CRITERIA FOR SELECTING NEW DIRECTORS

Role of a Director

The business of CH Energy Group, Inc. is conducted by its employees, managers, and officers, under the direction of the Chief Executive Officer and the oversight of the Board of Directors, for the long term interests of the Company and its shareholders.

The Board of Directors is elected by the shareholders of the Company to oversee management. The Board is responsible for selecting, evaluating and compensating the Chief Executive Officer of the Company, reviewing and approving the long-range business goals and strategies of the Company, and monitoring the competent and ethical operation of the Company's business.

Duties of a Director

Each Director is responsible for the diligent performance of his or her duties as a Director.

Each Director's fundamental duty is to exercise business judgment according to what he or she reasonably believes to be in the best interests of the Company.

Directors are expected to rigorously prepare for, attend and participate in all Board and applicable Committee meetings, and to regularly devote such time and attention as are needed to discharge their duties. Each independent Director is expected to serve on at least one Committee of the Board. As a matter of policy, and subject to consideration of all relevant facts, the Company views a person's service on the boards of more than two other significant for-profit or not-for-profit entities as being inconsistent with the person's ability to discharge the duties of an independent Director of the Company.

The Board of Directors holds at least eight regularly scheduled meetings each year at which it receives and reviews reports by management on the performance of the Company, on immediate and longer term issues facing the Company, and on the Company's financial condition and strategic plans.

Important functions of the Board of Directors include:

(i) selecting, evaluating and compensating the Chief Executive Officer, and overseeing succession planning for the position of Chief Executive Officer;

(ii) ensuring that management maintains a system and culture of internal controls which enable clear, candid and timely reporting and communications, foster compliance with applicable laws and regulations, and encourage ethical behavior;

(iii) reviewing, approving and monitoring important business and financial strategies, including significant actions that are outside the Company's normal course of business;

(iv) reviewing and assessing significant risks, and overseeing management's plans for controlling, mitigating or avoiding such risks;

(v) reviewing and approving the compensation structure and compensation levels for senior executives of the Company; and

(vi) monitoring the development of senior management personnel, overseeing succession planning for senior executive positions, and approving the appointment of individuals to senior executive positions.

Experience and Skills

Experience

A candidate should have several years of successful high-level executive experience in a significant for-profit business entity during which the candidate was responsible for strategic decisions that integrated relevant operational, technological, marketing, financial, human resource and/or organizational development considerations.

Skills

A candidate should have professional skills that complement the skills of existing board members. The Board will attempt to recruit new directors who add strength in areas that are important to the Company's long-term success and who also possess skills that are appropriate for the perceived current needs of the Board.

Attributes

1. Independence

2. Integrity

   - reputation in community for professional integrity
   - ability to communicate commitment to ethical conduct
   - commitment to ethical standards combined with practical wisdom and mature judgment

3. Demonstrated Leadership Abilities

   - ability to work with people and build consensus
   - ability to learn and listen with an open mind
   - ability to engage in constructive discussion, and to disagree with others in a manner that adds substance to the discussions
   - fortitude to make tough decisions
   - fortitude to endure private and public criticism

4. Diversity