

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 any 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.

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, and, as necessary and appropriate, independent advisors, Board succession issues and recruitment of executive management.
- The Committee will oversee regular evaluations of the Board and standing committees and the process for such evaluations.
- The Committee will propose training programs and site visits for the Board, oversee the orientation program for new members of the Board, and make recommendations

to the Board regarding policies related to director education, including the reimbursement of expenses.

- The Committee will regularly receive reports from management on public policies relevant to the Company and the Company's political environment.
- The Committee will review, and provide recommendations to the Board regarding, the Board's process for overseeing management's strategic planning efforts.

Nomination

- Each year, the Committee will nominate a slate of directors for election by the members of the Corporation consistent with Section 13 of the Participants Agreement, which establishes the Joint Nominating Committee.
- To guide the Board's members on the Joint Nominating Committee, the Committee will develop qualification criteria for directors, consistent with the Committee's commitment to ensure that the Board includes individuals from diverse backgrounds, and consistent with the mandates of the Company's charter, by-laws and code of conduct, including the requirements that: the Committee 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; and, 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.
- After consultation with the Joint Nominating Committee, 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.
- The Committee will nominate, for election by the Board at its annual meeting, the chairs and members of the Board committees, the Chair, and any Vice Chair. 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.
- For each New England state's public utilities commission, the Committee will assign two Directors to serve as liaisons. Such liaisons shall provide the state commission with a point of contact on the Board and shall meet with the commission every six to eight months, depending on commission interest and Director availability.

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.