

ISO NEW ENGLAND INC.
CHARTER OF THE
NOMINATING AND GOVERNANCE COMMITTEE
OF THE BOARD OF DIRECTORS

COMMITTEE TITLE

This committee (the “Committee”) will be called the Nominating and Governance 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 purpose of the Committee is to:

- Review and make recommendations to the Board of Directors with respect to corporate governance guidelines and issues;
- Select nominees for election and re-election of Directors;
- Nominate the chairs and members of the Board committees and the Chair and Vice Chair of the Board; and
- Oversee the evaluation of the Board of Directors.

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, as well as any other applicable independence standards adopted by the Board of Directors.

AUTHORITY AND RESPONSIBILITIES

Corporate Governance

- The Committee will review and make recommendations to the Board with respect to corporate governance issues, including, but not limited to, director qualification standards, director responsibilities, director access to management and, as necessary and appropriate, independent advisors, director orientation and continuing education, Board succession issues and recruitment of executive management.
- The Committee will oversee the annual evaluation of the Board.

Nomination

- The Committee will develop qualification criteria for Directors, consistent with the mandates of the Company's charter, by-laws and code of conduct, and it will actively seek, interview and screen individuals to become Directors.
- The Committee will nominate persons possessing a cross-section of skills and experience (such as, for purposes of illustration but not by way of mandate or limitation, experience in Federal Energy Regulatory Commission electric regulatory affairs, energy industry management, corporate finance, bulk power systems, human resource administration, power pool operations, public policy, distributed generation or demand response technologies, renewable energy, consumer advocacy, environmental affairs, business management and information technologies), to ensure that the Company has sufficient knowledge and expertise to act as the regional transmission organization for New England. At least three of the Directors shall have prior relevant experience in the electric industry. In addition, to ensure sensitivity to regional concerns, the Committee will give strong preference to nominating candidates from New England to the extent qualified candidates are available and such representation can be accomplished consistent with the Company's code of conduct.
- The Committee may retain and terminate any search firm to be used to identify Director candidates and has the sole authority to approve the search firm's fees and other retention terms.
- By means of the Nominating Committee established pursuant to Section 13 of the Participants Agreement, the Committee will work with NEPOOL Participants and the New England Conference of Public Utilities Commissioners to develop a slate of candidates for election and re-election to the Board.
- The Committee will propose candidates to the Board for election and re-election.
- The Committee will nominate, for election by the Board at its annual meeting, the chairs and members of the Board committees and the Chair and Vice Chair of the Board. To the extent deemed necessary by the Committee, these nominations will follow confidential discussions with the members of the Board and consultation with the current Chair of the Board.

General

- The Committee has the authority to obtain advice and assistance from internal or external legal or other advisors.
- The Committee will make regular reports to the Board. 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 may review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval. The Committee will review its own performance annually.