ieso

Power to Ontario.
On Demand.

Corporate Performance

To the end of March 2007

Perspective	Measure	Performance Expectation	Status to the end of March 2007
Reliability & Operational Effectiveness	Maintenance of electrical reliability within the province of Ontario	IESO reliability related preparedness, processes, actions and activities will be assessed as appropriate, including: 1. Significant actual and potential reliability events are appropriately addressed and mitigated.	**On Track** IESO actions to date in 2007 have been effective in averting significant reliability events as well as reacting to reliability events.
		2. Ontario's annual system Un-supplied Energy is within acceptable limits.	**On Track** Ontario's year-to-date system Un-supplied Energy (UE) is well within acceptable limits. Overall annual UE performance will be assessed and reported at the end of the year.
		3. NERC and NPCC audits are considered successful, and NERC and NPCC reliability standards related performance is acceptable.	**On Track** Neither NERC nor NPCC audits were conducted during this reporting period. Ontario participants were appropriately notified of reliability related information on new and developing reliability standards. Ontario year-to-date compliance with IESO related NERC and NPCC standards is within targets.
		4. Reliability related information and forecasts satisfy industry needs.	**On Track** IESO published its first quarter 18-month forecast within publishing timelines, thereby presenting the IESO's assessment of the reliability of the Ontario electricity system for the 18-month period from April 2007 to September 2008. Interested parties were appropriately apprised of Ontario's reliability related assessments and issues through timely publication of the Ontario Reliability Outlook (ORO) report.
		5. IESO processes supporting Ontario electricity system development projects are assessed as effective and timely.	**On Track** IESO connection assessment reports for committed projects were completed within timelines agreed with the proponents.
	IESO facilitates the Ontario electricity marketplace, provides metering, settlement and market support services and ensures systems availability	Performance assessed on a suite of 23 customer-facing operational measures that address the following areas: • Facilitating the Ontario electricity marketplace (13 measures) • Providing metering, settlement and market support services (6 measures) • Ensuring systems availability (4 measures)	**On Track** As shown on the operational performance measures table, all 23 operational measures are tracking at or better than their annual performance standards.

Perspective	Measure	Performance Expectation	Status to the end of March 2007
Customers & Stakeholders	Recognition by customers and 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	1. The IESO addresses customer needs in the provision of products and services and effectiveness of working relationship with market participants.	**On Track**
		• Seek regular feedback from customers through visits, meetings, conferences and questionnaires, and ensure internal issues management process is dealing efficiently with customers' concerns.	IESO Account Managers met with market participants 32 times during the quarter to discuss key issues such as: Ontario Reliability Outlook report, prudential review, day ahead market, Emergency Load Reduction Program (ELRP), meter seal expiry compliance program, encouraging companies to join the market, and also to address day to day concerns regarding: settlements, prices and rebates, metering, outages, emergency preparedness, and connections.
		• Respond to needs identified in 2006 annual customer survey by implementing appropriate changes.	Customer Survey 2006 results were widely communicated, and an IESO action plan was developed to respond to the findings. Actions are underway and will continue throughout 2007 to identify and prioritize specific initiatives that will address market participants' requests and concerns.
		• Ensure market summaries and market reports reflect changing environment and meet the information needs of stakeholders.	Monthly market reports were updated to include global adjustment, transmission rights clearing account information and Ontario Power Authority administration fee, to provide more transparency on wholesale market electricity charges. The Electricity Exchange newsletter and weekly email communications were delivered on schedule. The IESO also hosted a Local Distribution Companies (LDC) settlements conference call to answer reporting questions, attracting 57 callers.
		• Provide necessary training, support, and related communications that satisfy customer needs.	During the first quarter, marketplace training delivered 15 instructor-led sessions to 186 individuals. Audiences included new market participants, those with changing roles, and the Ontario Energy Board. Content included the reliability aspects of operation as well as market training. Participant feedback surveys indicate an overall quality rating of 3.5 out of 4 for these sessions. Additionally, a participant-specific recorded presentation on real-time communication with the IESO was posted to the web and the marketplace training web page averaged 12,000 hits per month during the first quarter. In collaboration with the stakeholder-represented Emergency Preparedness Task Force, more than ten Power System Emergency workshops have been scheduled during 2007 at locations across Ontario. These workshops are being structured into separate sessions to address the needs of connected wholesale customers and local distributing companies and generators and transmitters.
		2. The IESO keeps stakeholders informed and considers stakeholder input in IESO decision making.	**On Track**
		• Ensure that a simple system status signal is available via Internet	IESO System Status Signal Pilot Project was launched in the first quarter. The Weather Network is providing the temperature on the IESO System Status Signal Pilot Project.
		• Continue and expand Customer Education Program by developing new partnerships and tools (publications and seminars, etc.) targeted at large volume consumer organizations.	The IESO continued a partnership with the Ontario Ministry of Small Business and Entrepreneurship and Natural Resources Canada to deliver three workshops to industrial consumers starting in September, 2007, and supported the development of partnerships with Ontario Ministry of Agriculture, Association of Municipalities of Ontario, Ontario Chamber of Commerce, Canadian Manufacturers and Exporters Association, Ontario Hotel Association and Canadian Federation of Independent Business with activities including

		• Partner with other organizations to increase effectiveness of market information • Respond to market participant and stakeholder needs through publications, website enhancements and outreach activities • Operating fair, transparent, and consistent stakeholder engagements for important initiatives, where stakeholders can provide advice to IESO	workshops, presentations, and brochures to follow later in the year. Presentations were given at three Local Distribution Companies (LDC) sessions for market rate customers, and a fact sheet for municipalities was widely distributed. An Ontario Reliability Outlook report was published in March 2007. IESO senior executives delivered 4 speeches and 11 presentations during the quarter as part of an extensive executive outreach program initiated across Ontario, which also included two market participant meetings. In addition, 3 site tours and 3 exhibits were provided by the IESO and continued media relations resulted in a number of IESO mentions including a feature on CBC National about the role and responsibilities of the IESO. Nine stakeholder engagement consultations were initiated in the first quarter: Development of a Consumer Forum (SE-42), Loss Penalty Factors (SE-40), Spare Generation On-line (SE-39), Load Following Standard (SE-38), Operating Reserve Initiatives (SE-37), Corporate Performance Measures (SE-36), 2008-2010 Business Plan (SE-35), Criteria for Determining Financial Penalties (SE-34), Proposed Changes to AGC Minimum Requirement (SE-33). All nine stakeholder consultations are planned to be completed during 2007 Three stakeholder engagement initiatives were completed in Q1: Dispatchable Load CMSC Clawback for constrained off events (SE-32), Separating Intertie Offer Guarantee (IOG) Uplift from Charge Type 150 (SE-31), and Demand Forecast Deviations (SE-28). The results of these initiatives will serve to incorporate stakeholder considerations and preferences into the enhancement of specific IESO processes and products. On a scale of 1-4, with 4 being the best, the IESO scored an average of 3.5 on feedback questionnaires expressing overall satisfaction with stakeholder processes. Stakeholders identified an opportunity for IESO to improve the timeliness in getting materials in advance of meetings, which has been implemented.
		3. The IESO maintains good relations with government and technical organizations including neighbouring ISO's and RTO's, NERC and NPCC to ensure reliable day-to-day operation of the Ontario electricity grid, and ensure mutually beneficial development of standards, practices, and initiatives in support of our objects. • Provide support for Ontario Power Authority initiatives including the Integrated Power System Plan (IPSP) • Advance IESO positions and participate effectively in the ISO-RTO Council (IRC) and the Standards Review Committee (SRC) • Support key NERC and NPCC activities including Electricity Reliability Organization (ERO) developments and protocols and Cross Border Regional Entity (CBRE) Standards development	**On Track** The IESO has remained actively engaged with government and other technical organizations on reliability related matters and other initiatives through the first quarter. The IESO has supported Ontario Power Authority initiatives and has advanced its positions by effectively participating and supporting in NERC, NPCC Inc. and NPCC-CBRE, and ISO-RTO Council forums.
		4. The IESO responds in a timely and effective manner to regulatory requirements and initiatives	**Exceeding Expectations** Compliance • The IESO met all of its licence obligations including,

		impacting Ontario, primarily involving interfaces with the Ontario Energy Board, National Energy Board and, as appropriate, regulatory authorities in other jurisdictions. IESO actively participates with other authorities, agencies and associations that have regulatory impacts on the IESO-controlled grid and IESO-administered markets, with the aim of ensuring net positive outcomes for stakeholders and satisfying IESO objects. • Compliance requirements, such as filing of compliance reports, annual reliability reports to the Ontario Energy Board, and NEB permit requirements are completed accurately and filed on time. • Participation in appropriate regulatory support initiatives, particularly those proceedings and initiatives having greatest impact on IESO, including IPSP, Transmission Rate Hearings, Section 92 Applications.	submitting quarterly licence compliance reports and reporting pertaining to reliability activities, Rural or Remote Rate Plan, and forecasts of transmission and generation adequacy. • On March 21, 2007, the Ontario Energy Board (OEB) issued its decision in respect of the IESO 2007 Fee case. The streamlined proceeding was more efficient and resulted in lower costs and reduced IESO staff time spent than in previous years and also yielded a favourable decision that approved the IESO's requests and endorsed the independence of the IESO in meeting its objects. Support Initiatives • The IESO successfully resolved a potential market rule review application. The IESO's informal and proactive approach to resolving the issue resulted in significant cost savings for both parties and aided in crucial relationship building. • As a required intervenor, the IESO provided evidentiary submissions in the leave to construct applications before the OEB for the new Hurontario Switching Station (HSS) and for reinforcements of the transmission system in the Southern Georgian Bay Area (SGBA). The IESO assisted Hydro One in its securing of OEB approval for the projects which will address the reliability concerns identified in the Ontario Reliability Outlook and 10-Year Outlook, as well as system inefficiencies. These transmission reinforcements in the SGBA will increase reliability and the availability of supply and address ongoing power quality concerns in the area. • The IESO provided significant input to the Hydro One Transmission Rate Review, focusing on projects that will assist in meeting the transmission needs outlined in the reliability outlook reports. • The IESO filed evidentiary submissions with the OEB in support of 'reliability must run' contract procurement, which ensures short term reliability requirements are met and financial provisions for those contracts are reasonable. The OEB relied on the evidence of the IESO and decided in favour of the financial provisions. • The IESO continues to provide technical expertise in support of the preparation of the OPA's Integrated Power System Plan (IPSP), which will enable the province to meet its electricity needs in both the short and long term. • The IESO continues to positively influence the development and improvement of mandatory and enforceable North American reliability standards. The IESO's submitted comments were substantially incorporated into the FERC final order on reliability standards. FERC also accepted the IESO's positions on a number of issues, resulting in cost savings by ensuring that reliability standards are applied where there is real value. • NERC developed a draft policy that acknowledges the IESO's existing compliance structure. The IESO will continue to be heavily involved in ERO related business planning to ensure Ontario receives an appropriate cost application.

Perspective	Measure	Performance Expectation	Status to the end of March 2007
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 $140.0 million budget amount approved by the IESO Board	**On Watch** IESO's total spending is forecast to be approximately $141.1 million, or some $1.1 million above the approved budget for 2007. The IESO will continue to monitor spending closely as the year progresses, seeking cost saving opportunities and prudent program reductions, where appropriate in maintaining the goal of having total spending in 2007 equal to budget while delivering on the necessary functions of the IESO.
	IESO's 2008 Usage Fee approved by the IESO Board	The IESO Usage Fee developed for approval by the Board of Directors for implementation in 2008 will be $0.79 /MWh or less, consistent with the usage fee identified in the 2007-2009 IESO Business Plan	**On Watch** Lower revenues are forecast for 2008 due to a lower energy forecast. Also, pension and other post employment benefits (OPEB) expenses may be materially higher than the assumed levels for 2008 within the 2007-2009 Business Plan. This increase is the result of lower than expected long-term interest rates, which are utilized in discounting the future pension and OPEB payments to calculate a current year charge. These financial developments will be incorporated into IESO's 2008-2010 business planning activities.
	Capital spending compared to budget approved by the Board. Timelines and results compared to approved requirements	Approved capital program is managed effectively within approved $20.0 million capital budget and required results are achieved. Six key projects as described in the 2007-2009 IESO Business Plan and listed below, are advanced as planned, or delivered as planned during 2007:	**On Track** Capital Program costs in the first quarter were $2.0 million. Spending for the year is projected to be $18.6 million, or $1.4 million below budget. Currently five of six key projects are assessed as being On Track, as described below:
		1. Day-Ahead Arrangements	**On Track** Day Ahead Arrangements was budgeted at $8.0 million for 2007. Current efforts to date have not involved capital costs. The projected year end spending on this initiative has been revised to $3.0 million.
		2. Energy Management System & Market Information System Upgrade	**On Track** Two of the three subprojects associated with the Energy Management System & Market Information System (EMS/MIS) Upgrade project are on schedule: Energy Management System and Primary Demand Forecast. The MIS subproject is currently behind schedule due to longer than anticipated time taken to document and review the User Requirements before they are issued to vendors as part of the Request For Proposal (RFP) process. The IESO will know the full impact of this delay when the RFP responses are received from the vendors in the second quarter. The project is expected to be completed by the end of 2007.
		3. Back-up Operating Centre Relocation	**On Track** Two major elements of the project, the Back Up Control Room and the Computer Room, have moved to the new Backup Operating Centre location on schedule. The current backup operating facility will begin decommissioning in the second quarter and is on target to be decommissioned by June 2007. Current projections for the project indicate it will be on budget.
		4. Facility Outage Management	**On Watch** The Facility Outage Management System (FOMS) schedule is shifting toward an implementation in the first quarter (Q1) of 2008 with an associated increase in costs. The FOMS project is a joint

			project with ISO-New England and it has taken longer than anticipated to align the requirements of the two ISO's for the successful implementation of the FOMS Project. Some of the differences only emerged during the Detailed System Design (DSD) discussions. Upon finalization of the DSD, a detailed schedule will be developed. Both ISO's are committed to receiving the benefits of this collaboration and have addressed the unique challenges arising from the pursuit of this project, including different technical standards, geographic separation, and other differences.
		5. UNIX Server Refresh	**On Track** The second stage of three-stage Unix Server Refresh project is currently on schedule and on budget. The final stage is on schedule to start in August 2007, and be completed by July 2008.
		6. Windows Server Refresh	**On Track** Stage 4 of this project is on schedule to be completed later in 2007, on time and on budget. No significant risks have been identified within this project. Stage 5, the final stage, is scheduled to start on time in August 2007.

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Market Evolution	Achievement and effective management of identified evolution of the electricity marketplace within the industry environment	Taking into account the industry environment during the year, the market evolves in a manner that will: • Deliver reliable supply • Deliver improved economic efficiency • Be consistent with a long-term vision that is coordinated with the Ontario Power Authority and acceptable to key stakeholders In 2007 this will result in progress on initiatives that: • Enhance longer term day-ahead arrangements that provide enduring benefits to stakeholders • Demonstrate the value of the market to consumers	**On Track** A stakeholder engagement plan (SE-21) was posted in January to enable stakeholders the opportunity to provide advice on high level designs for a day-ahead market for Ontario. The objective of the plan was to develop a day-ahead proposal by June, 2007, for discussion with stakeholders over the summer. As part of the first phase of the plan, the IESO sent out surveys to over 2,000 stakeholders to gather specific input. A summary of survey responses received was posted in late March.
		Initiate a new report series that communicates the IESO's views on market performance and on market evolution alternatives and improvements for stakeholder and public consideration.	**On Track** A high level, Ontario Market Outlook report is on track for issue in the second quarter. A comprehensive report to the Board of Directors on the market performance and on market evolution alternatives is planned for the fourth quarter.
		Board approval, by the end of 2007, of the results of a physical market prudential review (SE-23) whose objective is to reduce the financial burden to those participating in the IESO administered markets.	**Exceeding Expectations** The Prudential Review has been presented to stakeholders through both the Prudential Review Consultation Group and the Stakeholder Advisory Committee. In both instances, stakeholders expressed their support for the recommendations, and commented on both the quality of the work undertaken by the IESO and the associated stakeholdering process. Based on the positive progress to date, the IESO is planning to work through the Technical Panel in Q2 and early Q3, with resulting rule changes being approved by the IESO Board of Directors in September. Accordingly, recommendations would be implemented by the end of the third quarter 2007
	Effective management of the IESO's role in the implementation of the Smart Meter Initiative	In conducting the Smart Metering Initiative the IESO will achieve: • Successful conduct of the delivery project and its transition into operation; • Reputation enhancement in the form of improved standing with stakeholders and government as a result of our management of the Meter Data Management and Repository System • Arrangements for financial recovery of the project expenditures in place at the time delivery is completed that recovers all these costs in an acceptable timeframe.	**On Track** The Smart Metering Initiative is currently operating to budget and forecasting a schedule for a production pilot that meets Ministry of Energy expectations. Emerging risks associated with schedule contingency and with uncertainties arising in regulatory and communication areas that could have negative impacts on the project later this year are being actively monitored.

IESO Operational Performance Measures to the end of March 2007

Category/Name	Measure	Criteria	Performance Standard	Status
Facilitate the Electricity Market				
Implement Intertie Schedules	Accuracy	Average for the year	≥98%	**100 %**
Publish SAA's and SSR's	Timeliness	Published as per schedule	≥98%	**98.9 %**
Day Ahead Hourly Demand Forecast	Accuracy	Average absolute error for the year	≤2.5%	**1.3 %**
		Average bias range for the year	-5%≤ BIAS ≤ +5%	**+ 1.9 %**
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%	**+ 0.4 %**
Day at Hand Hourly Demand Forecast - 1 Hour Ahead of Dispatch Hour	Accuracy	Average absolute error for the year	≤1.5%	**0.7 %**
		Average bias range for the year	-5%≤ BIAS ≤ +5%	**- 1.0 %**
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**
Administrative Pricing (AP)	Frequency	Number of occurrences of AP per year	≤75	**14**
	Duration	Number of intervals AP applied per year	≤350	**59**
Provide Metering, Settlement and Market Support Services				
Settlement-ready Meter Data	Timeliness	Available next trading day	≥99.3%	**99.6 %**
Meter Trouble Reports Issued to Meter Service Providers	Timeliness	Available next business day	≥92%	**96.7 %**
Preliminary and Final Settlement Statements	Timeliness	Issued as per schedule	≥99%	**100 %**
	Accuracy	No IESO errors	≥99%	**100 %**
Issue and Financially Settle Invoices	Timeliness	As required per *IESO Settlement Statement Payments Calendar*	≥99%	**100 %**
	Accuracy	Average for the year	≥99%	**100 %**
Ensure Systems Availability				
Outbound Market Reports Publication	Availability	Average for the year as per respective schedule	≥99.0%	**99.4 %**
Market Participant Interface	Availability	Average for the year	≥99.0%	**99.9 %**
Dispatch & Scheduling Instructions	Availability	Average for the year	≥99.5%	**99.8 %**
Corporate Web Site	Availability	Average for the year	≥99.0%	**99.1 %**

Legend: At or better than standard -
Below standard -