

**ISO NEW ENGLAND INC.**  
**CHARTER OF THE**  
**MARKETS COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**COMMITTEE TITLE**

This committee (the “Committee”) will be called the Markets Committee of the Board of Directors of ISO New England Inc. (the “Company”).

**PURPOSE**

The Committee is a standing committee of the Board of Directors of the Company.

The Committee will be responsible for overseeing issues relating to the New England markets including, without limitation, oversight of the Company’s market assessments and market monitoring, reporting and market-power mitigation functions and oversight of substantive market analyses and development.

The Committee will be responsible for establishing procedures for reviewing issues relating to the New England markets.

**MEMBERSHIP**

The Committee will consist of three or more members of the Board of Directors of the Company. Each member of the Committee must meet all independence standards imposed under the Company’s charter, by-laws and code of conduct.

**AUTHORITY AND RESPONSIBILITIES**

The Committee has the authority to review and make recommendations with regard to the design, structure and performance of the wholesale electricity markets in New England including, without limitation, the oversight of the Company’s market assessments and market monitoring, reporting and market power mitigation functions.

The Committee will review key risks within the scope of its oversight of Company operations and will report to the Board of Directors regarding these key risks no less frequently than annually.

The Committee shall have direct responsibility for the oversight of the work of the Company’s internal and external market monitoring units, provided that the internal market monitoring unit shall report to the Chief Executive Officer for administrative purposes only.

In performing its functions, the Committee will undertake those tasks and responsibilities that, in its judgment, would most effectively contribute to fulfilling and implementing the purposes of the Committee. The following are some common recurring activities of the Committee in carrying out its responsibilities:

- Review, discuss and approve the design or structure of the wholesale electricity markets.
- Review, discuss and oversee requirements of, and compliance with, FERC orders and regulations relating to the wholesale markets, market monitoring and market power mitigation.
- Review, discuss and make recommendations to the Board regarding both the selection of, and contract with, an external market monitoring unit.
- Review, discuss and make recommendations to the Board regarding the appointment, replacement or dismissal of the Vice President or Director of the internal market monitoring unit.
- Annually review the performance of the Vice President or Director of the internal market monitoring unit and recommend his or her compensation to the Compensation and Human Resources Committee and the Board of Directors.
- Review and approve the internal market monitoring unit's annual business plan and review results at year-end.
- Periodically review the scope and coverage of the internal and external market monitoring units for adequacy.
- Ensure that significant changes to the design or structure of the wholesale electricity markets are appropriately reflected in the scope of the internal and external market monitoring units.
- Ensure that management addresses issues raised by the internal and external market monitoring units.
- Review and discuss reports and recommendations by the internal and external market monitoring units, review management's responses thereto, and make recommendations to the Board regarding such reports and recommendations.
- In conjunction with the System Planning and Reliability Committee, review, discuss and oversee any request for proposals that the Company may issue to seek generation, transmission or demand solutions to near-term reliability problems.
- Review and discuss any issue presented to it by a market participant or other external stakeholder relating to the design, structure or performance of the wholesale electricity markets.

The Committee has the authority, to the extent it deems necessary or appropriate, to retain special legal or other advisors to advise the Committee in the performance of its duties.

The Committee will make regular reports to the Board. The Committee may review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee will review the Committee's own performance annually.