

BY-LAWS OF THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

ARTICLE I **THE CORPORATION**

Section 1. The Corporation. The name of the Corporation shall be The New York Independent System Operator, Inc.

ARTICLE II **JOINT GOVERNANCE OF THE CORPORATION**

Section 1. Joint Governance Structure. The Corporation shall have a ten person, unaffiliated Board of Directors with the responsibility of overseeing the operation of the Corporation and implementation of the Corporation's responsibilities, and a Management Committee, composed of representatives of each Party to the Independent Systems Operator Agreement (the "ISO Agreement").

Section 2. Independence of Directors. The Board shall execute faithfully the powers and responsibilities of the Corporation and shall be independent of any commercial entity, sector of Market Participants or political interest. No director shall have a financial interest in or be otherwise affiliated with a Market Participant or its Affiliate, all as provided in the ISO Agreement and established by these By-Laws.

Section 3. Selection of Directors. The Board shall choose new directors based on the criteria set forth in the ISO Agreement and Article III, Section 2 of these By-Laws. The Market Participants, acting through their Management Committee, shall conduct a search for new directors and recommend to the Board a list of at least three qualified candidates for each vacancy. The Board may, by a majority vote, either choose a candidate from among those recommended by the Management Committee or choose a candidate not so recommended. If the candidate chosen by the Board is not one of those recommended by the Management Committee, the Management Committee shall have the opportunity to review and comment on the qualifications of the chosen candidate.

Section 4. Term Limits of Directors. A director may serve for no more than three full terms. A director who is elected to fill a vacancy shall have the remaining term of office of the departed director, if applicable. The terms of the directors shall be staggered.

Section 5. Age Limits for Directors. A director shall not be eligible for a new term if such term would commence at or after such director's 75th birthday.

Section 6. The Management Committee. (a) The Management Committee shall be composed of five sectors, as defined in the ISO Agreement: Generator Owners, Other Suppliers, Transmission Owners, End-Use Consumers, and Public Power/Environmental Parties. The Management Committee shall develop positions and make recommendations regarding the operations, policies and procedures of the Corporation; shall supervise and review the work of the other committees of the Corporation; shall review and determine appeals from actions of the subcommittees and suspend such action if warranted; and shall have such other responsibilities and powers as are conferred on it by the ISO Agreement or the Board.

(b) Amendments to the ISO Agreement and the ISO Tariffs. As provided in Article 19 of the ISO Agreement, the Management Committee may propose changes to the ISO tariffs and shall review and make recommendations regarding changes to the tariffs proposed by the Board. If the Board and the Management Committee concur on a proposed amendment to the ISO Agreement and the ISO tariffs, the Corporation may file the proposed amendment with the Federal Energy Regulatory Commission (the “FERC”) pursuant to Section 205 of the Federal Power Act. Nothing herein shall limit the ability of the Board or any Market Participant to file pursuant to Section 206 of the Federal Power Act. Notwithstanding the foregoing, the Board shall have the ability to file pursuant to Section 205 of the Federal Power Act without Management Committee approval if it finds that exigent circumstances require it to do so, but such an exigent circumstance filing shall only remain in effect for 120 days after it is filed unless it is confirmed by vote of the Management Committee.

(c) Budget Developed by Those Who Pay It. The Market Participants, through their Management Committee, shall be responsible for the preparation of the Corporation’s capital and operating budgets, in collaboration with the staff of the Corporation, for review and final approval by the Board.

Section 7. Participatory Process and Transparency. To establish and maintain effective communications with the Market Participants and a transparent and fully participatory process, the Board shall, whenever practicable, make arrangements to meet with Market Participants at times adjacent to Board meetings, to discuss the affairs of the Corporation. The Board shall also make all reasonable efforts to arrange an annual, day long meeting with Market Participants for the purpose of more intensive discussions of the affairs of the Corporation. The Board shall make arrangements for representatives of the New York Public Service Commission (the “PSC”) and the FERC to attend Board meetings if those agencies so choose.

ARTICLE III **BOARD OF DIRECTORS**

Section 1. Powers. (a) The Board shall be the governing board of the Corporation and the business, property, affairs and activities of the Corporation shall be managed by and under the direction of the Board. The Board will have ultimate responsibility for the operation of the Corporation and the effective implementation of the Corporation’s basic responsibilities pursuant to the terms of the ISO Agreement, the Agreement Between the New York Independent System Operator and Transmission Providers (the “ISO/TP Agreement”), and the Agreement Between the New York Independent System Operator and the New York State Reliability Council (the “ISO/NYSRC Agreement”).

(b) The Board will establish appropriate personnel, employment and salary policies for the day-to-day administration of the Corporation. The Board shall establish a Governance Committee, consisting of not less than three directors. The Board may establish such other committees and sub-committees of the Board as it sees fit. The Board also shall be responsible for the financial affairs of the Corporation, including review and approval of the Corporation’s capital and operating budgets prepared by the Management Committee, established pursuant to the provisions of the ISO Agreement. The Board shall appoint an independent auditor, a dispute resolution administrator and a market power advisor. Audits may

be performed at the request of the Board, or at the request of a Party to the ISO Agreement. If a Party requests an audit, the cost of such audit shall be borne by the requesting Party. The Board shall have a fiduciary duty to execute faithfully the powers and responsibilities of the Corporation and shall not represent or favor the interests of any entity.

(c) The Board shall designate a representative to each committee of the Corporation established pursuant to the provisions of the ISO Agreement, who shall serve as a non-voting member of such committee. Upon request, the Board shall make provisions for representatives of the FERC and the PSC to attend meetings of the Board. The FERC and PSC representatives may participate, but not vote, in a meeting of the Board. The Board will review and determine appeals from actions of the Management Committee. The Board may suspend an action by any committee of the Corporation pending appeal, if the Board determines that such action is warranted. The Board also may review any matter, complaint, or action by a committee of the Corporation on its own motion. The Board shall establish procedures for reviewing such matters, committee actions, or complaints, and for the suspension of committee actions pending appeal. The Board may delegate to one or more of its members the authority to suspend a committee action pending appeal, subject to ratification by the Board. This should include, but not be limited to, the Board establishing procedures to assure prompt action on matters that are brought to it for action on an emergency or urgent basis.

Section 2. Number and Qualifications. The Board shall be comprised of ten directors, nine of whom shall be elected and one of whom shall be the President of the Corporation, who shall serve as an ex officio member of the Board. The Governance Committee shall nominate candidates for election to the Board to fill vacancies arising by expiration of term or otherwise. The Governance Committee shall use the criteria set forth in this Section 2 for selection of candidates. The Management Committee shall assist the Governance Committee in the nomination of new directors. The Management Committee will conduct a search for new directors and shall provide the Governance Committee with at least three qualified candidates for each directorship to be filled by a new director. The Governance Committee may seek candidates from other sources including an executive search firm. The Board will provide the Management Committee with an opportunity to review the qualifications of new candidates not forwarded to the Board by the Management Committee and to comment on their qualifications prior to the selection of a new director. A director must be a natural person. At all times, the directors of the Corporation shall possess a cross-section of skills and experience (such as, for purposes of illustration but not by way of mandate or limitation, FERC electric regulatory affairs, electric utility management, corporate finance, bulk power systems, human resources administration, power pool operations, public policy, consumer advocacy, environmental affairs, business management, law, the performance of markets and information systems) to ensure that the Corporation has sufficient relevant knowledge and expertise to perform its obligations under the ISO Agreement, ISO/TP Agreement, and the ISO/NYSRC Agreement. At least three of the directors must have prior relevant experience in the electricity industry. In addition, to ensure sensitivity to regional concerns, preference shall be given to electing members from New York State to the extent that qualified candidates are available and such representation can be accomplished consistent with the Corporation's conflict of interest policy and code of conduct and so long as it does not violate the requirement that directors be unaffiliated. No director shall be affiliated with a "Market Participant," or the "Affiliate" of a Market Participant as those terms

are defined in the ISO Agreement. A director shall be deemed affiliated with a Market Participant or its Affiliate if:

- a. such person or his or her spouse or minor children owns, controls, or holds with power to vote, securities of a Market Participant or any of its Affiliates; provided, however, (i) that each newly elected director shall dispose of such securities in accordance with the terms of the Corporation's code of conduct, (ii) if such person or his or her spouse or minor children owns, controls or holds with power to vote such securities as a result of an entity becoming a Market Participant, such person shall dispose of such securities in accordance with the terms of the Corporation's code of conduct, and (iii) if such person or his or her spouse or minor children owns, controls or holds with power to vote such securities as a result of a gift, inheritance, distribution or marital property or other involuntary acquisition, such person shall dispose of such securities in accordance with the terms of the Corporation's code of conduct;
- b. such person or his or her spouse or minor children purchases securities of any Market Participant or any Affiliate of any Market Participant while such person is a director;
- c. such person is an officer, director, partner or employee of a Market Participant or any of its Affiliates;
- d. such person (i) is a former executive officer of a Market Participant which Market Participant, together with its Affiliates, has three percent or more of the voting shares on the Management Committee or of any Affiliate of such Market Participant and (ii) is receiving continuing benefits under an existing employee benefit plan (other than a defined benefit plan), arrangement or policy of such Market Participant or any of its Affiliates; or
- e. such person has a material ongoing business or professional relationship with a Market Participant or any of its Affiliates; provided, however, that such person shall not be deemed to have a material ongoing business relationship with a Market Participant or any of its Affiliates solely as a result of being served, as a customer, with electricity or gas by such Market Participant or its Affiliates,

The term "securities" used above is defined in the Corporation's code of conduct.

Section 3. Election. (a) Selection of the President. The elected Directors of the Board shall elect, pursuant to the terms of the ISO Agreement, a President who shall serve, ex officio, as the tenth member of the Board. The President shall be a voting member of the Board, but shall not be deemed an elected member of the Board. The President shall have extensive experience and knowledge in the field of electric power systems. In considering candidates for President, the Board also shall give substantial weight to significant managerial experience and knowledge and experience in electricity markets.

(b) Director Classes and Terms of Office. All directors, except the director serving by virtue of his or her position as President of the Corporation, shall be classified by the Board with respect to the time during which they shall severally hold office by dividing them into four classes, three of such classes to consist of two directors, and a fourth class to consist of three directors. At the annual meeting of the Board, the successors to a class of directors whose term will expire in that year shall be elected to hold office for the term of four years commencing upon election and ending at the annual meeting in the fourth year thereafter. The directors shall be elected by a majority of the elected directors then in office. Each director shall hold office until his or her successor shall have been duly elected and qualified. The President shall serve as an ex officio member of the Board solely by virtue of his or her position as President, and his or her service as a director shall terminate upon the termination of his or her service as President.

(c) Chairman of the Board. The directors shall elect a Chairman of the Board. The President will not be eligible to serve as the Chairman of the Board. The Chairman shall serve a term of one year and will be eligible for re-election as Chairman at the annual meeting of the Corporation. In its discretion, the Board may elect a Vice-Chairman of the Board.

Section 4. Working Chair and Lead Director. In its discretion, the Board may appoint a Part-Time Working Chairman of the Board. Because the Part-Time Working Chair will have enhanced responsibilities, the Part-Time Working Chair will be compensated in excess of the amount he receives pursuant to Article III, Section 12 in an amount to be determined by the Board.

If a Working Chair is appointed, the Board shall also appoint a Lead Director. The Lead Director shall be independent and shall not have any internal responsibilities. The Lead Director shall receive the same compensation as would have been paid to the Vice Chair.

The leadership arrangement and appointments made pursuant to this Section 4 will last until the Board determines that such should be terminated or altered.

Section 5. Vacancies. Vacancies on the Board arising from any cause other than the expiration of term shall be filled, pursuant to the provisions of the ISO Agreement and Articles II and III hereof, by a majority of the elected directors then in office. The Governance Committee shall nominate new directors to fill such vacancies based on the criteria set forth in the ISO Agreement and in Section 2 above. A director elected to fill a vacancy shall have the remaining term of office of the departed director and will serve until his or her successor is duly elected and qualified.

Section 6. Resignations. Any director may resign from office at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the Corporation or the Chairman of the Board. The acceptance of a resignation by the Board shall not be necessary to make it effective, but no resignations shall discharge any accrued obligation or duty of a director.

Section 7. Removal. The Board may remove a director for cause by an affirmative vote of seven directors, taken at a special meeting of the Board called for that purpose; provided that at least one week's notice shall have been given to the entire Board then in office. A director or

the Management Committee may propose the removal of a director for cause. Grounds for removal for cause include, but are not limited to: failure to attend meetings, affiliation with a Market Participant, felony conviction, misappropriation of funds, sexual harassment, mental incapacity, and misconduct.

Section 8. Meetings. Meetings of the Board may be held at any place within or without the State of New York as the Board may from time to time fix, or as shall be specified in the notice or waivers of notice thereof. The annual meeting of the Board for the election of directors and for such other business as may properly be before the Board shall be held on a date in the month of April or on such other date and at such place as the Board may determine by resolution. Regular meetings of the Board shall be held at least quarterly and at such other times as may be determined from time to time by resolution of the Board. Special meetings of the Board may be called at any time by the Chairman, the Lead Director or by any six directors.

Section 9. Quorum and Voting. Unless a greater proportion is required by law, six directors shall constitute a quorum for the transaction of business or of any specified item of business. Notwithstanding the foregoing, if there shall occur and be declared by appropriate governmental authority a state of disaster which shall be of such severity as to prevent the conduct and management of the affairs and business of the Corporation by its Board of Directors and officers as otherwise provided in these by-laws, or if because of some catastrophic event a quorum of the Board of Directors cannot readily be assembled, any four or more available members of the Board of Directors shall constitute a quorum of the Board for the full conduct and management of the affairs and business of the Corporation.

The by-law providing for a reduced quorum requirement under specified circumstances shall be subject to implementation by resolutions of the Board of Directors. Any provision of the by-laws (other than this Section 9) or of any resolution of the Board of Directors which is contrary to this by-law or contrary to any resolution adopted hereunder shall be suspended in the event of a state of disaster or catastrophic event as described above, until the members of the Board of Directors acting under this Section shall determine that this Corporation may resume operation under all of the provisions of these by-laws.

Section 10. Action by the Board. Except as otherwise required by law or as set forth in Section 9 above, the affirmative vote of six directors present at the time of the vote shall be the act of the Board.

Any action required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if the entire Board or the committee unanimously consents in writing to the adoption of a resolution authorizing the action. The resolution and written consents thereto by the members of the Board or a committee thereof shall be filed with the minutes of the proceedings of the Board or committee. Anyone or more members of the Board or any committee thereof may participate in a meeting of the Board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 11. Notice of Meetings. Notice of the time and place of each regular or special meeting of the Board, together with a written agenda stating all matters upon which action is proposed to be taken and, to the extent possible, copies of all documents on which action is proposed to be taken, shall be mailed to each director, postage prepaid, addressed to him or her at his or her usual place of business (or at such other address as he or she may have designated in a written request filed with the Secretary), at least seven days before the day on which the meeting is to be held; provided, however, that notice of special meetings to discuss matters requiring prompt action may be sent to him or her at such address by telegram, cablegram or facsimile or given personally or by telephone, no less than forty-eight hours before the time at which such meeting is to be held, unless the meeting must be held within forty-eight hours, in which case the directors shall receive notice as soon as practicable. Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him or her. Notice shall be given of any adjourned meeting in person to those directors who are in attendance at the meeting prior to adjournment and to all other directors by telegram, cablegram or facsimile or given personally or by telephone, no less than forty-eight hours before the time at which such adjourned meeting shall reconvene, unless such adjourned meeting shall reconvene within forty-eight hours, in which case such directors shall receive notice as soon as practicable.

Section 12. Compensation. The Board may, by resolution fix the compensation of directors for service in any capacity and may fix fees for attendance at meetings and may authorize the Corporation to pay the traveling and other expenses of directors incident to their attendance at meetings, or may delegate such authority to a committee of the Board. Prior to any change in director compensation, the proposed change will be submitted by the Board to the Management Committee for its review and comment. Except as provided in this Article III, Section 12, and, subject to the provisions of Article III, Sections 4 and 13 hereof, no member of the Board shall accept any consulting, advisory, or other compensatory fee from the Corporation, provided, however, that nothing herein shall prevent the reimbursement of expenses to members of the Board.

Section 13. Interim Appointments. In the event of a vacancy in any of the offices of the Corporation, the Board may appoint any person, including a director, to serve in that office in an interim capacity until a successor has been duly elected and qualified. Notwithstanding the provisions of Article III, Section 12 hereof, the Board may determine compensation and terms of employment for a director serving in such interim capacity in addition to the compensation that such director receives for his or her service as director.

ARTICLE IV **OFFICERS, EMPLOYEES AND AGENTS**

Section 1. Number and Qualifications. The officers of the Corporation shall be an President, a Secretary and such other officers as may be appointed in accordance with the provisions of Section 2 of this Article IV. One person may hold more than one office in the Corporation except that no one person may hold the offices of President and Secretary. The officers may, but need not be, members of the Board,

Section 2. Election and Term of Offices. The officers shall be elected, from time to time, by the Board. Each such officer shall, except as herein otherwise provided, hold office until the election and qualification of his or her successor or until his or her earlier resignation or removal. Except as otherwise specifically provided herein, such officers shall have such powers and perform such duties as may be assigned to them by the Board.

Section 3. Employees and Other Agents. The Board may appoint from time to time such employees or other agents (who may, but need not be, Members) as it should deem necessary, each of whom shall hold office at the pleasure of the Board, receive such a reasonable compensation and have such authority and perform such duties as the Board shall determine. To the full extent allowed by law, the Board may delegate to any officer or agent any powers possessed by the Board. The Board shall also appoint an independent auditor.

Section 4. Removal. Any officer, employee or agent of the Corporation may be removed with or without cause by the affirmative vote of six directors.

Section 5. Vacancies. In case of any vacancy in any office, a successor to fill the unexpired portion of the term may be elected by the Board.

Section 6. President's Powers and Duties. The President shall be responsible for the day to day operations of the Corporation. The President also shall be responsible for ensuring that all voting on the Management Committee is consistent with the ISO Agreement. The President shall serve at the pleasure of the Board and shall enter into a contract with the Board detailing the terms of his or her employment, including salary terms and benefits. The President shall have general supervision of the affairs of the Corporation, and shall keep the Board fully informed of the activities of the Corporation. The President shall perform all the duties usually incident to the office of a chief executive officer, and shall perform such other duties as from time to time may be assigned by the Board.

Section 7. Secretary: Powers and Duties. The Secretary shall keep the minutes of the annual meeting and all minutes of the Board in books provided for that purpose. The Secretary shall be responsible for the giving and serving of all notices of the Corporation and shall perform all the duties customarily incident to the office of the Secretary, subject to the control of the Board, and shall perform such other duties as shall from time to time be assigned by the Board.

Section 8. Compensation. Any officer, employee or agent of the Corporation is authorized to receive a reasonable salary or other reasonable compensation for services rendered to the Corporation when authorized by the Board.

ARTICLE V **COMMITTEES**

Section 1. Committees of the Board. The Board may by resolution adopted by six directors establish and appoint such committees as it may deem to be necessary, including, without limitation, a Governance Committee. Each committee so appointed shall consist of three or more directors and shall have the authority set forth in the adopting resolutions.

Section 2. Committees of the Corporation. The Corporation shall have the following standing Committees: a Management Committee; an Operating Committee; and a Business Issues Committee. Members of the Management Committee must be parties to the ISO Agreement (“Parties”). Members of the Operating Committee and the Business Issues Committee must be Parties or authorized by the provisions of the ISO Agreement to serve as a committee member. The Board may also, by resolution, establish and appoint such other Committees of the Corporation as it shall deem to be necessary.

(a) Management Committee. The Management Committee shall be comprised of each of the Parties to the ISO Agreement. The Management Committee shall have the following responsibilities:

- supervision and review of the work of the other Committees of the Corporation;
- review and determination of appeals from actions of the other Committees, and the ability to suspend an action by another Committee pending appeal if the Management Committee determines that such action is warranted;
- development of positions on the operations, policies and procedures of the Corporation and providing recommendations to the other Committees and the Board;
- preparation of the Corporation’s capital and operating budgets for review and approval by the Board;
- subject to provisions of Article 19 of the ISO Agreement, proposing changes to the ISO Tariff and reviewing and making recommendations with respect to tariff changes proposed by the Board;
- such other responsibilities and powers conferred on it by the ISO Agreement or the Board.

The Management Committee shall meet at least quarterly. Decisions by the Management Committee may be appealed to the Board by any Party. A Party may designate any person to represent the Party on the Management Committee. Such representative will serve until replaced by the Party by written notice or until the Party ceases to be a Party to the ISO Agreement. The Board shall certify entities who qualify to participate in the governance of the Corporation as Non-Market Participants in accordance with the provisions of the ISO Agreement.

The Board may assign a member of its staff to the Management Committee. The staff member may participate in Committee proceedings on a nonvoting basis. Any member of the Management Committee and the staff representative may appeal a Management Committee action to the Board. The Management Committee shall establish procedures for the review of appeals from the actions of other Committees and for the suspension of actions pending appeal in

appropriate circumstances. The Management Committee shall make provisions for attendance at Committee meetings by representatives of FERC and PSC.

The Management Committee will follow the procedures and the voting rules set forth in the ISO Agreement.

(b) Operating Committee. The responsibilities of the Operating Committee shall include the following:

- establishment of procedures related to the coordination of the operations of the New York State Power System;
- establishment of procedures related to the safe and reliable operation of the New York State Power System;
- ensuring that all procedures and practices of the Corporation are consistent with the reliability rules established by the NYSRC, and serving as liaison to the NYSRC;
- oversight and coordination of operating and performance studies;
- review and approval of operating limits;
- establishment of procedures for coordinating the maintenance schedules for the New York State Power System in order to maintain system reliability;
- determination of the minimum system operating capacity required to be available within the New York State Power System and establishing methods of allocating a portion thereof to responsible entities as minimum operating capacity. In determining operating capacity requirements, the Committee shall take into consideration the locational capacity needs of New York State;
- establishment of procedures for determining Operating Reserve requirements and, if experience or the results of studies indicate the desirability of change, recommending changes thereto to the Management Committee;
- development of Locational Installed Capacity Requirements, consistent with the Reliability Rules, Local Reliability Rules, the ISO/TP Agreement and the ISO Agreement;
- any additional responsibilities assigned by the Management Committee or the ISO Agreement.

Procedures adopted by the Operating Committee will be implemented by the staff of the Corporation unless suspended or overruled by the Management Committee or the Board. In

carrying out its responsibilities, the Operating Committee shall seek input and recommendations from the Corporation's staff.

The Operating Committee shall implement the transmission system expansion process described in Article 18 of the ISO Agreement. The Operating Committee shall review and approve assessments of the Corporation's staff of proposed projects that impact transmission capability to confirm that those projects meet all applicable reliability criteria. The Operating Committee shall review and approve the New York State transmission plan prepared by the Corporation's staff and reliability assessments performed using the New York State transmission plan, to ensure conformance with the Reliability Rules. The Operating Committee shall review and approve illustrative New York State transmission system expansion options developed by the Corporation's staff in response to PSC requests.

(c) Business Issues Committee. The responsibilities of the Business Issues Committee shall include the following:

- establishment of procedures related to the efficient and nondiscriminatory operation of electricity markets centrally coordinated by the Corporation, including procedures related to bidding, settlements and the calculation of market prices;
- development of procedures related to the implementation of the commercial aspects associated with the procedures developed by the Operating Committee;
- development of procedures related to the commercial aspects of the Corporation's operations;
- formation of uniform standards and procedures for the bidding, scheduling, and financial settlement of bulk power transactions consistent with the reliability rules and with the provisions of the ISO Tariff, the ISO/NYSRC Agreement, the ISO/TP Agreement, and the ISO Agreement;
- establishment, subject to the review and approval or modification of the Management Committee, of policies and procedures related to the maintenance of sufficient working capital to fund the operations of the Corporation, and the establishment of credit arrangements and accounts with financial and commercial institutions, including banks;
- any additional responsibilities assigned by the Management Committee or the ISO Agreement.

Procedures adopted by the Business Issues Committee will be implemented by the staff of the Corporation unless suspended or overruled by the Management Committee or the Board. In carrying out its responsibilities, the Business Issues Committee shall seek input and recommendations from the Corporation's staff.

(d) Voting Rules and Committee Membership. The methodology for the selection of members of the Operating Committee and the Business Issues Committee, the voting rules for those committees, and the responsibilities of the Board in the selection of committee members will be governed by the provisions of the ISO Agreement.

ARTICLE VI **INDEMNIFICATION**

Section 1. The Corporation shall indemnify, to the fullest extent permissible under the Not-for-Profit Corporation Law or the indemnification provisions of any successor statute, any person, and the heirs and personal representatives of such person, against any and all judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred by or imposed upon such person, in connection with, or resulting from any claim, action, suit or proceeding, whether civil or criminal, in which such person is a party or is threatened to be made a party by reason of such person being or having been a director, officer, employee or agent of the Corporation, or of another corporation, joint agent of the Corporation, or of another corporation, joint venture, trust or other organization in which such person serves as a director, officer, employee or agent at the request of the Corporation, or by reason of such person being or having been an administrator or a member of any board or committee of the Corporation or of any such other organization, including, but not limited to, any administrator, board or committee related to any employee benefit plan.

To the fullest extent permissible under the Not-for-Profit Corporation law, the Corporation may advance expenses incurred in defending a civil or criminal action, suit or proceeding to any such director, officer, employee or agent upon receipt of any undertaking by or on behalf of the director, officer, employee or agent to repay such amount, if it shall ultimately be determined that such person is not entitled to indemnification by the Corporation.

The foregoing right of indemnification and advancement of expenses shall in no way be exclusive of any other rights of indemnification to which any such person may be entitled, under any bylaw, Agreement, vote of Members, disinterested directors or otherwise, and shall inure to the benefit of the heirs and personal representatives of such person. Any repeal or amendment of this Section 1 of Article VI shall be prospective only and shall not adversely affect any right of protection of a person with respect to any act or omission occurring prior to the time of such repeal or modification.

Section 2. The Corporation shall indemnify the Transmission Providers as and to the extent set forth in the ISO/TP Agreement, and shall indemnify the NYSRC as and to the extent set forth in the ISO/NYSRC Agreement.

Section 3. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the Not-for-Profit Corporation Law.

ARTICLE VII
CONTRACTS, CHECKS AND BANK ACCOUNTS

The Board may select such depositories as it shall deem proper for the funds of the Corporation and shall determine who shall be authorized in the Corporation's behalf to sign bills, notes, receipts, acceptances, endorsements, checks, releases, contracts and documents.

ARTICLE VIII
OFFICE AND BOOKS

Section 1. Office. The office of the Corporation shall be located at 3890 Carman Road, Schenectady, New York 12303.

Section 2. Books. There shall be kept at the office of the Corporation correct books of account of the activities and transactions of the Corporation including a minute book, which shall contain a copy of the certificate of incorporation, a copy of these by-laws, and all minutes of meetings of the Members of the Corporation and of the Board.

ARTICLE IX
FISCAL YEAR

The fiscal year of the Corporation shall be determined by the Board.

ARTICLE X
AMENDMENTS

These By-laws may be amended or repealed by the affirmative vote of six of the Members of the Corporation at a meeting duly called for the purpose of altering these by-laws.