

CENTRAL VERMONT PUBLIC SERVICE CORPORATION
Compensation Committee Charter

ORGANIZATION AND RESPONSIBILITIES

The Compensation Committee of the Central Vermont Public Service Corporation's (the "Company") Board of Directors (the "Committee") has overall responsibility with respect to designing, approving, and evaluating the executive compensation plans, policies, and programs of the Company.

The philosophy of the Compensation Committee (the "Committee"), with regard to executive and director compensation, is to maintain a total compensation pay package which, by virtue of its design and target levels, enables us to enhance shareholder value, to recruit the best talent for our jobs, to retain high performing employees by strongly rewarding exceptional performance, to encourage employees to develop their skills and abilities, and to encourage and support performance and decisions that strengthen Central Vermont financially and strategically, including enhancing customer service. The Committee also monitors the relationship between pay levels and corporate performance.

The Committee shall have the authority to delegate responsibility for the day-to-day management of executive compensation payable to the executive officers of the Company.

Organization

Members shall be elected by the Board at the organizational meeting of the Board of Directors. The Board shall select three or more of its non-employee members, each of whom shall satisfy applicable independence requirements of the New York Stock Exchange and any other regulatory requirements, to serve as members of the Committee. Each member shall serve at the pleasure of the Board of Directors and for such term or terms as the Board shall determine. The Committee's chair shall be designated by the full Board or, if it does not do so, the Committee members shall elect a chairperson by vote of a majority of the full Committee.

The Committee may form and delegate authority to subcommittees when appropriate.

Meetings

The chair will preside at each meeting of the Committee and in consultation with the other members of the Committee, shall set the frequency and length of each meeting and agenda of items to be addressed at each meeting. The agenda of each meeting will be circulated to each member prior to the meeting date by posting on the Board of Director's Web Site, facsimile transmission, electronic mail or postal mail. The Committee will regularly schedule executive sessions without management present.

Specific Responsibilities

The Committee shall have the power and authority of the Board to perform the following duties and to fulfill the following responsibilities for CVPS. In addition, the Committee may perform any other activities consistent with this Charter, the Company's By-laws and governing law as the Committee or the Board deems appropriate.

A. Committee approves and informs the Board

- The Committee *has the authority to make the following decisions and inform the Board:*
- Sets executive compensation philosophy.
- Determines Company policy with respect to the application of Section 162(m) of the Internal Revenue Code of 1986, as amended, and when the Company may pay compensation, which is not deductible for Federal income tax purposes.
- Produces an annual report on executive compensation for inclusion in the Company's proxy statement.
- Reviews and approves performance goals and targets for the CEO and other executive officers for incentive plans.
- Designs annual incentive compensation plans, long-term equity-based plans, and deferred compensation plans.
- Approves payouts from incentive plans, where there is no Board discretion.

B. Committee Responsibilities

The Committee *does the following prior to making recommendations to the Board of Directors:*

- Reviews the executive compensation levels and recommends base salary, annual incentive and long-term incentive opportunity levels for executive officers.
- Administers annual CEO performance evaluations.
- Reviews the CEO assessments of the other executive officers' annual performance evaluations.
- Develops plans for succession of the CEO and other officers when appropriate.
- Proposes the level of payout for individual performance in the annual incentive plan
- Conducts an annual performance evaluation of the Committee's activities and periodic assessment of the adequacy of the Charter.
- Reviews and proposes the design of the benefit programs which pertain to executive officers of the Company.
- Proposes changes to or adoption of qualified benefit plans.
- Determines executive officer employment agreements, severance arrangements, and change in control provisions/agreements, in each case as, when, and if appropriate, and any special supplemental benefits.
- Reviews Director compensation guidelines and levels.

C. Board of Directors Approves

The Board of Directors *approves the following, based on the Committee's recommendations:*

- The election of officers of the Corporation.
- Annual incentive compensation plans and long-term equity based plans.
- Executive officer compensation levels including:
 - the annual base salary level,
 - the annual incentive opportunity level,
 - the long-term incentive opportunity level.
- CEO's and Compensation Committee's recommendations for the discretionary part of the annual incentive plan based on individual officer performance.
- Succession development plans for officers.
- Qualified benefit plans that require approval by Board of Directors and benefit programs that apply to executive officers.
- Director compensation levels.
- The Compensation Committee charter.
- Overall policy for change of control, severance and employee agreements and executive supplemental benefits.
- Items requiring shareholder approval under applicable securities rules and regulations.

Shareholders approve all equity-based plans and any material revisions to the terms of such plans.

Performance Evaluation

The Committee shall conduct an annual performance evaluation of the Committee's activities.

Committee Resources

The Committee shall have the authority to obtain advice and seek assistance from internal and external legal, accounting and other advisors. The Committee shall have the authority to retain and terminate any consulting firm retained to advise the Committee including the authority to approve the firm's fees and other retention terms.

Procedural Matters

One-third of the members, but not less than two, will constitute a quorum. A majority of the members present at any meeting at which a quorum is present may act on behalf of the committee. The committee will meet at such times as shall be determined by its Chairperson, or upon the request of any two of its members. The Chairperson will preside, when present, at all meetings of the committee. The committee will keep minutes of its meetings and provide an oral summary of Committee deliberations to the Board. The committee may meet by telephone, videoconference, or in person and may also take action by written consent.

Disclosure of Charter

This Charter will be made available on the Company's web site at "www.cvps.com".

Revised version adopted by the Compensation Committee on 10/31/05.

Revised version adopted by the Central Vermont Public Service Corporation Board of Directors on 11/1/05.