



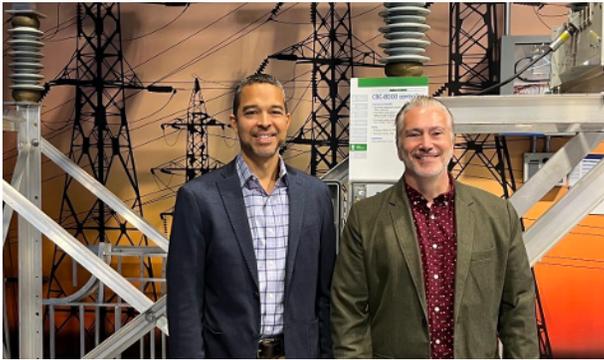
RELIABILITY **FIRST**

Strategic Plan

2023-2027

Letter from the Board Chair and the President and CEO

This strategic plan provides a road map for ReliabilityFirst's (RF) efforts over the next five years via three strategic objectives that will guide our activities to best advance reliability, security and resilience in our footprint. These strategic objectives will inform how we use our authority and achieve our mission. The strategic plan also highlights supporting initiatives and notes how we will measure and monitor our actions.



RF Board Chair Simon Whitelocke (left) and President and CEO Tim Gallagher.

Our strategic plan incorporates our mission, values and regulatory responsibilities into three strategic objectives for our work that will provide the direction and vision to drive us forward, together. It lays out each of the three overarching objectives, supported by strategic sub-bullets that clarify the intent and how we will measure and monitor our progress.



This strategic plan is the culmination of a collaborative planning process. It captures our progress over the last 15 years since our inception, maintains the strong core of our prior strategic plan, but also accounts for the changing nature of our work and the grid. This iteration highlights a few of the many relevant external factors we considered as we looked to the future, and it sets forth streamlined objectives to ensure that RF remains positioned to ensure the reliability, security and resilience of the grid.

We would like to thank RF's Board of Directors (Board) and the members of the Board Strategic Plan Steering Committee for working closely with us to create this strategic plan. We are also grateful for the industry, ERO and various stakeholders (more than 50 total) who shared their insights with us.



ABOUT RF

OUR MISSION, VALUES AND WORK

Our Mission:

To serve the **public good** and support health and safety through preserving and enhancing the reliability, security and resilience of the grid

Our People:

To foster a respectful, **collaborative** environment where employees can be and feel like the best version of themselves

Our Transparency:

To be **open** and **honest** about what we are trying to accomplish, and why, to foster productive dialogue

Our Fairness:

To be **reasonable** and **consistent**

Our Accountability:

To act with **integrity**, take pride in our work and responsibility for our actions, and deliver **exceptional results**

Our Creativity:

To encourage and reward **innovative** ideas and approaches

Our Work:

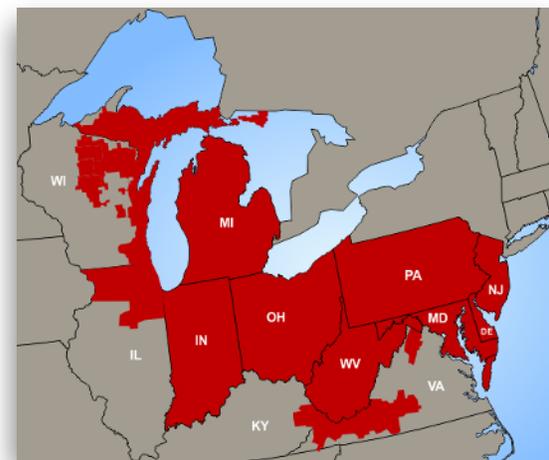
Our team identifies and prioritizes risks facing the grid, determines mitigation strategies to address them and uses communications and outreach to **drive awareness** and ensure **risk resolution**.

Our Authority, Offerings and Region:

To ensure the reliability of the bulk power system in the United States, Congress passed the Energy Policy Act of 2005, creating a new regulatory organization called the Electric Reliability Organization (ERO) to establish mandatory Reliability Standards and monitor and enforce compliance with those standards on those who own, operate or use the interconnected power grid. FERC approved NERC as the ERO under section 215 of the Federal Power Act and NERC delegates authority to six Regional Entities.

Our program areas and services include: Compliance Monitoring; Enforcement; Operational Analysis & Awareness; Registration and Certification; Engineering & System Performance; Resilience & Risk; Risk Analysis & Mitigation; Standards; Entity Engagement & Training and Outreach.

RF is proud to be the Regional Entity responsible for all or portions of Delaware, New Jersey, Pennsylvania, Maryland, Virginia, Illinois, Wisconsin, Indiana, Ohio, Michigan, Kentucky, West Virginia, Tennessee and the District of Columbia. Collectively, NERC and the Regional Entities are referred to as the ERO Enterprise.



BE AN EXCELLENT REGULATOR

Be an
Excellent
Regulator

“We are fortunate to have a brilliant model for the ERO that inherently provides accountability and affords us access to an incredible amount of data and benchmarking opportunities. RF has committed to learning the nuances of our footprint and our entities while earning their trust.”

–Tim Gallagher, President and CEO

1. Consistently demonstrate accountability, transparency and efficiency through our model

RF’s structure affords inherent accountability and independence, with oversight from NERC and FERC and a carefully considered hybrid Board with Independent and balanced stakeholder participation. The various processes and requirements¹ we follow as we perform our delegated functions ensure transparency, efficiency and

security. Our annual business plan and budget process illustrates our accountability and transparency as we analyze the most efficient way to meet our goals and obtain approval from the Finance and Audit Committee, our full Board and ultimately NERC and FERC after opportunities for public comment. RF will continue to seek ways to leverage the

brilliant ERO model to optimize our accountability, transparency and efficiency.



¹RF is subject to the NERC Rules of Procedure.

“As the importance of cybersecurity continues to grow, we will keep working to drive our entities' own programs by offering resources to evaluate their resilience planning.”

–Marcus Noel, CSO

2. Commit resources to collaboration and security

The ERO model creates opportunities for collaboration and benchmarking, and RF will continue its commitment to the success of the ERO Enterprise. RF has been an integral part of the ERO transformation and dedicates resources to participating and leading various ERO working groups. RF supports the unique roles within the ERO, while collaborating toward a common goal to improve consistency, further

innovation and strive for continuous improvement.

RF has always been committed to protecting the information we are entrusted with. We will continue to enhance our security and ensure we are implementing best-in-class security plans and practices to safeguard all data and information in our possession. Security is an industry and ERO-wide focus and we

enthusiastically collaborate to implement best practices and leverage efficiencies. RF is focusing on strengthening our security posture, improving our governance, and increasing our security monitoring capabilities, all of which we will continue to benchmark, test with third parties and conduct exercises to test our preparedness.



External factor: Increasing and evolving cybersecurity threats

3. Build deep knowledge of our entities and use it to serve our footprint

RF works closely with the entities in our critical and unique Region to build a deep knowledge of our footprint. We strive to be more data driven to further our statutory risk analysis activities (e.g., risk assessments for compliance monitoring and enforcement activities, reliability assessments, performance analysis) and add value for our stakeholders. RF will continue to mature our analytics to

centralize data to drive RF decision making and predict where problems may develop.

We will continue to mature our Regional Risk Assessment that focuses on identifying and quantifying specific existing or emerging risks facing our footprint. We will also continue to enhance our feedback loops to incorporate information and risks identified during our statutory activities and throughout the industry.

Another way we serve our stakeholders is by providing unique forums for feedback and offering various groups, member committees and personalized initiatives. We will continue to facilitate these forums and initiatives, and will monitor entity participation and periodically survey our committees to ensure we continue to have meaningful participation and add value.



CULTIVATE A TALENTED AND ENGAGED WORKFORCE

“Our people are our greatest asset and I’m confident in our plans to continue building our expertise and culture.”

-Tim Gallagher

Cultivate a
Highly
Engaged
Talented
Workforce

1. Recruit, retain and train the right people for the right roles

RF is committed to the support and development of highly motivated, engaged and skilled employees who work together to achieve our mission. This includes recruiting and training current and future workers, including from our industry, other industries and underrepresented groups, on the knowledge and skills required to grow RF's world-class team. Our staff consists of talented experts in the engineering, compliance, risk management, IT, accounting and legal fields. Together, we will continue to foster a strong sense of community where each of us has the opportunity for personal

growth, to do work that matters and to work in a place where results are rewarded. RF takes pride in its excellent employee retention numbers and its highly flexible and remote work arrangements.

RF will prioritize our company culture, recruiting efforts, benefits program and training offerings to ensure that we continue to have the talent and skills to succeed. We will continue to track our retention metrics, provide regular soft skill and technical training, and support individual training goals and development plans to ensure our team and our employee pipeline remain current

and competitive, and that our employees feel engaged and valued in the years to come. RF believes that the key to providing the best service to our stakeholders is empowering our employees who provide that service.



External factor: Great resignation/changing demographics

2. Further enhance and promote diversity, equity and inclusion

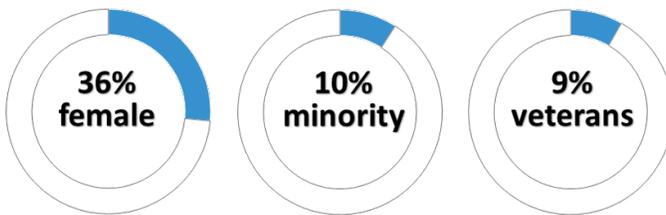
RF believes everyone deserves to work in a place where they feel safe, respected and valued for who they are, as they are. We champion diversity by acknowledging, respecting and including all races, genders, ages, ethnicities, orientations, religious backgrounds and identities. We ensure equity by examining our procedures and processes so that everyone is treated fairly with regard to pay, access and opportunities. And,

we create a culture of inclusion and acceptance with various communities of practice on topics like facilitation, Diversity, Equity and Inclusion (DEI), and activities like our book club where everyone feels welcomed, respected and genuinely invited to contribute.

As the way we work has shifted, RF has built and maintained a diverse, expert workforce that is stronger than ever and our DEI

initiatives have made substantial progress in the past few years.

We will continue these important efforts and invest time and resources in improving them. RF is monitoring our profile, performing equity analyses and frequently reporting on our progress to ensure we continue to make meaningful strides toward creating an even more inclusive and representative company.



Since 2019:

5% increase in diverse employees
10% increase in female employees
100% increase in female leadership

“Improving our DEI strategies is not only the right thing to do but is also essential for RF’s success.”

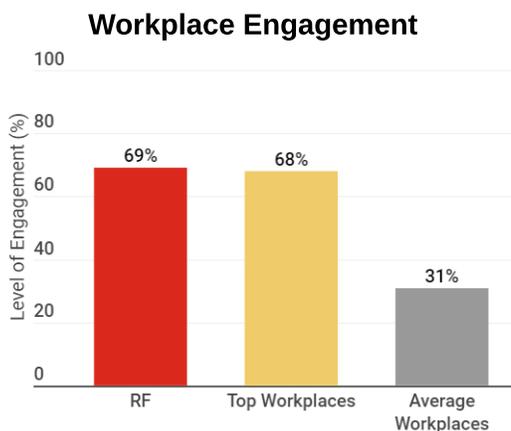
- Niki Schaefer, VP and General Counsel

3. Prioritize our positive workplace culture

Our culture encourages teammates to engage and bring their authentic selves to RF each day. RF recognizes and incentivizes well-being and innovation, from workout challenges to annual innovation awards for creative project submittals that further RF’s mission. RF provides platforms to encourage team building, wellness, learning more about ourselves and our teammates, and recognizing and empowering each other.

We have our finger on the pulse of our cultural competency - and ensure it stays that way with our annual engagement survey that has won us a top workplace award several years in a row. It’s no secret that the culture of an organization flows from the top and our leaders have an unwavering commitment to retain and promote RF’s culture, values and purpose going forward.

We are proud to be a Top Workplace and will strive to maintain that position and continue to grow our engagement.



Top workplaces have:

8% higher retention compared to average organizations

2.3x more engaged employees compared to average organizations

ReliabilityFirst:

Maintains an average retention rate of **95%**



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HARNESS KNOWLEDGE TO CREATIVELY AND COMPREHENSIVELY ADDRESS RISKS TO THE GRID

“RF continues to find new ways to stay nimble as we work to communicate and mitigate risks, and work more proactively as the industry prepares for the change and complexity that lies ahead.”

- Jeff CRAIGO, VP Reliability and Risk



1. Quickly deploy communications to mitigate risk based on our data and perspective

As an independent regulator across multiple states, RF has a unique viewpoint and information to share on risks to the bulk power system, and effective mitigation strategies and preventive actions to address them. We observe best practices and lessons learned every day through our audit, enforcement activities, risk analysis and entity engagement activities, and we will continue to mature our predictive capabilities to identify

emerging threats. To address the continually evolving risks facing the grid, we will quickly communicate this information to our entities and other stakeholders in effective, engaging ways. For example, we recently identified a supply chain vulnerability and were able to quickly communicate its existence to targeted stakeholders to mitigate the risk.



External factor: Extreme weather

2. Develop targeted outreach strategies

To communicate most effectively, RF will be flexible and develop thoughtful outreach strategies based on the most significant risks and needs of our entities. For example, when there is an emerging, Region-wide risk, a larger forum such as our website, newsletters, or monthly “Technical Talk with RF” webinar may be the most appropriate way

to communicate. Alternatively, our Assist Visit program provides tailored information and training centered on the specific needs of the entity and key risks it is facing. RF will continue to hold webinars focused on relevant reliability and security topics, and host information sharing forums, such as the Critical Infrastructure Protection Committee (CIPC)



External factor: Changing resource mix and shifting state renewable energy portfolios and targets

and the Reliability Committee. We will also seek to develop new, creative outreach methods and gather feedback and metrics to ensure our efforts reach our intended audiences and benefit our stakeholders.

"We have to position ourselves to address the changing nature of the grid when it comes to decarbonization, decentralization and digitization, and if we ignore the impact state decisions have on reliability and security, we are not completely addressing all the risks we are facing. We simply cannot ensure reliability at this point in time without doing so."

-Simon Whitelocke, RF Board Chair

3. Enhance our value as an independent resource and broaden our reach

The grid is quickly evolving, and RF will work across the reliability ecosystem to help address the risks associated with these changes.

For example, state legislatures are enacting renewable energy standard portfolios with specific timelines – some of which are large percentages of renewables in a short period of time, creating reliability issues that must be considered and proactively addressed.

State public utility commissions and legislatures play a key role in the transition to more renewable energy on the grid, and RF will serve as an objective, independent and resource-neutral expert for the states in our footprint on reliability issues associated with this transition.

We will utilize our independent voice and credibility to provide expertise in various areas of interest to the states, including transmission planning, inverter-based resources, cyber and physical security, resilience and transmission and distribution system interdependencies.

We will stay apprised of legislative changes and relevant renewable requirements to understand the reliability impacts and prioritize and track our outreach efforts with the goal of proactively informing policy makers at the federal and state level to help ensure reliability, resilience and security.



Conclusion



We believe the transparency and frequent communication of our strategic efforts are critical to the success and sustainability of this strategic plan. The strategic objectives above will tie to our operating plan, budget, goals and activities so that we can track our progress. We will share that progress regularly through our corporate goals and annual report.

RF is dedicated to continuous improvement and self-criticality, and we value the input from our peers and stakeholders. We are cognizant of the fact that significant change can occur in a short amount of time. As such, we commit to revisiting this strategic plan at least once a year to ensure that we are adapting our efforts, as appropriate, to the changing environment.





RELIABILITY FIRST



ReliabilityFirst Corporation

3 Summit Park, Suite 600

Cleveland, OH 44131

Website: rfirst.org

Phone: 1-216-503-0600

