ieso

Power to Ontario.
On Demand.

Corporate Performance

to the end of June 2005

2005 Corporate Objectives

IESO corporate performance in 2005
is measured against 4 objectives:

- Objective 1: Effective Use of Constrained Funds
- Objective 2: Market Evolution
- Objective 3: Customer and Stakeholder Satisfaction
- Objective 4: Operational Effectiveness

Objective 1: Effective Use of Constrained Funds

Performance Measure	Performance Expectation	2005 Status to Date
Total spending (OM&A + Interest + Amortization) compared to the budget amount approved by the IESO Board	Total spending (OM&A + Interest + Amortization) is within the amount approved by the IESO Board	**On Track:** Total spending is $75.9 million, $2.6 million below the approved budget of $78.5 million. The current forecast is for a spending level of $149.3 million, approximately $2.3 million below the approved budget of $151.6 million.
Capital spending associated with current operational mandate is performed within the budget amount approved by the IESO Board, timelines are met, and required results are achieved	Approved Capital expenditures in support of current operations are within budget and required results are delivered according to approved schedule	**On Track:** Although capital expenditures were $1.9 million to the end of the second quarter, approximately $14.8 million in 2005 capital project spending has been released and the current forecast is to spend about $15.0 million against the 2005 budget of $20.1 million. This spending would result in the delivery of the 2005 capital program, recognizing necessary reprioritization and risk management across the business.

Objective 2: Market Evolution

Performance Measure	Performance Expectation	2005 Status to Date
Appropriate evolution of the market is achieved and managed effectively	IESO displays appropriate flexibility in implementation to address legitimate stakeholder issues Recommendations to the IESO Board are made in a timely manner Approved capital expenditures for market evolution initiatives are within budget and required results are delivered according to approved schedule	**On Track:** The Electricity Restructuring Act, Bill 100, which received Royal Assent in December 2004, significantly impacted market evolution plans for 2005. The IESO Board decided in December 2004 (i.e. after adoption of this measure) that prior to proceeding with development and acquisition plans for a full-function Day Ahead Market (DAM) in 2005, consideration of alternative cost-effective solutions in the post-Bill 100 environment would be prudent. When the development, review and stakeholdering of alternative solutions was initiated, it was determined that there was a need to address shorter-term stakeholder issues with the current market operations in order to be able to move market evolution forward, in co-ordination with the OPA, in 2006.

Objective 3: Customer & Stakeholder Satisfaction

Performance Measure	Performance Expectation	2005 Status to Date
IESO is recognized by government and stakeholders as contributing to a successful implementation of public policy developments, and by customers and stakeholders as contributing to the successful evolution of the competitive segment of the hybrid market IESO's operation of the marketplace meets participants' and stakeholder needs	Performance relative to these measures will be assessed based on surveys, customer comments and other anecdotal evidence IESO is assessed to be an organization which continually satisfies its customers. This assessment will focus on three specific services: • Providing effective stakeholdering • Providing effective market information and communications • Providing support for customer inquiries, issues and training needs.	**On Track:** Stakeholdering - In January 2005, the IESO contracted a consultant to conduct an independent review of the IESO's stakeholder engagement processes and procedures. This was primarily in response to governance changes arising from Bill 100 and stakeholder needs and experiences arising out of the existing stakeholder engagement process. The review included an examination of stakeholder involvement objectives, principles, processes, procedures, and mechanisms. The consultant received initial input directly from stakeholders in February, as well as through a number of informal structured interviews with stakeholders across the various industry sectors. IESO staff with experience in the IESO's previous stakeholder engagement processes were also consulted. This culminated in the preparation of a working paper presented to stakeholders at a workshop in April. After consideration of the input provided by stakeholders on the working paper, the consultant prepared a final report to the IESO Board of Directors which was then posted for review on the IESO web site along with IESO Management's response. Stakeholders were invited to provide written comment on both the final report and IESO Management's response. All documents and stakeholder submissions were posted on the IESO web site. The final report is planned to be reviewed by the IESO Board in July. Consistent with recommendations in the final report the IESO has also: • Established single point of accountability for stakeholder engagement in the recent corporate realignment; • Begun to implement the principles of stakeholder engagement in stakeholder forums such as the Day Ahead Working Sessions and Market Pricing Working Group. Additionally, in the second quarter, stakeholdering was undertaken concerning day ahead needs and priorities, and 16 regular meetings were convened of various committees and working groups, covering market rules, power system reliability and operational issues, outage planning, revenue metering, market pricing, and forecasting. All meeting notices and materials are posted on the IESO web site.

Objective 3: Customer & Stakeholder Satisfaction cont'd

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Objective 4: Operational Effectiveness

Performance Measure	Performance Expectation	2005 Status to Date
Control of tie line flows under normal & disturbance conditions meets or exceeds industry median	DCS, CPS1 & CPS2 meet/exceed median values of Eastern Interconnection Control Areas >10,000 MW	**On Track:** NERC disturbance control and control performance standards are tracking at or better than median values.
Electrical reliability is maintained within the province	IESO actions to avert/address significant reliability events are assessed as appropriate	**On Track:** Results to date support an assessment that appropriate measures have been taken by the IESO in addressing significant reliability events. The record heat and drought since May, combined with generation outages, have resulted in the IESO regularly taking measures to assure reliability this summer. The 2005 NPCC peer group review and appraisal will be completed in the 4th quarter, incorporating an assessment of the entire year.
Market systems and processes operate effectively	Assessed on a suite of market operation performance measures	**On Track:** Performance relative to 24 operational measures is good, however ongoing attention will be required. 22 measures are tracking at levels that are at or better than target. For the 2 remaining measures: Publishing SAA's and SSR's is marginally below target, and Preliminary and Final Settlement Statement timeliness is below target and will not meet the 2005 standard by year end.

Market Operations Performance Results to the end of June 2005

Category/Name	Measure	Criteria	Performance Standard	2005 Result to Date
Provide Sufficient Information For Effective and Successful Bids and Offers				
Implement Intertie Schedules	Accuracy	Average for the year	≥98%	99.7%
Publish SAA's and SSR's	Timeliness	Published as per schedule	≥98%	97.3%
Day Ahead Hourly Demand Forecast	Accuracy	Average absolute error for the year	≤2.5%	2.0%
		Average bias range for the year	–5%≤ BIAS ≤+5%	2.3%
Day at Hand Hourly Demand Forecast	Accuracy	Average absolute error for the year	≤1.5%	0.9%
		Average bias range for the year	–5%≤ BIAS ≤+5%	2.4%
Outage Request Processing	Accuracy	Processed vs. Valid	≥97%	99.8%
Transmission Rights Auction Processing	Timeliness	Processed as per schedule	≤1 failure to complete a full auction per year	0 failures
Continuous Operation Of the Market	Frequency of Market Suspension	Number of market suspensions per year caused by the IESO	0 suspensions	0 suspensions
	Duration of Market Suspensions	Total duration of market suspensions per year caused by the IESO	0 hours	0 hours

Market Operations Performance Results to the end of June 2005

Category/Name	Measure	Criteria	Performance Standard	2005 Result to Date
Market Services				
Settlement-ready Meter Data	Timeliness	Available next trading day	≥99.3%	99.3%
Meter Trouble Reports Issued to Meter Service Providers	Timeliness	Available next business day	≥88%	95.8%
Meter Trouble Reports Closed	Timeliness	Closed on the 1st business day after the receipt of a satisfactory resolution from the Meter Service Provider	≥88%	94.4%
Preliminary and Final Settlement Statements	Timeliness	Issued as per schedule	≥99%	97.3%
	Accuracy	No IESO errors	≥99%	99.8%
Help Centre Performance	Average time to close an open ticket	Average for the year	≤12 days	9.0 days
Invoice Market Participants				
Issue Invoices	Timeliness	As required per *IESO Settlement Statement Payments Calendar*	≥99%	100%
	Accuracy	Average for the year	≥99%	100%

Market Operations Performance Results to the end of June 2005

Category/Name	Measure	Criteria	Performance Standard	2005 Result to Date
Administrative Pricing				
Administrative Pricing (AP)	Frequency	Number of occurrences of AP per year	≤75	30
	Duration	Number of intervals AP applied per year	≤350	163
Market Facing Systems Availability				
Outbound Market Reports Publication	Availability	Average for the year as per respective schedule	≥99.0%	99.6%
Market Participant Interface	Availability	Average for the year	≥99.0%	99.9%
Dispatch & Scheduling Instructions	Availability	Average for the year	≥99.5%	99.5%
Corporate Web Site	Availability	Average for the year	≥99.0%	99.5%