Corporate Performance

To the end of March 2008

Perspective 1. Customers & Stakeholders

Performance Measure	Performance Target	Status to the end of March 2008
1.1 Contribute to an efficient electricity market through: • Market operation (4 measures) • Metering, settlement and market support services (9 measures) • IT systems availability (4 measures)	See attached table: IESO 2008 Electricity Market Operational Metrics	Currently 16 of 17 metrics meet or exceed their target levels. One metric, Dispatch & Scheduling Instructions availability, is below target. Immediately after deployment of the IESO's new EMS/MIS system in December 2007, several outages occurred. These have been resolved, and several patches are expected in the second quarter of 2008 to address other outstanding issues. This measure is expected to meet its annual target.
1.2 Operate the provincial government's Smart Metering Initiative.	All published service levels are met.	**On Track** Formal service levels have not been developed as yet, but are expected to be available in the fourth quarter.
	IESO conduct of its Smart Metering Entity role is regarded positively by local distribution companies (LDCs). Standard to be judged by LDCs in a focussed survey.	**On Track** A survey is expected in the fourth quarter and results will be available at that time.
1.3 Following the DAM recommendations, establish a market evolution agenda that is supported by SAC.	SAC sector representatives' opinions on market evolution agenda are generally aligned, with individual sector representatives being willing to engage on the agenda items while reserving their final opinions until implementation details are available. The agenda clearly sets out the various sector concerns that will be addressed.	**On Track** Day Ahead Market (DAM) recommendations are expected in the second quarter of 2008.
1.4 Market Pricing Working Group will address the following issues: 1. use of peak versus average hourly demand forecast in the pre-dispatch sequence 2. sale of operating reserve to neighbouring markets 3. feasibility and potential impacts of locational pricing for intertie transactions *Note: Addressing an issue does not necessarily mean a change to the current arrangements. For example, retaining the status quo is a possible outcome of the consideration of an issue.*	At least: • one issue addressed with strong stakeholder alignment; • one issue addressed with some stakeholder opposition; • ongoing active discussion of one issue; and • DAM recommendations reviewed by Market Pricing Working Group to determine if the role of intertie transactions in real-time price calculations remains an issue in light of those recommendations.	**On Track** 1. The Market Pricing Working Group is actively analysing and discussing the peak versus average issue. IESO final recommendation to address this issue are expected in June, 2008. 2. The IESO has initiated both a study of inter-market trading of operating reserve and discussions with the Working Group. IESO final recommendation to address the issue is expected in September 2008. 3. Work on locational pricing for import and export transactions will commence in the third quarter of 2008. 4. Working Group review of Day Ahead Market (DAM) recommendation and roles of intertie transactions in real-time price calculations is scheduled for the third quarter, subsequent to a DAM decision, expected in June 2008.
1.5 The IESO responds to customers' and stakeholders' needs through the timely provision of products and services.	More than 75% of stakeholders responding to regular questionnaires agree or strongly agree that the stakeholder process utilized was effective in facilitating stakeholder input.	**Superior Performance** The Stakeholder Engagement Review, started in the fall of 2007, was completed in the first quarter of 2008, and has been endorsed by the IESO Board of directors. Nine action items from the report have been posted on the IESO Web site. Six items are now complete. The most visible of these is the new suite of web pages for stakeholder engagement. Feedback surveys conducted on stakeholder engagement

		activities in the first quarter continue to provide very positive feedback. Results indicate that 98% of respondents agree that IESO stakeholder engagement processes are effective at meeting stakeholder engagement principles. The first quarter Stakeholder Engagement Report is posted at: http://www.ieso.ca/imoweb/pubs/consult/se/stakeholder-report.pdf
	In the annual survey, customers provide an average rating of 7.5 on the value of IESO's products and services.	**On Track** The annual customer survey will be conducted in the fourth quarter and results will be available at that time.
	In the annual survey, customers provide an average rating of 7.5 on the timeliness of IESO products and services.	**On Track** The annual customer survey will be conducted in the fourth quarter and results will be available at that time.
	The following two customer facing projects are delivered by March 31st, 2008 (equally weighted): • on-line Settlement forms; • reduce requirement for digital certificates through migration of MVWeb to Portal.	**Superior Performance - Completed** On-line Settlement forms was placed in service in February 2008. Migration of MVWeb to Portal was completed early and the resulting redundant certificates have been removed.

Perspective 2. Reliability		
Performance Measure	Performance Target	Status to the end of March 2008
2.1 Avert, mitigate or address significant actual or potential reliability events.	The IESO is recognized as meeting industry expectations for actions undertaken to address actual events or to avert potential events.	**On Track** The IESO remained diligent in the tracking and review of reliability related incidents in this year. The IESO managed a number of individual system events that challenged the reliability of the system. IESO actions to date in 2008 have been effective in reacting to and addressing the reliability events when they occurred.
	NERC/NPCC reportable events are reported on time, and most follow-up actions within IESO control are completed and closed within targeted timelines.	**On Track** To date there have not been any NERC/NPCC reportable events.
2.2 Ontario's annual System Unsupplied Energy is within acceptable limits.	Ontario's annual system of Unsupplied Energy meets the published Ontario benchmark and mitigating actions are identified for 50% of "Red" local areas.	**On Track** Ontario's year-to-date system Unsupplied Energy is within acceptable limits. For this period, there are no reported red flagged local areas.
2.3 Obtain successful NERC/NPCC compliance audits and achieve compliance with NERC and NPCC reliability standards.	No issues identified with IESO processes that relate to standards with high severity risk factor.	**On Track** No NERC or NPCC audits have been conducted to date this year. An NPCC compliance audit is scheduled for the second quarter.
	Ontario yearly compliance with high severity risk factor NERC/NPCC standards that are within IESO's control is 100%.	**On Track** Ontario year-to-date compliance with high severity risk factor NERC/NPCC standards that are within IESO's control is 100%.
2.4 Performance assessed on a suite of 8 reliability related operational measures.	See attached table: IESO 2008 Reliability Related Operational Performance Measures	Currently 6 of 8 reliability measures meet or exceed their target levels. Two measures: Day Ahead Hourly Demand Forecast Bias, and Day at Hand Hourly Demand Forecast Bias - 3 Hours Ahead of Dispatch Hour, are off-target as of March 31, 2008. For both bias measures, input assumptions and processes (weather inputs and forecasting models) for demand forecasting are being assessed to determine if there are any systemic biases, or whether the causes of bias are random, in order to better understand and address the high positive bias in the first quarter. These measure are expected to be within their annual target ranges at year end.
2.5 The IESO contributes to relevant Ontario regulatory proceedings and effectively manages Ontario and International reliability standard development processes.	IESO provides meaningful contributions, consistent with its objects, in the Integrated Power System Plan, Bruce to Milton, OPG Prescribed Assets, and Reliability Must Run (RMR) contract proceedings; and RMR arrangements approved by the OEB meet IESO reliability requirements; and IESO is assessed as providing strong support for industry reliability standards development processes, and focussed input in those processes in respect of Ontario's interests.	**On Track** The IESO has provided support and expertise to the Ontario Power Authority (OPA) and the Ontario Energy Board (OEB) in preparation for the Integrated Power System Plan (IPSP) hearings starting later this year, along with substantial pre-filed evidence . In the Bruce to Milton transmission hearing, the IESO made prompt and meaningful contributions to Hydro One's proceeding in responding to over 80 interrogatories. The IESO's early involvement in developing the rationale for the OEB to acquire remand authority with North American Electric Reliability Corporation (NERC) reliability standards was acknowledged through the Ontario government's recent tabling of legislation granting the OEB remand authority. The IESO engaged National Energy Board (NEB) staff on a number of issues including improvements to the export permit process and

		the adoption of mandatory reliability standards for International Power Lines. The IESO is working with the ISO/RTO Council in providing joint comments to the U.S. Federal Energy Regulatory Commission's Notices of Proposed Rulemaking (NOPR) dealing with the approval of NERC reliability standards and proposals aimed at improving wholesale electricity markets. The IESO was successful in streamlining its 2008 fees case. Cost savings were realized through early discussions with intervenors, resulting in the quick resolution of issues, significantly reducing the scope and duration of both the technical and settlement conferences.

Perspective 3. Effective Use of Funds

Performance Measure	Performance Target	Status to the end of March 2008
3.1 Total Spending (OM&A + Interest + Amortization) is within the financial outlook approved by the IESO Board	Total Spending falls within the approved financial outlook.	**On Track** IESO's total spending is forecast to be approximately $136.0 million, $0.5 million above the approved budget for 2008. 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 2008 equal to budget, while delivering on the necessary functions of the IESO.
3.2 Approved capital program is managed within the IESO Board approved capital envelope for 2008 and the required results are achieved.	Total capital spending is within the Board approved capital envelope.	**On Track** Capital Program costs in the first quarter were $1.4 million. Spending for the year is projected to be $17.3 million, or $2.7 million below budget.
3.3 Four key projects, as described in their respective approved business cases and listed below, are advanced as planned or delivered as planned during 2008: • On-Line Limit Derivation • Participant Lifecycle System • Energy Management System & Market Information System Upgrade (EMS/MIS) • Network Zoning Project	1. On-Line Limit Derivation: business case completed by March 31st, 2008.	**On Track - Completed** The On–Line Limit Derivation program business case was completed and approved by March 31, 2008.
	2. Participant Lifecycle System: project delivered in accordance with the approved business case with respect to schedule, cost and anticipated benefits	**On Track** Planning continues on developing the requirements for the new Participant Lifecyle System which will enable the identification of the costs and benefits, which will form the basis of a business case expected later in the year.
	3. EMS/MIS: Project delivered in accordance with the approved business case with respect to schedule, cost and anticipated benefits	**On Track** The first and most significant of the three subprojects of the Energy Management System & Market Information System (EMS/MIS) Upgrade project: the Energy Management System (EMS) was successfully placed in service in December2007. The second subproject, the Primary Demand Forecast (PDF) system is on schedule for delivery in the second quarter of 2008. Following trials, the users have decided not to employ the full functionality of the product and will review the situation after three months of production operation. The third subproject, the Market Information System (MIS), is now scheduled for completion during the fourth quarter of 2008, which represents a 6-8 week delay in the project schedule.
	4. Network Zoning Project: delivered in accordance with the authorized business case with respect to schedule, cost and anticipated benefits	**On Track** The Network Zoning project is on track as to cost and schedule for completion in June 2008.

Perspective 4. People		
Performance Measure	Performance Target	Status to the end of March 2008
4.1 Maintain highly engaged and committed employees	In the 2008 IESO Employee Engagement Survey, 30% of IESO employees report that they are "highly engaged".	**On Track** Activities for supporting engagement have been reviewed with managers.
4.2 Implement talent management.	In the 2008 IESO Employee Engagement Survey, over 80% of IESO employees respond favourably to the statement: "I have improved my skills and capabilities in the last year".	**On Track** Programs are underway to facilitate skills and capabilities review.
	Development plans in place for over 80% of management employees in bands 1-5.	**On Track** Creation of development plans is underway and will be in place by target date.
	Personalized development plans in place for at least 50% of employees.	**On Track** Personal Learning Plan workshops and program are under development for delivery during the year.
4.3 Increase managerial effectiveness.	In the 2008 IESO Employee Engagement Survey, 60% of IESO employees respond favourably to the statement: "my immediate supervisor effectively coaches and builds the strengths of employees".	**On Track** Coaching workshops were delivered in the first quarter. Further sessions are scheduled for April and June, which will further facilitate coaching of employees.
	In the 2008 Employee Engagement Survey, 60% of IESO employees respond favourably to the statement: "my immediate supervisor gives me frequent feedback".	**On Track** Performance feedback programs are in place for all employee groups.

IESO 2008 Electricity Market Operational Metrics
to the end of March 2008

Name	Measure	Criteria	Target	Status
Market Operation				
Transmission Rights Auction Processing	Timeliness	Processed as per schedule	0 failures	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
Administrative Pricing (AP)	Frequency	Number of occurrences of AP per year	≤75	10
	Duration	Number of intervals AP applied per year	≤350	64
Provide Metering, Settlement and Market Support Services				
Settlement-ready Meter Data	Timeliness	Available next trading day	≥99.4 %	99.7 %
Meter Trouble Reports Issued to Meter Service Providers	Timeliness	Available next business day	≥95.5 %	98.1 %
Preliminary and Final Settlement Statements	Timeliness	Issued as per schedule	≥99.3 %	100 %
	Accuracy	No IESO errors	≥99.5 %	99.9 %
Issue and Financially Settle Invoices	Timeliness	As required per *IESO Settlement Statement Payments Calendar*	≥99.0 %	100 %
	Accuracy	Average for the year	≥99.5 %	100 %
Resolve Compliance Issues	Timeliness	Informal cases closed within 37 days	≥70.0 %	83 %
	Timeliness	Formal cases closed within 182 days	≥70.0 %	83 %
Proponents Achieve Intended Market Role	Timeliness	Market roles achieved on or before agreed to target date (excludes delays beyond IESO control)	≥85.0 %	100 %
IT Systems Availability				
Outbound Market Reports Publication	Availability	Average for the year as per respective schedule	≥99.5 %	99.5 %
Market Participant Interface	Availability	Average for the year	≥99.5 %	99.7 %
Dispatch & Scheduling Instructions	Availability	Average for the year	≥99.5 %	99.4 %
Corporate Web Site	Availability	Average for the year	≥99.5 %	99.9 %

Legend: At or better than target -
Below target -

IESO Reliability Related Operational Performance Measures to the end of March 2008

Name	Measure	Criteria	Target	Status
Implement Intertie Schedules	Accuracy	Average for the year	>99.5 %	99.9 %
Publish SAA's and SSR's	Timeliness	Published as per schedule	>98.5 %	99.3 %
Day Ahead Hourly Demand Forecast	Accuracy	Average absolute error for the year	<2.2 %	1.6 %
		Average bias range for the year	+/- 5.0 %	+ 10.8 %
Day at Hand Hourly Demand Forecast - 3 Hours Ahead of Dispatch Hour	Accuracy	Average absolute error for the year	<1.5 %	1.1 %
		Average bias range for the year	+/- 5.0 %	+ 7.9 %
Day at Hand Hourly Demand Forecast - 1 Hour Ahead of Dispatch Hour	Accuracy	Average absolute error for the year	<1.0 %	0.8 %
		Average bias range for the year	+/-5.0 %	+ 3.5 %

Legend: At or better than target - (green)
Below target - (red)