



## Item 5: Recommendation regarding T&S Committee Charter

*John Swainson*  
Committee Chair

Technology and Security Committee Meeting

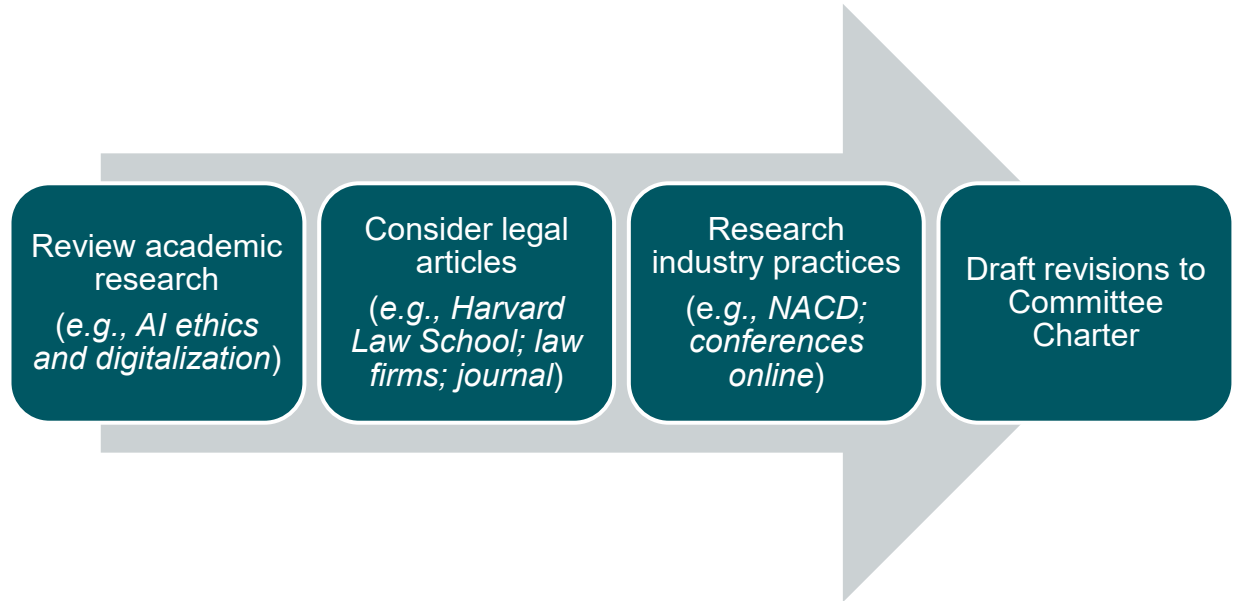
February 9, 2026

### Purpose

Outline method used to add AI strategy development and Committee oversight into the Committee Charter.

### Voting Items

Committee and Board approval of the revised Charter.



### Key Takeaways

- Proposed changes are research based
- Changes are general by design
- Format matches other Charter requirements



**Date:** February 2, 2026  
**To:** Board of Directors  
**From:** Venkat Tirupati, Vice President and Chief Technology Officer; and Kim Rainwater, Senior Corporate Counsel, Governance and Ethics Compliance  
**Subject:** Revisions to Charter of the T&S Committee

## Issue for the ERCOT Board of Directors

**ERCOT Board of Directors Meeting Date:** February 9-10, 2026

**Item No.:** 14.3.1

**Issue:**

Whether to revise the charter of the Technology and Security (T&S) Committee to require staff development of an Artificial Intelligence (AI) framework for Committee approval and monitoring.

**Background/History:**

Experts agree that digital governance accelerates standardization and simplification, with a well-structured framework being key to implementation.

To integrate AI into the Company's digital governance with the same Board oversight of risk mitigation as for any other governance matter, the proposed revisions to the T&S Committee Charter, as shown in **Attachment A**, require staff development of an AI framework with internal controls and measurable outcomes for Committee approval and monitoring.

The revisions are research-backed and also align with recommendations of the National Association of Corporate Directors (NACD).

The revisions suggest a framework bound by the Company's purposes to ensure System reliability on impartial terms, accurately administer electricity markets, perform duties in accordance with law and regulations of the Public Utility Commission of Texas (PUCT), and work with stakeholders.

Lastly, the revisions support staff development of an AI framework that continues to balance the Company's purposes with its high governance standards for structure, stability, transparency, and ethical conduct.

**Revisions Structure:**

To maintain consistency within the Charter document, the new AI section mirrors the format of the existing section for oversight of Information Technology (IT). However, the IT section requires staff development and Committee yearly review, without approval, of a strategy addressing four (4) key considerations, plus Committee monitoring via ongoing staff reports on four (4) additional considerations. By comparison, the AI section requires staff development and Committee one-time review, with approval, of a strategy and Committee monitoring with audits by the Company's Internal Audit Department as needed rather than through regular reports, and based on nine (9) key considerations:

1. Identifies accountable executives and their responsibilities for AI;
2. Defines metrics to measure mitigation of Company AI risks: legal, regulatory, and operational;
3. Fosters trust in Company-developed AI through processes designed to validate algorithm accuracy, security, fidelity, and stability;
4. Aligns with the National Institute of Standards and Technology (NIST) AI Risk Management Framework, or similar recognized standards;
5. Protects the Company's ability to develop and control its AI data, models, and training;
6. Requires transparent records of user instructions, explanations, Vendor certifications, incident logs, change procedures, and training modules;
7. Facilitates integration of decision-making for intelligized tools covering planning, operations, and markets;
8. Communicates appropriately ERCOT's AI story to stakeholders, including state and federal regulators; and
9. Monitors appropriate policies for addressing issues about the Company's AI.

**Key Factors Influencing Issue:**

Section VI(B)(3) of the T&S Committee Charter requires the Committee to review the Charter as needed and to recommend to the Board changes to the Charter as appropriate.

**Conclusion/Recommendation:**

ERCOT staff recommend, and the T&S Committee is expected to recommend during the Committee's regular meeting scheduled for February 9, 2026, that the Board approve the revisions to the T&S Committee Charter as shown in **Attachment A**.



**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.  
BOARD OF DIRECTORS RESOLUTION**

WHEREAS, digital governance accelerates standardization and simplification;

WHEREAS, integrating Artificial Intelligence (AI) into the Company’s digital governance would provide for oversight of risk mitigation as for any other governance matter; and

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to revise the Technology and Security (T&S) Charter to require staff development of an AI framework;

THEREFORE, BE IT RESOLVED, that ERCOT is hereby authorized and approved to revise the T&S Committee Charter as shown in **Attachment A**.

**CORPORATE SECRETARY’S CERTIFICATE**

I, Brandon Gleason, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its \_\_\_\_\_ meeting, the Board passed a motion approving the above Resolution by \_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of \_\_\_\_\_, 2026.

\_\_\_\_\_  
Brandon Gleason  
Assistant Corporate Secretary

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**TECHNOLOGY AND SECURITY COMMITTEE CHARTER**

**I. Committee Purpose**

The Technology and Security Committee (the “Committee”) of the Board of Directors (“Board”) (individually a “Director” and collectively the “Board”) of Electric Reliability Council of Texas, Inc. (“ERCOT” or the “Company”) shall be responsible for the oversight of the Company’s technology and security functions and such other functions as the Board, from time to time, may delegate to the Committee.

The Committee’s oversight extends to the functions described in the *Duties and Responsibilities* section of this Charter and includes the power, described in the *Committee Authority* section, to execute those duties and responsibilities as the Committee deems appropriate to further the Committee’s purposes.

**II. Committee Membership**

**A. Committee Member Qualifications**

1. The Board shall confirm the Committee’s membership (“Committee Members”) based on candidates’ combined expertise and experience to facilitate the Committee’s execution of the *Duties and Responsibilities* section of this Charter.
2. Committee Members are expected to prepare for and attend meetings of the Committee.

**B. Committee Member Terms**

1. A Committee Member shall serve on the Committee until whichever of the following first occurs:
  - a. The Committee Member’s service as a Board Director terminates;
  - b. The Board, with or without cause, removes the Committee Member from the Committee; or
  - c. The Committee Member resigns from the Committee.

**III. Committee Chair and Secretary**

**A. Committee Chair**

1. The Board shall designate a Committee Member, who shall not be the Chief Executive Officer (“CEO”) of ERCOT, as the Committee Chair.
2. The Committee Chair shall have the following duties:
  - a. Manage meetings and meeting frequency;
  - b. Manage and facilitate the Committee’s work; and
  - c. Enlist the necessary assistance of other Committee Members to accomplish the Committee’s purpose, duties, and responsibilities.

3. The Committee Chair's authority includes the following:
  - a. Unlimited access to ERCOT's management and information for purposes of conducting the functions of the Committee; and
  - b. Authority to establish such other rules as may from time to time be necessary and proper for the conduct of the Committee.

#### ***B. Committee Secretary***

1. The Committee shall designate a secretary ("Committee Secretary"), who may be a Committee Member or employee of ERCOT.

### **IV. Committee Duties and Responsibilities**

#### ***A. Committee Oversight Function***

1. The Committee's function is one of oversight, recognizing that the Company's management is responsible for preparing the Company's documents, plans, programs, filings, and agreements.
2. In adopting this Charter, the Board acknowledges that the Committee Members are not employees of the Company and are not providing any expert or special assurance as to the Company's documents, plans, programs, filings, and agreements.
3. Each Committee Member shall be entitled to rely on the integrity and expertise of those providing information to the Committee, including both staff and persons the Committee or the Company retains in relation to the Committee's performance of its duties and responsibilities, absent actual knowledge to the contrary.
4. In performing its duties and responsibilities, the Committee's general considerations shall include sound governance principles and industry trends.
5. Committee duties and responsibilities are set forth below as a guide to the Committee with the understanding that the Board may alter or supplement them as appropriate under the circumstances to the extent permitted by applicable law, and by the Company's Certificate of Formation and Bylaws.

#### ***B. Committee's Technology and Security Duties and Responsibilities***

1. Information Technology and Projects
  - a. The Committee shall review the Company's annual strategic plan for information technology, including applications the Company uses, the Company's service providers, technology opportunities, and cyber risk tools.
  - b. As needed, the Committee shall review other reports regarding budgeting, cost, and vendor management issues, including operational maintenance agreements and supply chain management.

- c. The Committee shall monitor and evaluate procurement and management of critical technology systems.
- d. The Committee shall review implementation of significant technology projects and initiatives.
- e. The Committee shall regularly review significant projects previously approved to evaluate costs and timeline versus forecast.

## 2. Physical Security and Cybersecurity

- a. The Committee shall regularly review Company reports, including material risks and incidents, and provide advice to the Board regarding risk management of physical security and cybersecurity.
- b. As needed, the Committee shall review other reports, including legal, regulatory, or contractual trends and recent developments in physical security and cybersecurity, and provide advice to the Board.

## 3. Grid Transformation Initiatives

- a. The Committee shall regularly review Company reports and provide guidance on Company grid transformation initiatives.
- b. The Committee shall provide oversight on the budget for and cost of such grid transformation initiatives.

## 4. Artificial Intelligence (AI) Governance

- a. The Committee will support the Board's strategic objectives by approving the Company's strategic plan for AI, including accountable executives and responsibilities; metrics to mitigate legal, regulatory, and operational risks; quality standards for algorithm validation; compliance standards for transparent records; priorities to facilitate integration of decision-making for AI tools; and appropriate policies for addressing issues about the Company's AI.
- b. The Committee will monitor compliance through audits by Internal Audit as needed.
- c. Committee monitoring will assess alignment with the NIST AI Risk Management Framework or similar standards.
- d. Monitoring will ensure the Company retains control over its AI data, models, and training.
- e. Monitoring will confirm the Company appropriately communicates ERCOT's AI narrative to stakeholders, including regulators.

## V. Committee Authority

### A. *Power to Investigate*

- 1. The Committee is empowered to investigate any matter relating to its duties and responsibilities, with full access to all books, records, facilities, and personnel of

the Company, independent counsel, or other consultants or experts for this purpose.

2. All employees are directed to cooperate as requested by the Committee or any of its Committee Members for Committee purposes.
3. The Committee may request any officer or employee of the Company or the Company's consultants or outside counsel to attend a meeting of the Committee to advise the Committee in carrying out its responsibilities.

### ***B. Appointment of Workgroups or Task Forces***

1. The Committee may appoint workgroups or task forces to investigate issues defined by the Committee. Members of such workgroups or task forces need not be Board members. Such workgroups or task forces shall have no authority to bind the Committee, the Board, or the Company.

## **VI. Committee Meetings**

### ***A. Meeting Agendas and Timing***

1. The Committee Chair, in consultation with the Board Chair and the Company's Corporate Secretary or delegated ERCOT staff, shall develop the agenda, frequency, and length of meetings.

### ***B. Participation and Voting***

1. Board members who are not Committee Members (including alternate representatives, as set forth in the Bylaws) may attend and participate in all Committee meetings, but may not vote on Committee matters, except that an alternate representative for a Director who is a Committee Member may vote in the absence of the Director.
2. Annually, the Committee shall conduct a Committee self-evaluation.
3. As needed, the Committee shall review the Committee Charter, and shall recommend to the Board changes to the Committee Charter as appropriate.

### ***C. Quorum and Committee Action***

1. At all meetings of the Committee, fifty percent (50%) of the Committee Members shall constitute a quorum for the transaction of business.
2. At any meeting at which a quorum exists, the act of a majority of the Committee Members present shall be the act of the Committee.
3. For the purposes of voting, Committee Members who recuse themselves from voting on an issue shall not be counted as present for that vote.

***D. Meeting Minutes***

1. The Committee Secretary shall prepare or cause to be prepared the minutes of each meeting and file such minutes with the corporate records of the Company.