

GOVERNORS CODE OF CONDUCT

The Code of Conduct for Governors of the California Independent System Operator Corporation (the "Corporation") shall be as follows:

(a) STANDARDS

Administration of Tariffs

- (1) Governors shall act in accordance with the policy of the Corporation to offer open-access transmission service on a non-discriminatory basis.
- (2) Governors shall act in accordance with the policy of the Corporation to apply each tariff provision in substantially the same manner to the same or similarly situated persons.

Non-disclosure of Transactional Information

- (3) The Governors will abide by the Standards of Conduct for Public Utilities set forth in FERC Order 889 and 889A, as those standards are codified in 18 C.F.R. Section 37.1-37.4, as amended, or any successor law.

Use of Information

- (4) No Governor shall use any non-public information obtained in his or her capacity as a Governor for his or her personal gain, for the gain or an affiliate or to the detriment of the Corporation, any competitors of any entity with which the Governor is affiliated or any suppliers to such competitors or customers of such competitors, except to the extent authorized by the Corporation's bylaws, any law or court order.

General

- (5) Governors shall comply with all laws and regulations

applicable to the conduct of the business of the Corporation and this Governors Code of Conduct. Governors who become aware of any illegal or improper conduct on the part of another Governor, or conduct inconsistent with this Governors Code of Conduct, shall promptly report such conduct to the General Counsel of the Corporation.

- (6) Governors shall not use any Corporation property or services for personal gain and shall not remove or dispose of the materials, supplies or equipment of the Corporation without proper authority.
- (7) Governors shall not accept any form of gratuity which would tend to affect, or give the appearance of affecting, their judgment in the performance of their duties. Food, refreshments and entertainment in the course of a luncheon, dinner, other meeting or corporate event, and non-cash gifts, such as pens, pencils, note pads, calendars, clothing or gifts received as a promotional matter or for a special occasion, are examples of acceptable gratuities. Cash in any form or amount is not considered an acceptable gift and is explicitly forbidden. Governors shall keep a personal written record of all forms of gratuities with an individual value of \$50 or more ("Recordable Gratuities") they do accept. In no event may a Governor accept Recordable Gratuities with an aggregate value in excess of \$250 per source per year. This paragraph (7) shall not apply to compensation, benefits or bonuses paid to a Governor by his or her primary employer.
- (8) Governors shall not give or offer to give gratuities in any form to anyone for the purpose of influencing their judgment in the performance of their duties.
- (9) Governors shall not use funds or resources of the Corporation in support of any political party or candidate for elected office. A Governor may not use his or her position, authority, or influence with the Corporation for the purpose of affecting the

result of an election or a nomination or a party or public office. A Governor shall not directly or indirectly coerce, attempt to coerce, command or advise another Governor, officer, employee or substantially full-time consultant or contractor to pay, lend, or contribute anything of value or to contribute personal services to a party, committee, organization, agency or person for political purposes.

- (10) Governors shall not give false or misleading information to, and, except as may be allowed by a recognized legal privilege or appropriate assertion of confidentiality, Governors shall not withhold information from anyone conducting duly authorized investigations or audits of or relating to the Corporation or its business.
- (11) Governors shall not discriminate against anyone on any unlawful basis, including sex, race, religion, color, national origin, sexual orientation, age, medical condition, physical or mental disability, HIV or AIDS condition, marital status, veteran status, or family leave status.
- (12) Governors shall advise the Corporation on an annual basis of any investment in the securities of any entity engaged in the generation, transmission, marketing or distribution of electricity (a "Market Entity"). To the extent that any such securities are issued by an entity which has registered with the Corporation to participate in the election of Governors of any class specified in the Corporation's bylaws, such class affiliation shall be noted in the Governor's report concerning the ownership of such securities. Each Governor's report regarding ownership of securities of Market Entities shall be made available to the public upon request.

(b) IMPLEMENTATION

- (1) The Corporation will inform its Governors in appropriate

provisions of federal and state law. Governors shall comply with all applicable provisions of federal and state law. The Audit Committee will monitor the Governors, and will conduct periodic reviews to ensure continued compliance. Governors shall contact the President or General Counsel of the Corporation if they have any questions regarding applicable federal or state law or this Code of Conduct.

- (2) The Corporation will distribute copies of this Governors Code of Conduct to its Governors and to any new Governors. All Governors shall be required to complete an annual disclosure questionnaire regarding compliance with this Governors Code of Conduct.
- (3) The Governing Board of the Corporation will evaluate the Corporation's experience and refine these procedures, if necessary, to ensure continued compliance with this Governors Code of Conduct.
- (4) Governors shall be subject to discipline for failure to comply with all applicable federal and state laws or for failure to comply with this Governors Code of Conduct. Discipline may take the form of reprimand, monetary fines, or termination, as the other Governors shall determine.