

**AMENDMENT TO SECTION 3.3 OF THE AGREEMENT BETWEEN  
THE NEW YORK INDEPENDENT SYSTEM OPERATOR AND  
THE NEW YORK STATE RELIABILITY COUNCIL**

**IN CONNECTION WITH  
FEDERAL ENERGY REGULATORY COMMISSION ("COMMISSION")  
ORDER NOS. 741 AND 741-A**

This Amendment ("**Amendment**") amends the AGREEMENT BETWEEN THE NEW YORK INDEPENDENT SYSTEM OPERATOR AND THE NEW YORK STATE RELIABILITY COUNCIL dated December 1, 1999 (the "**Agreement**") by and between the New York Independent System Operator, Inc. ("**NYISO**") and the New York State Reliability Council, LLC ("**NYSRC**") (each a "**Party**"; collectively, the "**Parties**").

**RECITALS**

WHEREAS, pursuant to Commission Order No. 741, *75 FR 65962, Oct. 27, 2010*, as amended by Order No. 741-A, *76 FR 10498, Feb. 25, 2011*, the Commission codified minimum credit standards for organized wholesale electric markets at 18 C.F.R. 35.47;

WHEREAS, 18 C.F.R. 35.47(d) requires, in pertinent part, each organized wholesale electric market operator to have a tariff provision that establishes a single counterparty to all market participant transactions or to establish credit requirements based on market participants' gross obligations;

WHEREAS, the NYISO, as the single counterparty to all market participant transactions, would need to take title to the products purchased and sold in its markets and become the buyer to every seller and the seller to every buyer;

WHEREAS, Section 3.3 of the Agreement currently prohibits the NYISO from having a financial interest in any commercial transaction;

WHEREAS, in accordance with Section 12.6 of the Agreement, the Parties have mutually agreed to modify Section 3.3 of the Agreement as provided below to allow the NYISO to comply with Commission Order Nos. 741 and 741-A.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

**AGREEMENTS**

1. Definitions. Capitalized terms not otherwise defined herein have the meanings assigned to such terms in the Agreement.

2. Effective Date. This Amendment shall take effect on the date established by the Commission as the effective date (“**Effective Date**”) in its order accepting this Amendment to the Agreement.

3. Amendments. On the Effective Date, the Agreement shall be amended as follows:

(a) The language below that is double underlined is hereby added to the end of Section 3.3 of the Agreement:

The ISO shall not have a financial interest in any commercial transaction **except to the limited extent required for the ISO to be the single counterparty to market transactions in accordance with the credit requirements for organized wholesale electric markets set forth in Commission Order Nos. 741 and 741-A as codified in 18 C.F.R. § 35.47 (2011) or successor provisions;**

4. Ratifications; Continued Effectiveness. The Parties each hereby ratify and confirm that all of the terms and conditions of the Agreement, as modified by this Amendment, are and shall remain in full force and effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to AGREEMENT BETWEEN THE NEW YORK INDEPENDENT SYSTEM OPERATOR AND THE NEW YORK STATE RELIABILITY COUNCIL to be executed by their duly authorized representatives as of the dates written below.

**New York Independent System Operator, Inc.**

**New York State Reliability Council, LLC**

By: \_\_\_\_\_

By: Michael B. Mager

Title: \_\_\_\_\_

Title: Chair

Date: \_\_\_\_\_

Date: April 19, 2012