Corporate Performance

to the end of March 2006

Perspective	Measure	Performance Expectation	Status
1. Effective Use of Funds	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. Approved Total Spending: $147.8 million.	**On Track** Total spending to date is $35.4 million, $1.0 million less than the $36.4 million budgeted for the first quarter. The current projected total spending for 2006 is consistent with the approved budget.
	IESO's 2007 Usage Fee approved by the IESO Board	The IESO Usage Fee developed for approval by the Board for implementation in 2007 will be $0.909/MWh or less, which is consistent with the reduced usage fee identified in the 2006-2008 IESO Business Plan.	**On Track** At this time, all financial issues and business matters indicate that an IESO usage fee of $0.909/MWh can be maintained through 2007. The outcome of performance relative to this measure's expectation will materialize through business planning activities concluding at the end of the third quarter.
	Capital spending is performed within budget approved by the Board, timelines are met, and required results are achieved	Approved capital expenditures are within budget and required results are delivered according to approved schedule. Approved Capital Budget: $25.0 million.	**On Track** Year-end capital expenditure projections of $17. 2 million as of the first quarter, are $7.8 million, or 31% below budget. This is being driven by: • Lower than planned spending on the Day Ahead Commitment Project (DACP), with the project expected to go live, on schedule, on June 1. • Other reliability projects identified in the business plan that will now be addressed through OM&A expenditures, not capital expenditures, due to project reclassification. • Minor delays in active projects due to resource constraints induced by corporate-wide efforts aimed at delivering specific reliability initiatives in time for summer 2006. Based on this status, the current projection will not result in any unmanageable risks.
2. Market Evolution	Appropriate evolution of the market is achieved and managed effectively	Taking into account the industry environment during the year, the market evolves in a manner that: • encourages reliable supply • encourages improved economic efficiency • is consistent with a long-term vision that is coordinated with the Ontario Power Authority and acceptable to key stakeholders In 2006 this will result in: 1. Day Ahead Commitment Process (DACP) being implemented by summer 2006, and being assessed as enhancing reliability over Summer, 2006. 2. IESO processes and market rule modifications that address specific Ontario generator dispatch issues. 3. An emergency load reduction program (ELRP) being in place for summer 2006, which creates a means for Ontario loads to assist in addressing reliability. 4. IESO and Ontario Power Authority (OPA) jointly developing a market vision that is reflected in the Integrated Power System Plan. 5. Real-time market pricing issues being addressed consistent with assurances made to market participants. 6. The support and active commitment of resources by market participants to defining a Day Ahead Market for Ontario.	**On Track** 1. DACP (SE-16) is progressing on schedule for a first trade date of June 1, in time to address reliability improvement for Summer 2006. Training will be provided through April, with operational simulations planned for May. 2. Generator dispatch issues (SE-9) are being addressed through planned stakeholder sessions. Pilot testing is nearing completion. In the second quarter, recommendations for market rule changes are planned for consideration by the Technical Panel and Stakeholder Advisory Committee, and IESO Board approval to proceed will be sought. 3. ELRP design was approved by the IESO Board in February. Implementation is planned for June, 2006. ELRP development and stakeholdering (SE-8) is progressing well with full expectation of being operational in late June, in time to address Summer 2006 reliability challenges. An ELRP website has been created complete with participant application form, training guide and manual. Meetings have been held with many interested participants and to date the IESO has received ELRP measurement & verification plans from three participants. 4. First quarter activities related to joint development of a market vision with OPA include: • an IESO-sponsored discussion at the IESO's January Stakeholder Advisory Committee meeting about market vision, also attended by the OPA, • a presentation to the IESO/OPA Joint Board Meeting on market vision, and • IESO staff discussions with the OPA on how specific initiatives such as a day-ahead market could help to enable the vision of a self-sustaining, competitive market-based industry. 5. Real time market pricing initiatives, specifically the 12X ramp rate (SE-17) and intertie transactions setting the market price (SE-18) are being addressed by the Market Pricing Working Group. Subsequent to stakeholdering, a recommendation on the IESO preferred ramp rate option is expected to be presented to the Stakeholder Advisory Committee in the second quarter. The stakeholder engagement plan for intertie transactions setting market prices was posted in February. Analysis results regarding this issue will be presented to the working group in the second quarter, as part of the plan to understand issues and design options. Feedback from the working group will form the basis of final recommendations. 6. There is evidence of considerable and active stakeholder support for on-going market initiatives, including the ones noted above. Both loads and generators along with other stakeholders are participating in resolving reliability initiatives and supporting those initiatives through to delivery. Significant efforts to date aimed at implementing planned high priority initiatives prior to Summer 2006 are taking precedence over longer term initiatives including a Day Ahead Market. Progress on the latter is planned in the 3rd and 4th quarters.

Perspective	Measure	Performance Expectation	Status
3. Customer & Stakeholder Satisfaction	IESO is recognized by stakeholders as effectively managing communications and relationships in support of both the IESO system and market operation responsibilities, and the needs of Ontario electricity customers	Performance relative to these measures will be assessed based on surveys, and other anecdotal evidence. For 2006, an improved and more representative customer survey will be instituted. Effective management of stakeholder relations will be based on three specific services: 1. Providing effective market information and communications, including key initiatives: • IESO web site redesign. • publications for market participants and business and industry. 2. Providing support for customer inquiries, issues and training needs, including key initiatives: • implementing a proactive customer relationship strategy. • action plan based on 2005 survey results. • customer support for new IESO initiatives. 3. Providing effective stakeholdering engagement process: • operate fair, transparent and consistent stakeholder engagements for important initiatives, where stakeholders can provide advice to IESO.	**On Track** 1. Providing effective market information - IESO web site redesign began in Q1, and updates have been made to content on existing pages. - An Ontario Reliability Outlook report was issued to over 2000 market participants and stakeholders in February, and has been downloaded from the IESO web site over 22,000 times. Feedback on the report to date has been excellent. - The Winter edition of IESO's quarterly Electricity Exchange publication was issued in Q1, and included a reader survey requesting feedback regarding the frequency, content and new design of the newsletter. - IESO representatives participated and presented at 28 conferences and 4 trade shows in Q1, to audiences including market participants, industry stakeholders, policy makers and large volume electricity users. 2. Providing support for customer inquiries, issues and training needs - A proactive customer relationship strategy was approved by senior management and is being implemented as of Q1. - An action plan responding to the 2005 customer survey results is expected to be approved by the IESO Board of Directors in Q2. - IESO account managers participated in 14 face-to-face meetings with customers in Q1 - IESO brought together 22 customer service and communications representatives from distribution companies at the IESO's control centre. 3. Providing effective stakeholdering engagement process - New initiatives are being stakeholdered, particularly initiatives aimed at addressing reliability in advance of the summer 2006 peak demand period. Results to date from stakeholder engagements indicate stakeholder engagement principles are being followed. - 21 stakeholder sessions have been held from Jan 1 to March 31, including 2 Stakeholder Advisory Committee meetings. Sixteen of these meeting have been face-to-face meeting and 5 have been web cast/conference calls. In total, over 300 stakeholders participated in these events. 14 of the 21 sessions have focused on initiatives aimed at addressing reliability in advance of the summer peak period. - Input has been gathered at all these stakeholder sessions and posted for all stakeholders to comment on. All stakeholder input is available to the Stakeholder Advisory Committee for input to senior management, and the IESO Board prior to decisions.
4. Operational Effectiveness	Control of tie line flows under normal & disturbance conditions meets or exceeds industry median	Meet or exceed median values of the NERC disturbance control and control performance standards (DCS, CPS1 & CPS2) for Eastern Interconnection Control Areas exceeding 10,000 MW in size.	**On Track** CPS 1 : 160.7 % Industry Median: 144 % CPS 2 : 96.9 % Industry Median: 94 % DCS : 100 % Industry Median: 100 %
	Electrical reliability maintained within the province	IESO actions to avert/address significant reliability events are assessed as appropriate. Successful results in the scheduled NERC audit. As part of the IESO's capital investment program, deliver: • Central Alarm Management System • Backup Centre Relocation Develop the Integrated Outage Management System project sufficiently in 2006 to enable implementation by mid-2007.	**On Track** IESO actions to date in 2006 have been effective in averting significant reliability events. All three capital initiatives in support of reliability are progressing well and are on schedule. Completion of CAMS is expected in June, 2006. Backup Centre relocation to a more secure site will begin in the second quarter, and the project is scheduled for completion by June 2007. IOMS efforts in the first quarter included acceptance and assessment of the results of a request of proposals, with vendor selection expected to occur in second quarter.
	Market systems and processes operate effectively	Assessed on a suite of 24 operational performance measures. Successful results in the scheduled Dispatch Scheduling Optimizer review.	**On Track** As noted in the operational performance table, 23 of 24 operational measures are tracking at or better than their annual performance standard. One measure, Day at Hand Hourly Demand Forecast Bias - 3 Hours Ahead of Dispatch, is marginally outside its performance standard range. Year-end results for this measure are expected to be within the annual performance standard.

IESO Operational Performance to the end of March 2006

Category/Name	Measure	Criteria	Performance Standard	Status
Provide Sufficient Information For Effective and Successful Bids and Offers				
Implement Intertie Schedules	Accuracy	Average for the year	≥98%	100 %
Publish SAA's and SSR's	Timeliness	Published as per schedule	≥98%	100 %
Day Ahead Hourly Demand Forecast	Accuracy	Average absolute error for the year	≤2.5%	1.6 %
		Average bias range for the year	-5%≤ BIAS ≤ +5%	+ 1.7 %
Day at Hand Hourly Demand Forecast - 3 Hours Ahead of Dispatch Hour	Accuracy	Average absolute error for the year	≤2.0%	0.9 %
		Average bias range for the year	-5%≤ BIAS ≤ +5%	- 6.1 %
Day at Hand Hourly Demand Forecast - 1 Hour Ahead of Dispatch Hour	Accuracy	Average absolute error for the year	≤1.5%	0.9 %
		Average bias range for the year	-5%≤ BIAS ≤ +5%	- 0.9 %
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 Services				
Settlement-ready Meter Data	Timeliness	Available next trading day	≤99.3%	99.5 %
Meter Trouble Reports Issued to Meter Service Providers	Timeliness	Available next business day	≥88%	95.3 %
Preliminary and Final Settlement Statements	Timeliness	Issued as per schedule	≥99%	100 %
	Accuracy	No IESO errors	≥99%	99.9%
Customer Relations Performance	Average time to close an open ticket	Average for the year	≤12 days	≤12 days
Invoice Market Participants				
Issue Invoices	Timeliness	As required per *IESO Settlement Statement Payments Calendar*	≥99%	100 %
	Accuracy	Average for the year	≥99%	100 %
Administrative Pricing				
Administrative Pricing (AP)	Frequency	Number of occurrences of AP per year	≤75	14
	Duration	Number of intervals AP applied per year	≤350	62
Market Facing Systems Availability				
Outbound Market Reports Publication	Availability	Average for the year as per respective schedule	≥99.0%	99.9%
Market Participant Interface	Availability	Average for the year	≥99.0%	99.6%
Dispatch & Scheduling Instructions	Availability	Average for the year	≥99.5%	99.7%
Corporate Web Site	Availability	Average for the year	≥99.0%	99.9%

Legend: At or better than standard -
Below standard -