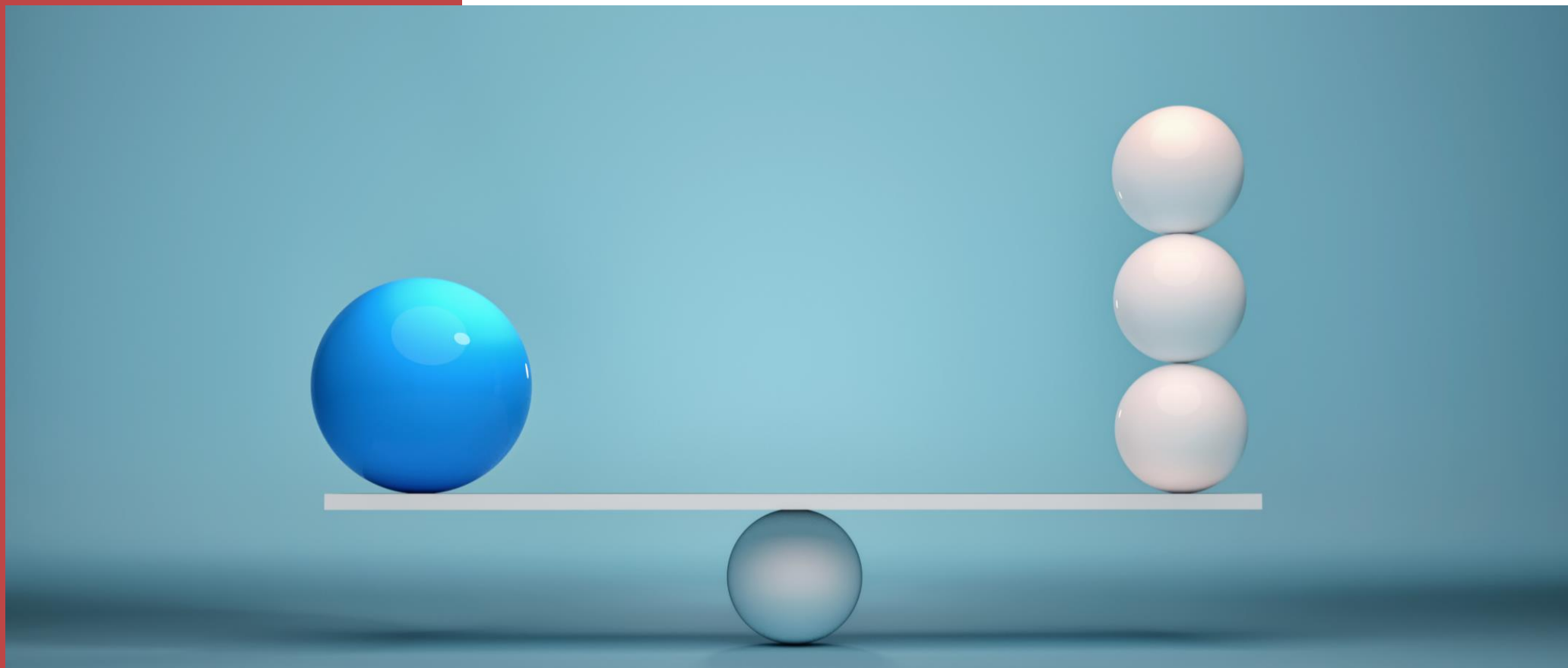
VARIATIONS FROM 2024

2025 Budget Increase (Decrease) from 2024			
	Total 2025 Budget	Total Change From 2024	% of Total Budget Increase
Personnel Expenses			
Salaries \$	20,909,475	\$ 1,414,094	69%
Payroll Taxes	1,345,325	113,230	6%
Benefits	3,013,614	28,145	1%
Retirement Costs	3,371,307	225,677	11%
Total Personnel Expenses \$	28,639,721	\$ 1,781,146	
Operating Expenses			
Meetings \$	427,408	\$ (5,447)	0%
Conference Calls	13,000	13,000	1%
Travel	648,107	7	0%
Consultants & Contracts	653,970	100,270	5%
Office Rent	716,000	(136,751)	-7%
Office Cost	1,357,755	346,621	17%
Professional Services	761,365	19,549	1%
Miscellaneous	65,696	16,992	1%
Fixed Asset Additions	90,000	(86,900)	-4%
Total Operating Expenses \$	4,733,301	\$ 267,341	
Totals \$	33,373,022	\$ 2,048,487	

PRELIMINARY REGIONAL COMPARISON

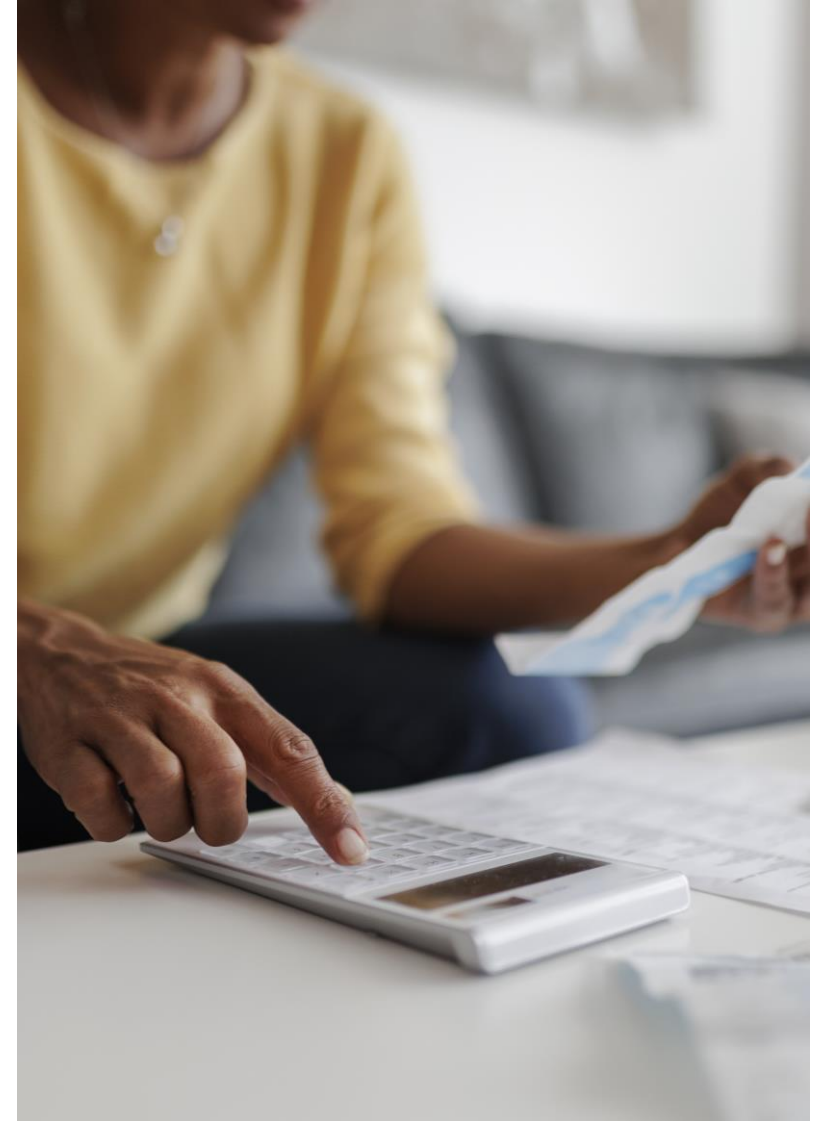
Region	Budget Increase	Assessment Increase	2025 FTEs Added	2024 Total FTEs	FTE Notes
MRO	7.5%	7.0%	3	80	RAPA, External Affairs
NERC	8.2%	11.8%	12.4	251	4 Corp Serv; 4 Transmission Assessment, 2 E-ISAC, 2 Standards, Compliance
NPCC	15.9%	16%	9	68	RAPA, 6 Compliance Registration & Certification, IT, Standards
RF	6.5%	6%	3	98	RAPA, External Affairs, Compliance
SERC	10.5%	9.7%	4	111	2 Training/External Affairs, Compliance
TXRE	5.5%	5.7%	2	70	Compliance, IT
WECC	12.3%	36%	7	168	RAPA, External Affairs, 4 Compliance

BUDGET CONSIDERATIONS



REDUCTIONS MADE

- Travel remaining flat YOY
 - Saves ~\$78K
- Staggering start dates of FTEs
 - Saves ~\$50K
- Reduced contractor costs
 - Saves ~\$300K
- Meetings remaining flat
 - Saves ~\$130k



2026 BUDGET PROJECTIONS

Low Projection: 5.6%

- Assumptions
 - 3 FTEs
 - 4% Merit Increase
 - 6% increase in medical
 - 2% increase each in meeting and travel
 - 6% increase in office costs includes computer hardware/software

High Projection: 8.5%

- Assumptions
 - 5 FTEs total
 - 5% Merit Increase – 1% used for pay band adj.
 - 10% increase in medical
 - 7% increase each in meeting and travel
 - 7% increase in office costs includes computer hardware/software

2027 BUDGET PROJECTIONS

Low Projection: 3.3%

- Assumptions
 - No FTEs
 - 3% Merit Increase
 - 6% increase in medical
 - 2% increase each in meeting and travel
 - 6% increase in office costs includes computer hardware/software

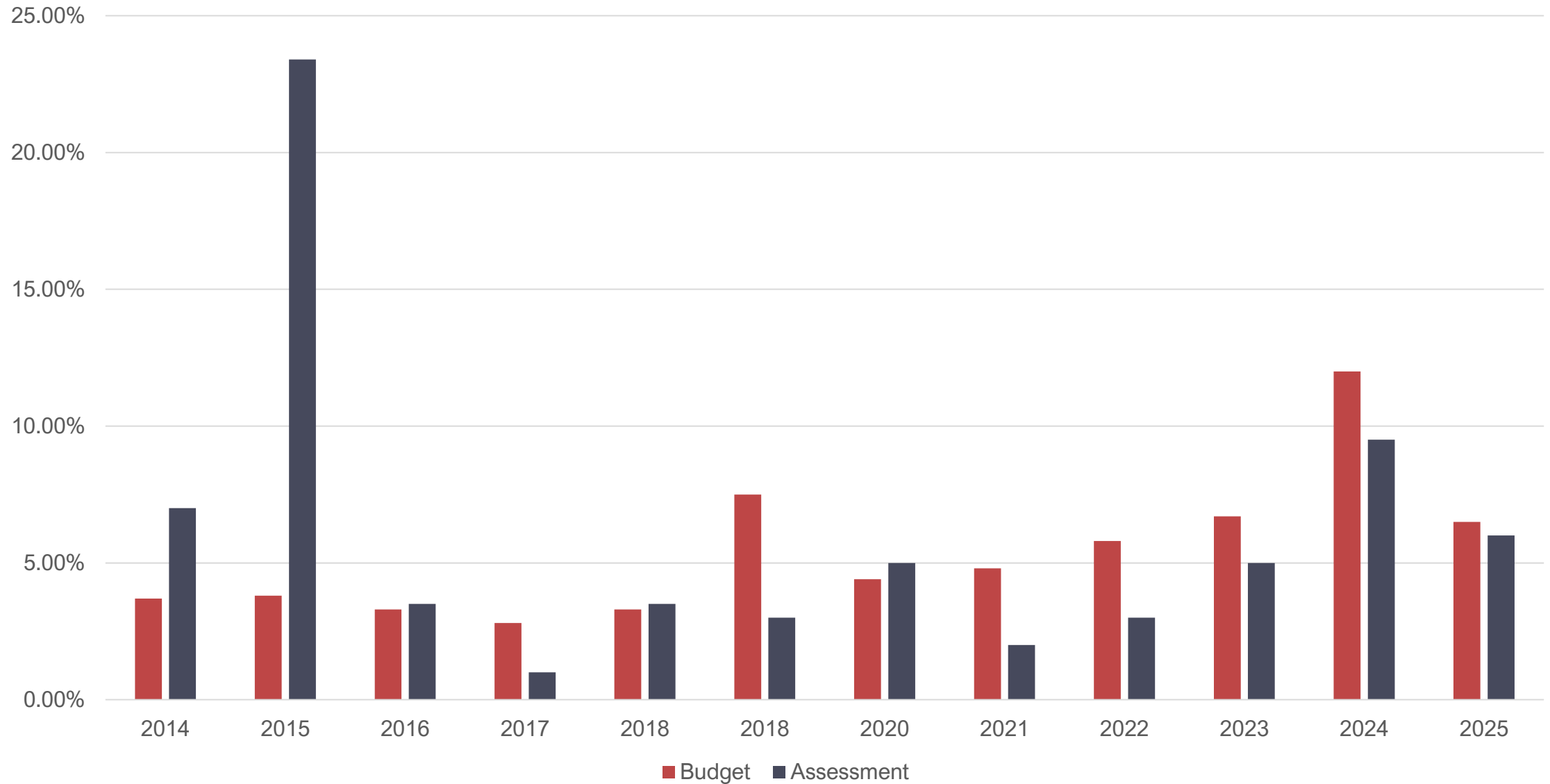
High Projection: 7.7%

- Assumptions
 - 4 FTEs
 - 4% Merit Increase
 - 10% increase in medical
 - 7% increase each in meeting and travel
 - 7% increase in office costs includes computer hardware/software

ASSESSMENT STABILIZATION ANALYSIS

- Objective
 - Stabilize annual assessments to minimize large fluctuations
 - Provide stakeholders with a pragmatic expectation of future assessment changes
- Assumptions
 - 2026 and 2027 budgets increase based upon projections.
 - The Working Capital Reserve does not include the \$1M Operating Reserve.

BUDGET VS. ASSESSMENT HISTORY



BP & B APPROVAL

- Board Action
 - The ReliabilityFirst Board of Directors approves the 2025 Draft Business Plan and Budget
 - 30-day posting for industry comment and release to NERC, incorporating any changes discussed during the May 2, 2024 Board meeting.
- Final Approval
 - On or before June 30th, full board will review and approve the final 2025 Business Plan and Budget
 - Submitted to NERC for approval

QUESTIONS & ANSWERS

FORWARD TOGETHER  RELIABILITYFIRST



Security

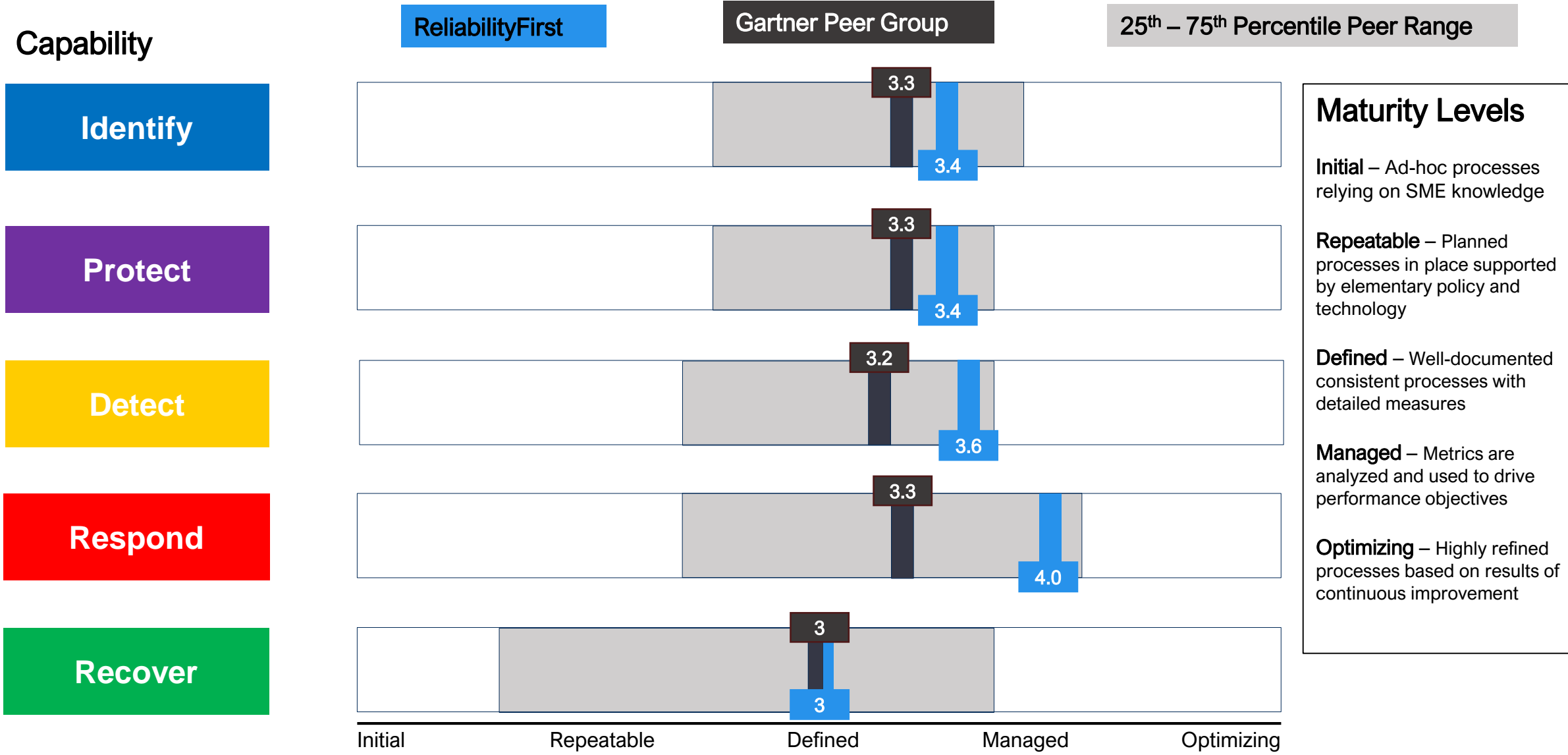
2024 Q1 SECURITY UPDATE

Marcus Noel, Chief Security Officer
May 2, 2024

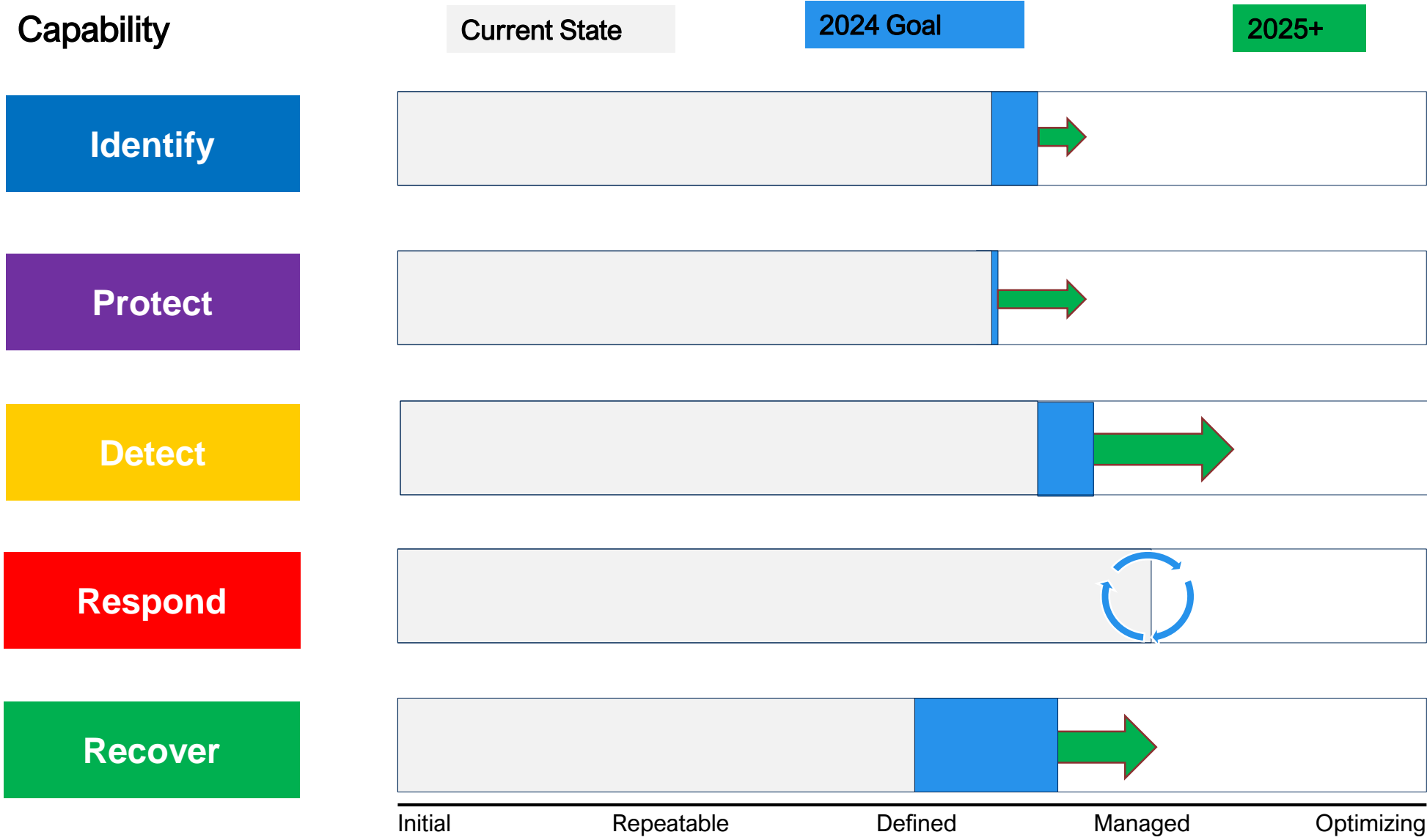
Cleveland, Ohio



PEER MATURITY COMPARISON



CURRENT MATURITY AND GOALS



Maturity Levels

- Initial** – Ad-hoc processes relying on SME knowledge
- Repeatable** – Planned processes in place supported by elementary policy and technology
- Defined** – Well-documented consistent processes with detailed measures
- Managed** – Metrics are analyzed and used to drive performance objectives
- Optimizing** – Highly refined processes based on results of continuous improvement

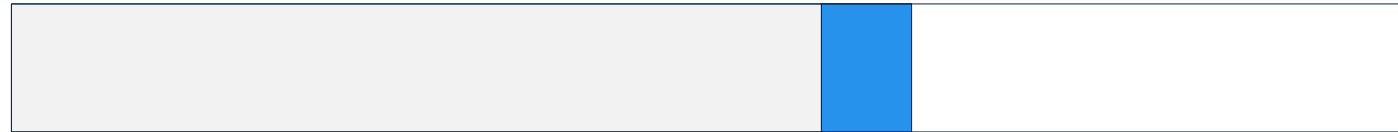
2024 MATURITY GOALS AND PLAN

Capability

Current State

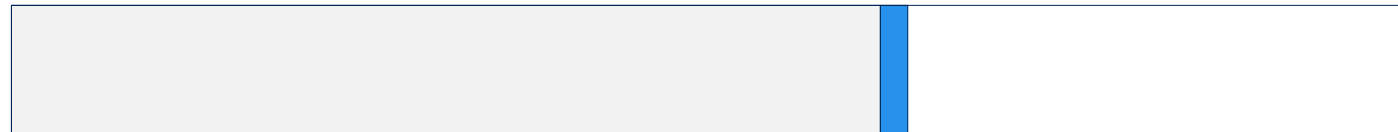
2024 Goal

Identify
Risk Management



- Focus on NIST CSF Risk Management (ID.RM) control maturity
 - Drive security action items using the RF risk register

Detect
Continuous Monitoring



- Improve logging, monitoring, and alerting
 - Focus on custom use cases
 - Evaluate new MDR vendor

Recover
Recovery Planning



- Develop and test recovery plans

Initial Repeatable Defined Managed Optimizing

Outreach and Regulatory Update

STATE OUTREACH UPDATE

Diane Holder, Vice President Entity
Engagement and Corporate Services

May 2, 2024

Cleveland, OH



STATE OUTREACH

- RECENT ACTIVITIES
- POLICY UPDATES
- STRATEGY & NEXT STEPS

HEARINGS

FORWARD TOGETHER  RELIABILITYFIRST

NEWS

ReliabilityFirst talks future of power grid with state lawmakers

By MetroNews Staff
December 12, 2023 - 7:45 pm



Diane Holder and Brian Thiry of ReliabilityFirst speaking to members of the Joint Committee on Energy & Manufacturing Tuesday in Charleston (Perry Bennett/VW Legislative Photography)

Story by David Beard, The Dominion Post

CHARLESTON, W.Va. — Legislators got an education on Tuesday on the risks and concerns facing the region's power grid as the energy transition progresses.



TIM GALLAGHER
CEO
RELIABILITYFIRST

FEB 1, 2024
OH&PA
JOINT
COMMITTEE
ON ENERGY



STATE OUTREACH

- 1:1 State Meetings plus NARUC
- *Tech Talks*
 - January: Seasonal Assessment
 - February: State Policy Edition
 - April: Supply Chain
- *State Energy Insights*
- Regional Risk Assessment (RRA)
- Legislator Panel at RF Fall Summit (September)
- New Jersey Security Tabletop (October)



State Energy Insights: Grid Reliability and Regulatory Updates from RF

March 2024

Welcome back to State Energy Insights: Grid Reliability and Regulatory Updates from RF. This newsletter provides monthly updates on grid news relevant to ReliabilityFirst's state partners.

Upcoming Events

April 15, 2-3:30 p.m. EST | Technical Talk with RF: State Policy Edition



Join us for a state policy edition of Tech Talk on April 15, 2024, at 2 p.m. EST. We'll be joined by David Batz, Senior Director Cyber and Infrastructure Security at Edison Electric Institute. Batz will offer insight on one of the biggest risks the electric grid is facing today - transformer supply chain shortages and dependence on China and other foreign nations for these devices.

RELIABILITYFIRST 2023-24 RRA: TOP REGIONAL RISKS THROUGH THE LENS OF GRID TRANSFORMATION

Looking at the top risks in tandem provides another important perspective on the risks in the RF region. This infographic looks at the interdependence through the lens of the transforming electric grid as the way that power is generated, transmitted and consumed evolves. As decarbonization, decentralization and digitization impact how we plan, operate and protect the grid of the future, the risk interrelatedness is increasingly important.



STATE INREACH

- Requests from Legislators
 - Testimony provided in Maryland, Ohio, requested in North Carolina
 - Maryland House and Senate - Brandon Shores
 - Delaware Senate – Brandon Shores
- Invitations to Meetings
 - Ohio Security Tabletop (hosted by Ohio EMA and CISA)
 - Illinois Commerce Commission Workshops
 - Delaware Energy Policy Bi-monthly Meetings
- Opportunities to Present
 - National Emergency Preparedness Symposium (hosted by FEMA)
 - FirstEnergy Resource Adequacy Executive Kickoff Meeting
- Request for comments – Illinois Senate Bill 1556

POLICY UPDATES



Big Wires Act



Proposed Carbon Pollution Standards
for Fossil Fuel-Fired Power Plants

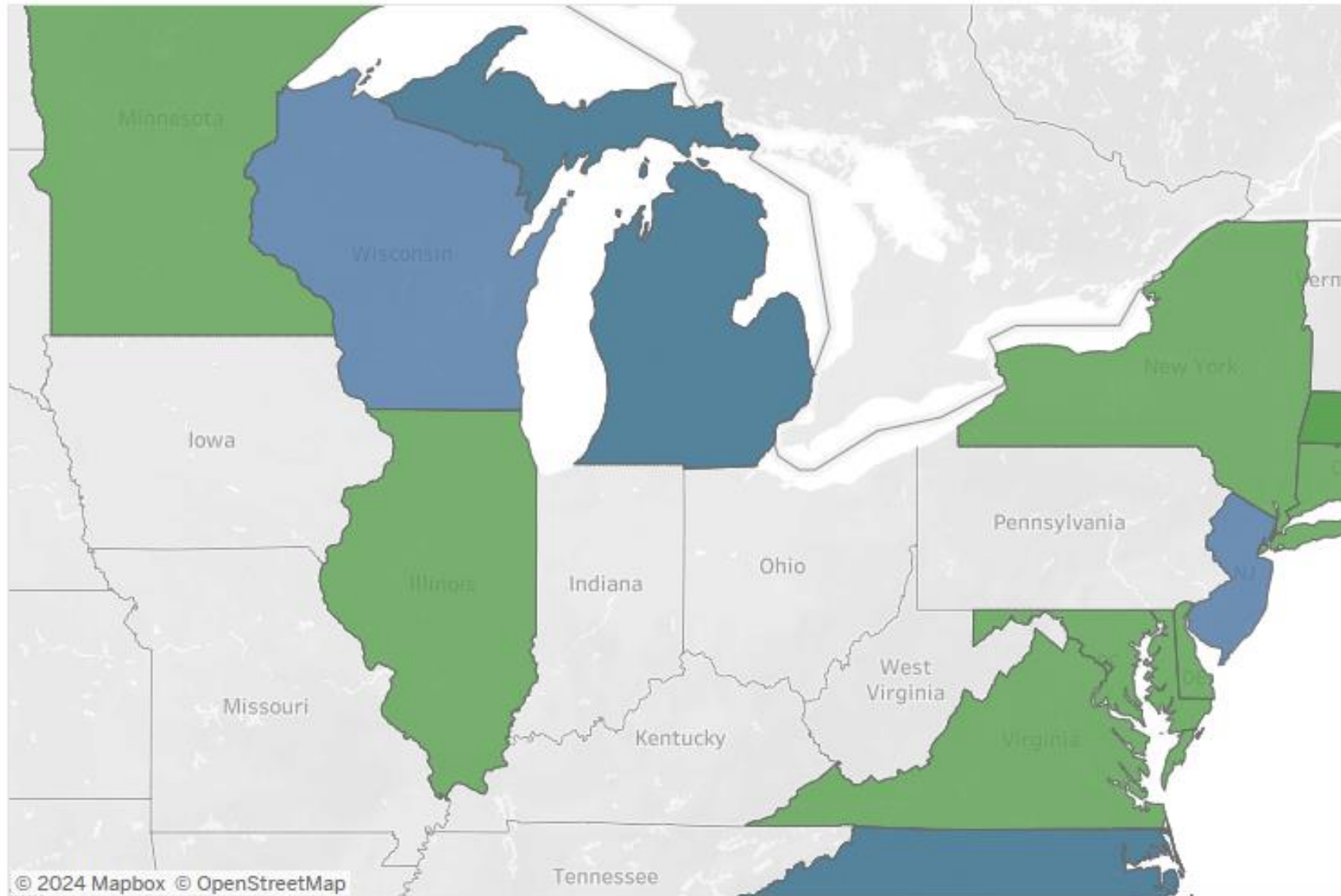


Good Neighbor Plan
Regional Greenhouse Gas Initiative (RGGI)



New Atlantic Transmission Action Plan &
Offshore Wind

STATES WITH 100% GOAL



Authority

Executive order

Legislation

Note: Michigan is both Executive Order and Legislation (SB271)

NEXT STEPS

- STAY UP-TO-DATE ON CURRENT EVENTS AND RISKS
- STATE OUTREACH SCORECARDS
- TARGETED RISK CONVERSATIONS (E.G., BRANDON SHORES)
- DEFINE AND MEASURE SUCCESS (IN-REACH, LEGISLATION)





QUESTIONS & ANSWERS

Diane Holder

Diane.Holder@rfirst.org