2003 Corporate Performance

Performance to the end of September

Independent
Electricity
Market Operator

Summary of Corporate Performance to the end of September

Objective	Performance Measure	Performance Expectation	Current Status
Effective Use of Constrained Funds	OM&A spending within the budget amount approved by the IMO Board	OM&A amount within the amount approved by the IMO Board of Directors following review of rate freeze implications, updated as required over the year	**Exceeding Expectations**: To the end of September, OM&A is $9.6 million below budget and the year-end projected results have OM&A costs $8.4 million below budget. These results demonstrate management's success in containing costs across the organization while meeting the obligations set forth in legislation and in the market rules, which continue to evolve to address the challenges facing electricity restructuring in Ontario.
	Capital spending associated with current operational mandate is performed within budget, timelines are met, and required results are achieved	Approved capital expenditures for Market Operations Program are within budget and required results are delivered according to approved schedule	**On track**: To the end of September, capital spending is $9.7 million, and projected 2003 capital spending is $22.1 million. These are significantly below the $35.9M budget, partly as a result of the enduring processes within the IMO to ensure diligent spending in the area of capital projects.
Marketplace Evolution Effectively Managed	Appropriate evolution of the market is achieved and managed effectively	Recommendations are made to the Board of Directors on each of the Market Evolution Program elements by the end of Q3 2003 Approved capital expenditures for MEP items are within budget and required results are delivered according to approved schedule	**On watch**: Recommendations on the key elements of DAM/LMP and Resource Adequacy will be made by the end of the year. The stakeholdering process has taken longer than expected. For MIO, recommendations where made ahead of schedule. For Environmental Tracking, the anticipated regulation has not been passed and therefore the recommendation to proceed has been delayed. Capital funding for evolution of the market (except ET) has been allocated within the business plan. The project is still working to firm up estimates.
Customer/ Stakeholder Satisfaction	Customers and stakeholders are satisfied on an ongoing basis	IMO is assessed to be an organization which continually satisfies its customers. This assessment to be grounded by surveys, customer comments and other anecdotal evidence.	**On Track**: • extensive stakeholdering thus far, under the Market Advisory Council structure, including intense stakeholdering through Market Evolution Plan working groups - some concerns heard about effectiveness of some standing committee processes, and about extent of consensus in working groups • market information and communications meeting all obligations and providing value-added reports and messages - addition of generation disclosure reports in Q3 - some concerns received about daily volume of messages from IMO. • Help Centre performance and account management receiving positive reviews from customers, including during post blackout period - IMO training courses continually assessed as superior. Assessment will be guided by customer survey results coming in Q4, 2003 as well as ongoing stakeholder-focused improvement discussions with council and committees, and through regular internal improvement reviews.
Operational Effectiveness	Control of tie line flows under normal & disturbance conditions meets or exceeds industry median Electrical reliability is maintained within the province Market Systems and Processes operate effectively	DCS, CPS1 & CPS2 meet/exceed median values of Eastern Interconnection Control Areas >10,000 MW IMO actions to avert/address significant reliability events are assessed as appropriate. To be assessed based on a suite of market operation performance measures .	**On Track**: DCS, CPS1 & CPS2 are tracking at or above median levels Actions to date support an assessment that appropriate measures have been taken by the IMO in addressing significant reliability events. The 2003 NPCC peer group review/appraisal will be completed incorporating actions and assessments of Q1-Q4, 2003 Performance relative to 22 operational measures is tracking well. The majority of performance measures currently exceed their performance standard. An assessment of the effect of the blackout of August 14, 2003 and subsequent restoration activities is included as an appendix.

Market Operations Performance Measures

Category/Name	Measure	Criteria	Performance Standard	Status (YTD)
Provide Sufficient Information For Effective and Successful Bids and Offers				
Implement accurate Intertie Schedule	Accuracy	Average Daily	≥98%	98.5%
Publish Regularly Scheduled SAA's and SSR's on time	Timeliness	As per schedule	≥97%	95.4%
Minimize Day Ahead Forecast Errors	Accuracy	Average Daily	≤3%	*
MinimizeDay-Ahead Demand Forecast Error Bias	Bias	Average Annual	≤5%	4.9%
Effective Outage Request Processing	Accuracy	Processed vs. Valid	≥97%	99.7%
Effective processing of Transmission Rights Auction	Timeliness	As scheduled within market rules	<3 failures to complete a full auction per year	0 failures
Publish price every 5 minutes	Completeness	Average Daily	≥99%	99.7%
Continuous Operation Of the Market	Frequency of Market Suspension	Number of Market Suspensions per Year	<3 suspensions per year	1 suspension
	Duration of Market Suspensions	Total Duration (hours) of Market Suspensions per year	<20 hours total duration per year	200.7 hours

* See Appendix: "Effect of August 2003 Blackout and Restoration Activities on Corporate Performance"

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Market Operations Performance Measures (continued)

Category/Name	Measure	Criteria	Performance Standard	Status (YTD)
Market Services				
Validated and estimated interval metered data that is suitable for settlement calculations available to market participants 1 day after the trade day.	Timeliness	Average Daily	≥99% (Annual Average)	99.7%
Meter Trouble Reports issued to the MSPs on the 1st business day following the trade day.	Timeliness	Average Daily	≥85% (Annual Average)	93.5%
MTR closed on the 1st business day after the receipt of a satisfactory resolution from the MSP.	Timeliness	Average Daily	≥85% (Annual Average)	98.4%
Preliminary and final settlement statements issued on the date specified in the IMO Settlement Schedule & Payments Calendar	Timeliness	As per schedule	≥99% (annual average)	100%
Settlement Statements do not contain an error caused by the IMO.	Accuracy	As required	≥99% (annual average)	99.6%
Help Centre Performance	Average Time to Close an Opened Ticket	Cumulative annual average	15 days	12.5 days

Market Operations Performance Measures (continued)

Category/Name	Measure	Criteria	Performance Standard	Status (YTD)
Invoice Market Participants				
Issue Invoices as per *IMO Settlement Statement Payments Calendar (SSPC)*	Timeliness	As required	≥97%	100%
Invoice Accuracy	Accuracy	Average Monthly	≥97%	100%
Administrative Pricing				
Administrative Pricing (AP) Frequency	Frequency	Number of occurrences of AP per year	Standard currently under assessment	*
Administrative Pricing (AP) Duration	Duration	Total number of intervals AP applied per year	Standard currently under assessment	*

* See Appendix: “Effect of August 2003 Blackout and Restoration Activities on Corporate Performance”

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Market Operations Performance Measures (continued)

Category/Name	Measure	Criteria	Performance Standard	Status (YTD)
Market Facing Systems Availability				
MIS (Schedules, Prices & Dispatch, Contract Manager, Message Exchange, ICCP)	Availability	Average Daily as per respective schedule	≥97%	99.7%
MOS – MPI (MOS/MIM & Web) (Bids/Offers, Report retrieval, IOMS)	Availability	Average Daily	≥99%	99.7%
RMS (CRFA,Settlements/Meter Data/Invoices/MV-WEB)	Availability	Average Daily	≥94%	99.4%

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Appendix
Effect of August 2003 Blackout and Restoration Activities on Corporate Performance

- On August 14, just after 4 pm EDT, power swings affecting Ontario were noticed by the IMO. Within minutes, over 60,000 MW of customer load was interrupted, causing widespread blackouts which affected over 50 million citizens in Ontario and the U.S.. IMO emergency response and crisis management support activities were immediately activated and within 30 minutes of the blackout, the process of restoring power in Ontario was initiated. The majority of the power system was restored within 30 hours of the blackout. Restoration activities continued through the ensuing week, as generating facilities were synchronized to the power grid as conditions permitted. Public power conservation appeals contributed to the orderly return to normal power system operation.

- The majority of measures contained in this report are designed to measure and drive performance of the IMO business under realistically expected system and market conditions. For this reason, the events of August are being separately assessed through a number of initiatives including:

  - The US - Canada Power System Outage Task Force (Interim report issued Nov. 19, 2003)
  - NERC-led blackout investigations
  - IMO-led Restoration Working Group to evaluate findings and make recommendations

  The blackout period will also be specifically addressed by the annual NPCC peer group review/appraisal to be presented to the IMO Board in early 2004.

- The following Operational Measures are significantly impacted by the events of August, 2003. For completeness, performance is assessed by both including, and excluding, the blackout/restoration period:

Category/Name	Measure	Performance Standard	Status (YTD) Excluding Blackout period	Status (YTD) including Blackout period
Minimize Day Ahead Forecast Errors	Accuracy	$\leq$3%	1.9%	2.2%
Administrative Pricing (AP) Frequency	Frequency	Standard currently under assessment	76 occurrences	77 occurrences
Administrative Pricing (AP) Duration	Duration	Standard currently under assessment	336 intervals	2744 intervals

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