



Item 5: Approval of the Company's Strategic Plan for AI

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VP & Chief Technology Officer

Technology and Security Committee Meeting

April 20, 2026

Purpose

This presentation provides a summary of the strategy for enterprise Data and AI.

Voting Item

Staff request Committee approval of the Company's strategic plan for Artificial Intelligence (AI). A vote by the full Board is not required.

Key Takeaways

- Enterprise Data and AI strategy is in place, and we are ready to execute it responsibly.

ERCOT 4.0 Strategy

Empowering
our People

Operational
Excellence




Innovation &
Transformation

DATA & AI

Key Takeaway: Data & AI Strategy is foundational for ERCOT 4.0.

Data & AI Strategy serves ERCOT's Strategic Objectives



-  Be an industry leader for grid reliability and resilience
-  Enhance the ERCOT Region's economic competitiveness with respect to trends in wholesale power prices and retail electricity rates to consumers
-  Advance ERCOT Inc. as an independent leading industry expert and an employer of choice by fostering innovation, investing in our people, and emphasizing the importance of our mission

Key Takeaway: Data & AI Strategy is fully aligned with ERCOT's strategic objectives, driving innovation that enhances grid reliability, improving market efficiency, and ensuring readiness for a rapidly evolving energy landscape.

Enterprise Data & AI Strategy – Three Pillars

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Enterprise
Trusted
Data
Foundations

Responsible
AI Strategy
and
Enablement

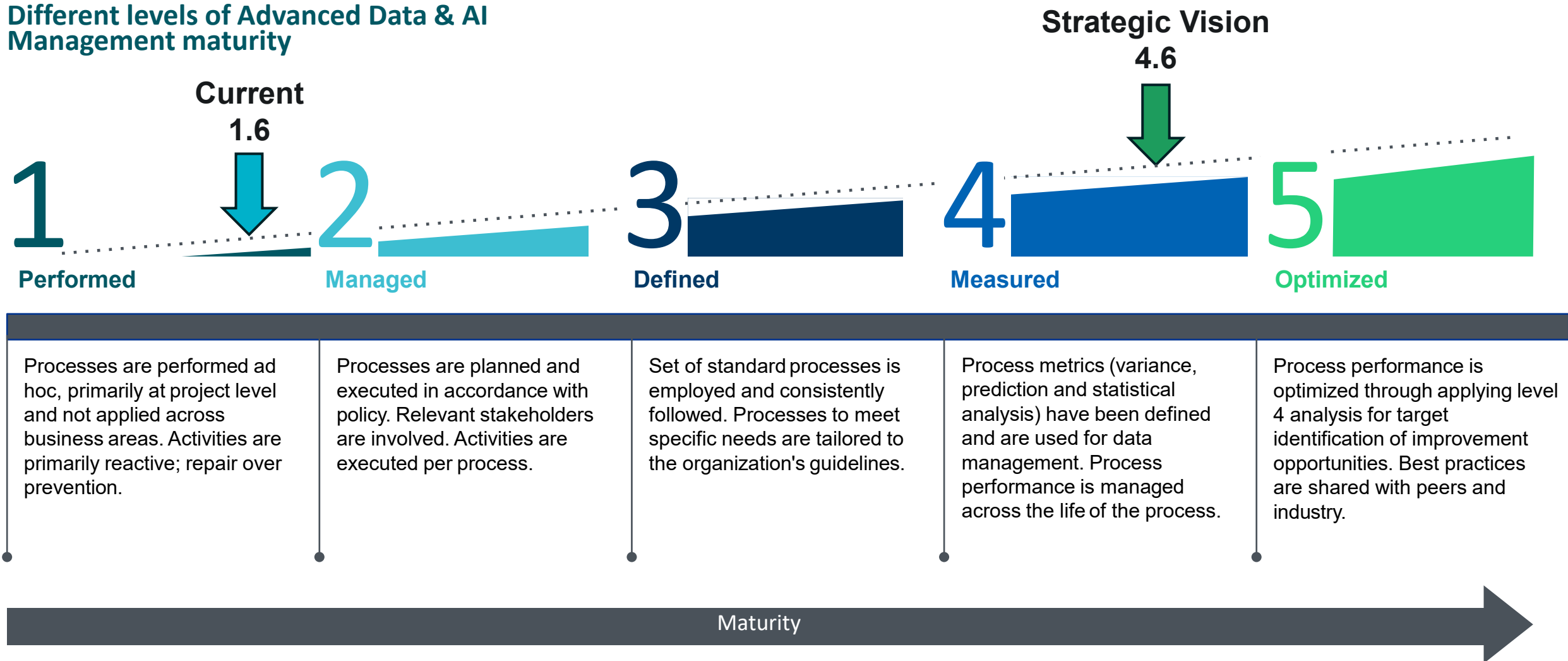
Value
Delivery
and AI Use
Case
Realization

Key Takeaway: We are launching a strategy that focuses on data foundations, governance operationalization and operational integration, and we are ready to execute it responsibly.

Enterprise Data & AI Strategy – Maturity assessment by KPMG

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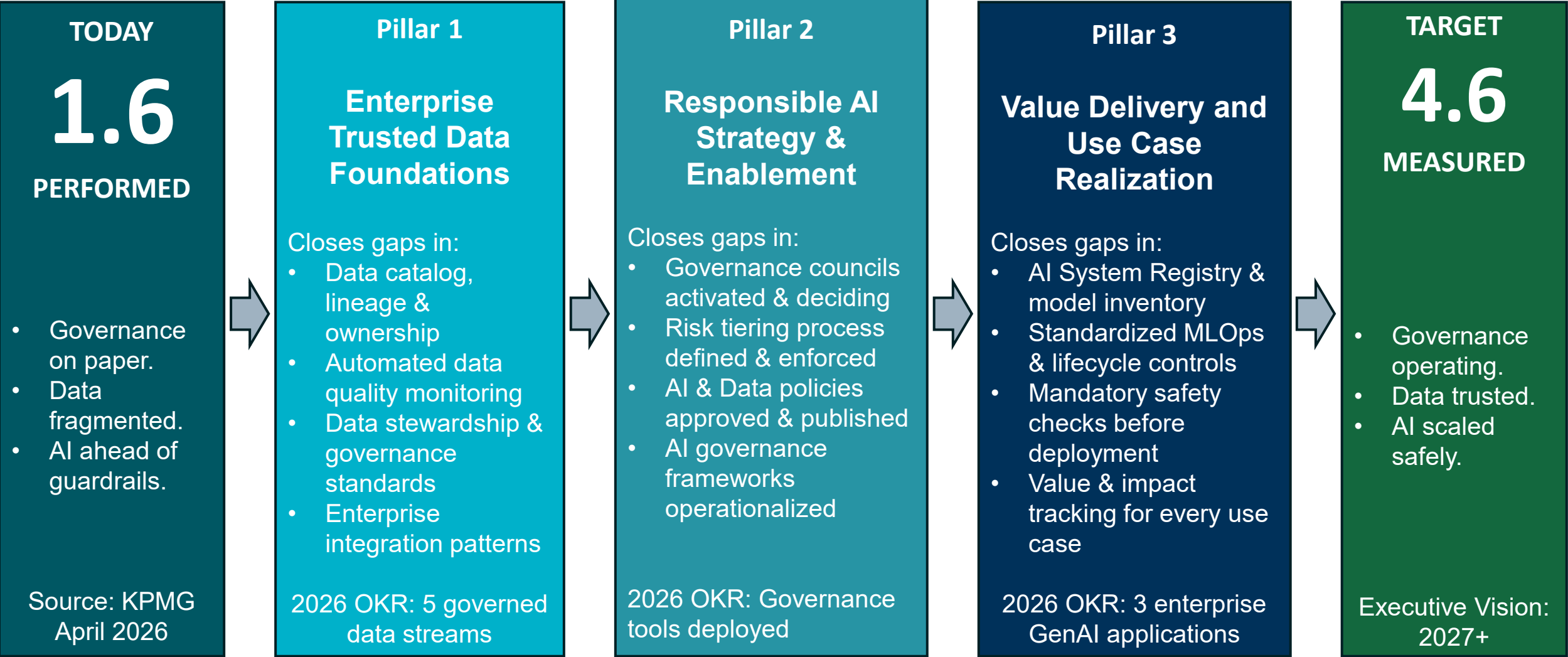
Different levels of Advanced Data & AI Management maturity



Key Takeaway: Current maturity reflects a foundation in progress. Strategy defines a strong vision for advancement. The three pillars are specifically designed to close this gap.

Enterprise Data & AI Strategy – Closing the Gap: 1.6 to 4.6

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Key Takeaway: Our three pillars directly address the gaps KPMG identified. The same priorities we defined internally are the ones an independent assessment confirmed we must close.

Enterprise Data & AI Strategy – Key Areas

Artificial
Intelligence Risk
Management
Framework*

Vendor risk
management
over data,
models &
training

Security,
Compliance &
Controls

Transparency &
Accountability

Quality
Assurance

Compliance
Monitoring via
internal audits

External
Stakeholder
Communications

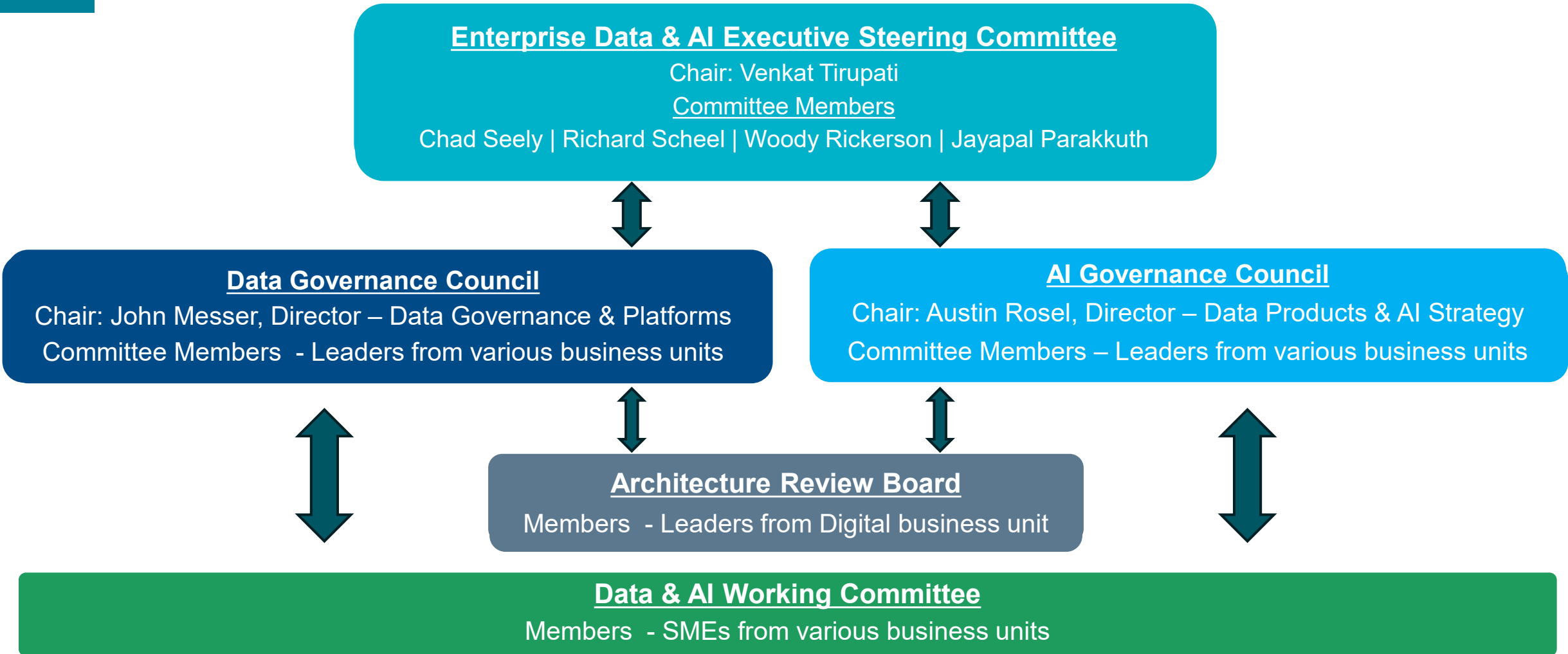
Organizational
Change
Management

Key Takeaway: The strategy encompasses industry standard frameworks, regulatory requirements and key governance and risk areas.

* Inclusive of requirements from NIST, Texas Responsible AI Governance Act (TRAIGA) & NERC CIP

Governance & Risk Management Structure - Composition

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Key Takeaway: Robust oversight is built in via dedicated governance bodies. Strategy is set top-down. Exceptions are passed from bottom-up for decisioning. “Governance by Exception” to avoid having governance be a bottleneck.

Key Performance Indicator Categories

AI Reliability & Safety

Value, Adoption with
Risk Reduction

AI Risk & Compliance

Governance & Policy
Coverage

Transparency &
Explainability
Compliance

Key Takeaway: Deliver reliable, compliant, and transparent AI that drives measurable business value while minimizing legal, regulatory, and operational risk.

- Data Governance Policy
 - Data Governance Corporate Standard
 - Artificial Intelligence Governance Policy
- Artificial Intelligence Governance Corporate Standard
 - Numerous Procedures and Guidelines

Key Takeaway: Policies and standards are drafted and currently under council review for approvals.

Seeking T & S Committee Approval

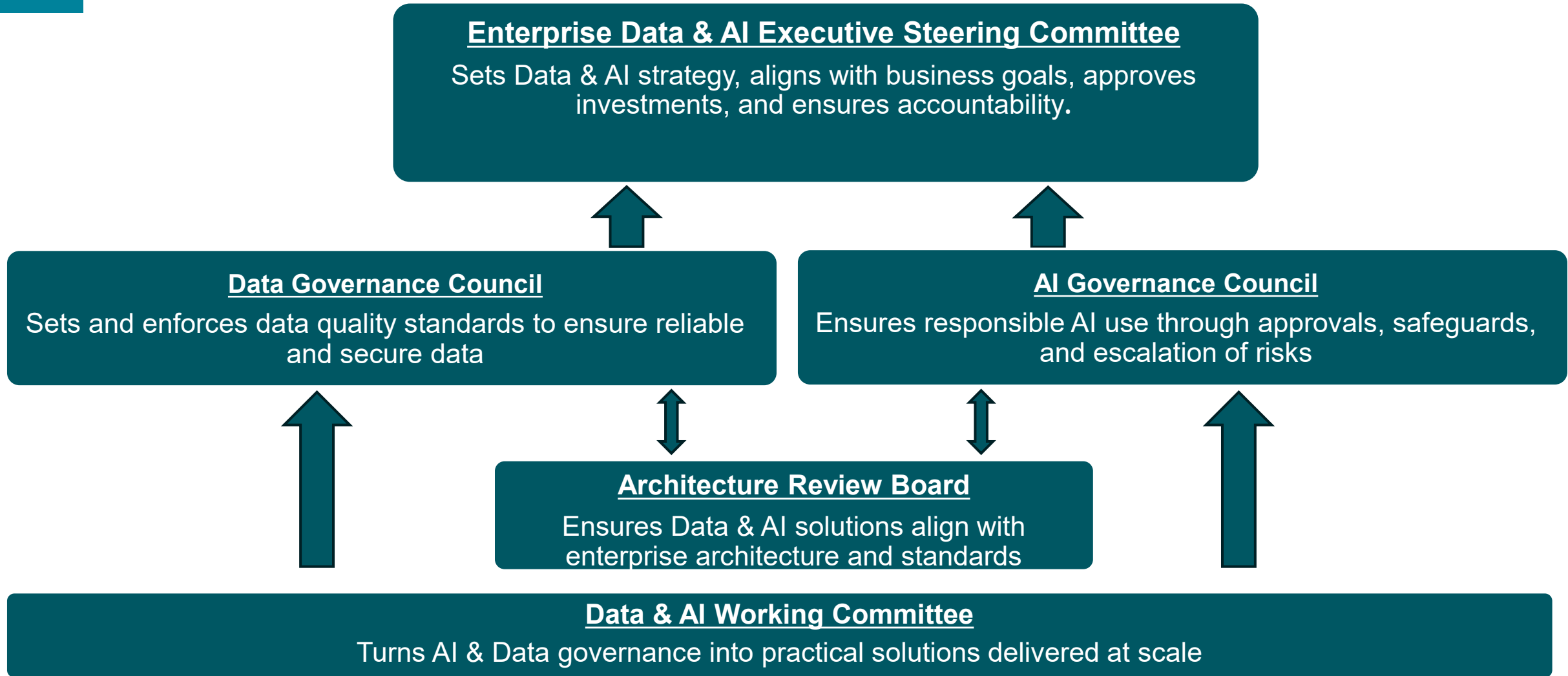
The Committee's approval of this strategy satisfies each element of the Technology & Security Committee Charter for AI oversight.

Appendix

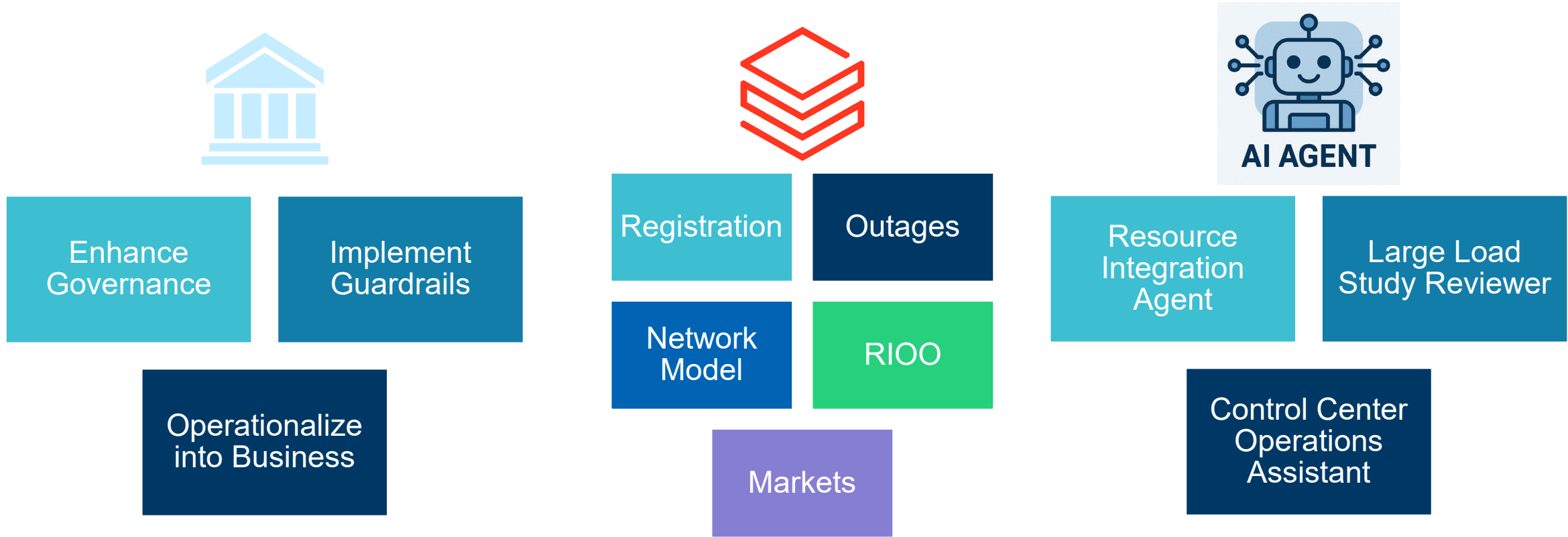
- Appendix A: Governance Structure Responsibilities
- Appendix B: 2026 Priorities
- Appendix C: Roadmaps

Governance & Risk Management Structure - Responsibilities

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2026 Priorities



Key Takeaway: We are starting, focused and measurable - five governed data streams and three enterprise generative AI applications in 2026.

Pillar 1 – Enterprise Trusted Data Foundations

Outcomes

Establish trusted, governed and reusable enterprise data assets

Establish enterprise data architecture standards and patterns

Reduce fragmentation and accelerate delivery through common platforms & standard architecture

Initiative	2026												2027											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Data Architecture	Standards																							
Dataset Intake & Prioritization	Framework																							
Datasets (OKR)	★ ★ ★ Provision																							
Azure AI Platform Services	Foundry																							

Pillar 2 - Responsible AI Strategy & Enablement

Outcomes

Enable AI adoption that is safe, explainable and aligned with ERCOT's mission & vision

Initiative	2026												2027											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Data & AI Strategy	Principles																							
Data Governance	Data Policies & Standards																							
AI Governance	AI Policies & standards																							
Data Governance Tools (OKR)				RFP		Deploy ★						Adopt & Scale												
Data Governance Council	Launch																							
AI Community of Practice	Launch																							
AI SharePoint site	Launch																							

Legend: ★ Delivery

Pillar 3 - Value Delivery & AI Use Case Realization

Outcomes

Demonstrate measurable business value

Initiative	2026												2027											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Use Case Intake & Prioritization	Framework																							
Gen AI Use Cases (OKR)	★												Implementation											
Machine Learning Use Cases													Implementation											
Value & Impact Tracking	Framework																							
AI/ML Lifecycle Architecture	Patterns																							



Date: April 13, 2026
To: Technology and Security (T&S) Committee
From: John Swainson, Committee Chair
Subject: Approval of the Company’s Strategic Plan for AI

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: April 20-21, 2026

Item No.: 5

Issue: Whether to approve the Company’s strategic plan for Artificial Intelligence (AI).

Background/History:

During its February 9–10, 2026 regular meeting, the Board of Directors of the Electric Reliability Council of Texas, Inc. (ERCOT) revised the Technology and Security (T&S) Committee charter to require staff to develop for Committee approval and oversight an Artificial Intelligence (AI) framework, including alignment with risk frameworks, retention of control over ERCOT’s AI data, models, and training, and appropriate communication of ERCOT’s AI narrative to stakeholders, including regulators.

Under the revised charter, ERCOT staff provided the Committee with materials for its April 20, 2026 meeting outlining key areas and performance indicators, supported by a three-pillar strategy tied to ERCOT’s 2026 strategic objectives. To close gaps between the current AI maturity level of 1.6 (Performed), as assessed by KPMG, and the target level of 4.6 (Measured), the key areas include risk management; security and compliance controls; quality assurance; internal-audit monitoring; organizational change management; transparency and accountability; and external stakeholder communication.

Pillar 1 – Enterprise Trusted Data Foundations

The first pillar bolsters quality by design of data management structures. This pillar addresses lineage, cataloging, and ownership with automated monitoring.

Pillar 2 – Responsible AI Strategy and Enablement

The second pillar bolsters accountability through development of a layered data governance strategy, in a governance-by-exception model. This pillar includes governance councils, risk tiering, and corporate policy approval and socialization.



Pillar 3 – Value Delivery and Use Case Realization

The third pillar enables analytics regarding data and AI capabilities through AI system registry and model inventory, standardized lifecycle controls, mandatory safety checks, and value tracking for AI use cases.

Key Factors Influencing Issue:

Section IV(B)(4) of the T&S Committee Charter requires the Committee to support the Board’s strategic objectives by approving the Company’s strategic plan for AI.

Conclusion/Recommendation:

I recommend the T&S Committee approve the Company’s strategic plan for AI.



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

WHEREAS, the charter of the Technology and Security (T&S) Committee of the Electric Reliability Council of Texas, Inc. (ERCOT) requires the Committee to support the Board of Directors (Board) strategic objectives by approving the Company’s plan for Artificial Intelligence (AI);

WHEREAS, the Company’s plan for AI features three pillars tied to ERCOT’s strategic objectives; and

WHEREAS, after due consideration of the alternatives, the T&S Committee deems it desirable and in the best interests of ERCOT to approve the Company’s plan for AI, subject to Committee monitoring;

THEREFORE, BE IT RESOLVED, that ERCOT is hereby authorized and approved to implement the Company’s strategic plan for AI.

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