



AGREEMENT

BETWEEN

INDEPENDENT ELECTRICITY MARKET OPERATOR

AND

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

**REGARDING THE EXCHANGE OF INFORMATION RELATED TO
INTER-JURISDICTIONAL ENERGY TRANSACTIONS**

EFFECTIVE DATE: Sept. 10, 2004

THIS AGREEMENT made this 10th day of Sept., 2004
BETWEEN:

INDEPENDENT ELECTRICITY MARKET OPERATOR

A not-for-profit, non-share capital corporation established pursuant to the *Electricity Act, 1998*

(Hereinafter referred to as the "IMO" or "Party")

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

A not-for-profit corporation organized under the laws of New York State,

(Hereinafter referred to as "NYISO" or "Party")

The IMO and NYISO (hereinafter referred to collectively as the "Parties");

Having regard to the trade in electricity between their markets;

Noting that the sound and effective enforcement of their market rules regarding inter-jurisdictional transactions in electricity is a matter of importance to the efficient operation of their markets;

Having regard to the importance of cooperation and coordination to further effective enforcement of their market rules;

Have agreed as follows:

Purpose

1. The purpose of this Agreement is to establish parameters for the exchange of information regarding electricity transactions between the Parties and the proper safeguards for protecting the confidentiality of any confidential information exchanged.

Cooperation

1. The Parties:
 - a. Acknowledge that it is in their common interest to cooperate in the detection and investigation of anomalous or inappropriate conduct by market participants in the scheduling of electricity transactions between their markets to the extent compatible with applicable laws, regulations, tariffs and important interests and within their reasonably available resources;
 - b. Further acknowledge that it is in their common interest to share information that will facilitate the effective application of their market rules and promote better understanding of each other's enforcement policies and activities.
2. Each Party's market monitoring authorities will, to the extent compatible with that Party's applicable laws, regulations, tariffs, enforcement policies and other important interests:
 - a. Inform the other Party's market monitoring authorities with respect to investigative activities involving conduct that may also have had an adverse effect on competition or compliance with rules in the other Party's market;
 - b. Provide to the other Party's market monitoring authorities, upon request, such information within its possession as the requesting Party's market monitoring authorities may specify regarding energy transactions between the Parties' markets; and
 - c. Provide the other Party's market monitoring authorities with any significant information that comes to their attention about anomalous or inappropriate conduct that may be relevant to, or may warrant investigation by, the other Party's market monitoring authorities.

Safeguards

1. This Agreement does not present an independent basis for, and shall not be read to authorize, the disclosure of confidential, proprietary or privileged information that the Parties are otherwise prohibited from sharing under applicable laws, regulations or tariff provisions.


2. Notwithstanding any other provision of this Agreement, neither Party is required to communicate information to the other Party if such communication is prohibited by the applicable laws, rules, regulations or tariff(s) of the Party possessing the information or would be incompatible with that Party's important interests.
3. A Party's market monitoring authorities receiving confidential information from the other Party will use the same efforts and measures to protect the confidential information it receives as it employs to protect its own confidential information. It will disclose the confidential information only to those of its staff who have a need to know in order to carry out their duties and who are informed of the confidential nature of the information and agree to preserve the confidentiality of the information provided.
4. The receiving Party will not otherwise disclose or discuss the confidential information in any way without the express consent of the sending Party or, subject to section 5, except as may be required by law.
5. The receiving Party will only use the confidential information for the purpose for which it is shared and subject to any terms and conditions specified by the sending Party.
6. Confidential information provided pursuant to this Agreement shall be returned or destroyed at the requests of, and in accordance with the instructions of, the sending Party. The return or destruction of confidential information provided pursuant to this Agreement shall occur within a reasonable period of time (not to exceed one month) of the sending Party's request, unless the return or destruction of the confidential information is precluded by law, regulation or rules of court.
7. The receiving Party agrees to provide notice to the sending Party of any lawful demand for the disclosure of any confidential information so as to afford the sending Party an opportunity to seek protection from such disclosure. The receiving Party shall undertake good faith efforts to defend against and prevent the disclosure of information provided pursuant to this Agreement.

Entry into Force and Termination

1. This Agreement shall enter into force upon signature by both Parties.
2. This Agreement shall remain in force until 30 days after the date on which either Party notifies the other Party in writing that it wishes to terminate the Agreement.
3. Even after the termination of this Agreement, all information provided pursuant to this Agreement shall remain subject to the terms and conditions of this Agreement.

IN WITNESS WHEREOF the Parties have signed this Agreement.

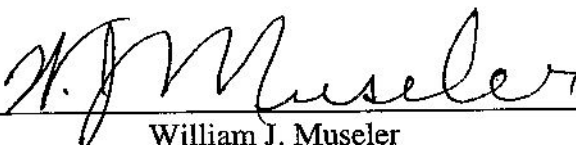
For: **INDEPENDENT ELECTRICITY MARKET OPERATOR**



Dave Goulding
President and Chief Executive Officer
Independent Electricity Market Operator

Date: 25 August 2004

For: **NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**



William J. Museler
President and Chief Executive Officer
New York Independent System Operator, Inc.

Date: 9/10/04