



# Corporate Performance

To the end of March 2009

# 1. Customers & Stakeholders

| Measure                                                           | Target                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Status to the end of March 2009                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.1.1 Customer-facing electricity market operations and processes | See attached table: IESO 2009 Electricity Market Operational Metrics.                                                                                                                                                                                                                                                                                                                                                                                                                             | <p><b>On Track</b></p> <p>Currently, 14 of 15 meet or exceed their target levels.</p> <p>There has only been one formal compliance issue closed in Q1 and the target timeline for closing such issues was exceeded. The measure is expected to achieve its target by year end.</p>                                                                 |
| 1.1.2 IESO conduct of its Smart Meter Entity role                 | <p>IESO conduct of its Smart Metering Entity role is regarded positively by local distribution companies (LDCs). Standard to be judged by LDCs in a comprehensive survey focussed on the IESO's conduct of the Smart Meter Entity role in the areas of:</p> <ul style="list-style-type: none"> <li>Stakeholder engagement activities</li> <li>Delivery</li> <li>Operations</li> </ul>                                                                                                             | <p><b>On Track</b></p> <p>The upgrade of the MDM/R to Release 6.1 was completed successfully.</p> <p>No basis to gauge LDC reaction by end of quarter.</p>                                                                                                                                                                                         |
| 1.1.3 Stakeholdering process effectiveness                        | More than 75% of stakeholders agree or strongly agree that the IESO's stakeholder process utilized was effective in facilitating stakeholder input.                                                                                                                                                                                                                                                                                                                                               | <p><b>Superior Performance</b></p> <p>Feedback received on stakeholder engagement activities for the first quarter is positive. Results indicate that 90% of respondents agree that IESO stakeholder engagement processes are effective at meeting stakeholder engagement principles. This assessment is based on the feedback questionnaires.</p> |
| 1.1.4 Customer satisfaction                                       | In the annual survey, customers provide an average rating of 7.5 on the value of IESO's products and services.                                                                                                                                                                                                                                                                                                                                                                                    | <p><b>On Track</b></p> <p>The annual customer survey will be conducted in the fourth quarter and results will be available at that time.</p>                                                                                                                                                                                                       |
| 1.1.5 Process Assurance                                           | <p>Report with no reservation of opinion, or with reservations of opinion assessed by the Audit Committee as not significant based on a consideration of the implication of the reservation for the following:</p> <ul style="list-style-type: none"> <li>Dispatch Algorithm (Compliance) Review (S.8600 Compliance Review Standard)</li> <li>Settlements (Controls) Audit (S.5970 Audit Standard)</li> <li>Meter Data Mgt/Repository (MDM/R) (Controls) Audit (S.5970 Audit Standard)</li> </ul> | <p><b>On Watch</b></p> <ul style="list-style-type: none"> <li>On Track</li> <li>On Track</li> <li>Approval has been received from the Audit Committee to defer the MDM/R audit to 2010 as recommended by management. Until the 2009 target is correspondingly amended, this measure is assessed as "On Watch".</li> </ul>                          |

# 1. Customers & Stakeholders

| Measure                                                 | Target                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Status to the end of March 2009                                                                                                                                      |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.2.1 Product and services initiatives and improvements | <p>Implementation of the Enhanced Day Ahead Commitment (EDAC) project as described in the approved Project Control Framework (PCF), including changes from PCF documents consistent with exception reports (VCR's, Financial reports, and schedule).</p> <p>The following milestones (allowing for change through approved PCF processes) will be met within a 1 month variance:</p> <ul style="list-style-type: none"> <li>• Completion of EDAC Market Design – February 2009</li> <li>• Issuance of RFP – June 2009</li> <li>• Selection of vendor – August 2009</li> </ul> | <p><b>On Track</b></p> <p>Completion of EDAC Market Design – February 2009 – on schedule</p> <p>Issuance of RFP – On Track</p> <p>Selection of vendor – On Track</p> |

# IESO 2009 Electricity Market Operational Metrics to the end of March 2009

| Category/ Name                                                  | Measure                        | Criteria                                                                                       | Target        | Status        |
|-----------------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Market Operation</b>                                         |                                |                                                                                                |               |               |
| 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           | 5             |
|                                                                 | Duration                       | Number of intervals AP applied per year                                                        | ≤350          | 30            |
| <b>Provide Metering, Settlement and Market Support Services</b> |                                |                                                                                                |               |               |
| Preliminary and Final Settlement Statements                     | Timeliness                     | Issued as per schedule                                                                         | ≥99.3 %       | 100%          |
|                                                                 | Accuracy                       | No IESO errors                                                                                 | ≥99.5 %       | 99.9%         |
| Issue and Financially Settlement Invoices                       | Timeliness                     | As required per <i>IESO Settlement Statement Payments Calendar</i>                             | ≥99.0 %       | 100%          |
|                                                                 | Accuracy                       | Average for the year                                                                           | ≥99.5 %       | 100%          |
| Resolve Compliance Issues                                       | Timeliness                     | Informal cases closed within 37 days                                                           | ≥70.0 %       | 72%           |
|                                                                 | Timeliness                     | Formal cases closed within 182 days                                                            | ≥70.0 %       | 0%            |
| Proponents Achieve Intended Market Role                         | Timeliness                     | Market roles achieved on or before agreed to target date (excludes delays beyond IESO control) | ≥85.0 %       | 85.0%         |
| <b>IT Systems Availability</b>                                  |                                |                                                                                                |               |               |
| Outbound Market Reports Publication                             | Availability                   | Average for the year as per respective schedule                                                | ≥99.5 %       | 99.6%         |
| Market Participant Interface                                    | Availability                   | Average for the year                                                                           | ≥99.5 %       | 99.9%         |
| Dispatch & Scheduling Instructions                              | Availability                   | Average for the year                                                                           | ≥99.5 %       | 99.9%         |
| Corporate Web Site                                              | Availability                   | Average for the year                                                                           | ≥99.5 %       | 99.9%         |

Legend: At or better than standard -   
Below standard - 

## 2. Reliability

| Measure                                                                                                                                                            | Target                                                                                                                                                                                                                                                                                                                                                                                                        | Status to the end of March 2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| 2.1.1 Addressing reliability events                                                                                                                                | The IESO is recognized as meeting industry expectations for actions undertaken to address actual events or to avert potential events.                                                                                                                                                                                                                                                                         | <b>On Track</b><br><br>The IESO remained diligent in the tracking and review of reliability related incidents. The IESO managed a number of individual system events that challenged the reliability of the system. IESO actions to date have been effective in reacting to and addressing the reliability events when they occurred.                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                                                                                                                    | NERC/NPCC reportable events are reported on time, and 95% of follow-up actions within IESO control are completed and closed within targeted timelines.                                                                                                                                                                                                                                                        | <b>On Track</b><br><br>To date there have not been any NERC/NPCC reportable events.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 2.1.2 Ontario's annual System Unsupplied Energy is within acceptable limits                                                                                        | Ontario's annual system of Unsupplied Energy meets the published Ontario benchmark the IESO agrees to a mitigation plan with relevant external parties designed to improve performance for any local area with Unsupplied Energy below threshold.                                                                                                                                                             | <b>On Track</b><br><br>The unsupplied energy data over the first quarter is within the acceptable yearly limits.<br><br>Of the 34 local areas, there are no red-flagged areas and one yellow-flagged area. The event in the yellow-flagged area was a load security event, and not impactive to the IESO controlled Grid. Follow-up action is still under review.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 2.1.3 Compliance with NERC and NPCC reliability standards                                                                                                          | Within the audits, no issues identified with IESO processes that relate to standards with high severity risk factor.                                                                                                                                                                                                                                                                                          | <b>On Track</b><br><br>The IESO has not been subject to any compliance audits during the past quarter.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                                                                                                                                    | 100% compliance with NERC high risk factor requirements that are within IESO's control and no violations of NPCC criteria that are greater than Level 2 and that are within IESO's control; and 90% of market participants have remedied their non-compliance with NERC/NPCC reliability standards within the timelines of their mitigation plan, as identified by the IESO's Reliability Compliance Program. | <b>On Watch</b><br><br>The IESO remains in full compliance with all applicable NERC and NPCC standards and criteria.<br><br>One market participant has failed to fully remedy their non-compliance within the timelines of their mitigation plan. The non-compliance is related to an NPCC criterion that is not part of the Criteria Compliance and Enforcement Program and hence is not sanctionable.<br><br>The IESO is following up with the market participant on identifying the reasons for failing to meet the targets of their mitigation plan and establishing a new schedule for ensuring compliance in 2009.<br><br>The IESO is monitoring the implementation of the 10 outstanding mitigation plans and expects to meet the 90% threshold of this measure before the end of the year. |
| 2.1.4 Customer-facing reliability related operational measures                                                                                                     | See attached table: IESO 2009 Reliability Related Operational Performance Measures.                                                                                                                                                                                                                                                                                                                           | <b>On Watch</b><br><br>Currently 5 of the 8 reliability related operational performance measures meet or exceed their target levels.<br><br>Four measures, Day Ahead Hourly Demand Forecast - absolute error and bias range, Day at Hand Hourly Demand Forecast - 1 Hour Ahead of Dispatch Hour - bias range for the year and Day at Hand Hourly Demand Forecast - 3 Hours Ahead of Dispatch Hour - bias range for the year, are off target as of March 31, 2009. These measures are expected to be within their annual target ranges at year end.                                                                                                                                                                                                                                                 |
| 2.2.1 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 Hydro One 2009-2010 Transmission Rate Case including the analysis of the an appropriate Export Transmission Service Charge, Distribution facilities cost responsibility review, Section 92 ("Leave to Construct") applications and Transmission System Code                                                                       | <b>On Track</b><br><br>The IESO continues its active participation in Hydro One's 2009-2010 transmission rate case, in particular reviewing the implementation issues associated AMPCO's proposal to modify the way in which the transmission rate for network service is established; and preparing a study of alternatives to the current \$1/MWh export transmission service charge. The IESO expects to submit the study findings and recommendations to the Board by June 1, 2009. The IESO has participated in meetings with Hydro One and OPA to review upcoming section 92 applications in order to discuss the role of each                                                                                                                                                               |

## 2. Reliability

| Measure | Target                                                                                                                                                                                                                                             | Status to the end of March 2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         | <p>(TSC) Review and SME License Application is approved by the OEB.</p> <p>The IESO provides strong support for industry reliability standards development processes, and focussed input in those processes in respect of Ontario's interests.</p> | <p>organization and discuss strategy.</p> <p>The IESO continues to actively monitor NERC and NPCC activities and participate as required. In its continuing role as Chair of the Canadian Electricity Association's Regulatory Development Task Group ("RDTG"), the IESO continues to be successful in promoting IESO and Ontario positions through this industry forum on FERC and NERC matters. The IESO is also actively monitoring Senate hearings and proceedings in the US. The IESO maintains participation in key committees, working groups and drafting teams at NERC and NPCC. It is also actively participating in the standards and criteria development processes through the Reliability Standards Standing Committee.</p> |

## IESO Reliability Related Operational Performance Measures to the end of March 2009

| Category/Name                                                       | Measure    | Criteria                            | Target    | Status |
|---------------------------------------------------------------------|------------|-------------------------------------|-----------|--------|
| Implement Intertie Schedules                                        | Accuracy   | Average for the year                | ≥99.5 %   | 100%   |
| Publish SAA's and SSR's                                             | Timeliness | Published as per schedule           | ≥98.5 %   | 100%   |
| Day Ahead Hourly Demand Forecast                                    | Accuracy   | Average absolute error for the year | ≤2.2 %    | 2.4 %  |
|                                                                     |            | Average bias range for the year     | +/- 5.0 % | +9.0%  |
| Day at Hand Hourly Demand Forecast - 3 Hours Ahead of Dispatch Hour | Accuracy   | Average absolute error for the year | ≤1.5 %    | 1.3%   |
|                                                                     |            | Average bias range for the year     | +/- 5.0 % | +8.8 % |
| Day at Hand Hourly Demand Forecast - 1 Hour Ahead of Dispatch Hour  | Accuracy   | Average absolute error for the year | ≤1.0 %    | 1.0 %  |
|                                                                     |            | Average bias range for the year     | +/-5.0 %  | 5.2%   |

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Below standard - ■

### 3. Effective Use of Funds

| Measure                                                           | Target                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Status to the end of March 2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1.1 Budget performance: Total Spending and Capital Expenditures | Total Spending (OM&A + interest + Amortization) and capital expenditures do not exceed approved budgets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p><b>On Track</b></p> <p>IESO's total spending is forecast to be approximately \$128.0M or \$2.3M below the approved budget for 2009. The reduction in projection is a result of management commitment to identify cost savings of approximately 1.5% across the business; significantly lower interest costs resulting from successful debt refinancing; as well as lower projected pension and OPEB expense (-\$13.M and - \$0.4M respectively) due to a higher than originally budgeted discount rate. This projection is offset by an increase in net interest due to investment losses in the first quarter on the SERP Reserve assets, reflecting poor equity markets.</p> <p>The Board-approved business case for EDAC includes a total capital budget of \$26.5 million, with \$15.9 million planned for 2009. The current capital forecast for 2009 is \$9.3 million. The total estimated capital project cost of \$26.5 million remains unchanged.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 3.2.1 Delivery of Key Capital Projects                            | <p>Four key projects, as described in their respective approved business cases and listed below, are advanced as planned or delivered as planned during 2009:</p> <ul style="list-style-type: none"> <li>On-Line Limits Development – Bruce Readiness Phase</li> <li>Enrolment Automation</li> <li>Outage Management Replacement</li> <li>NERC Standards Compliance Monitoring Tool</li> </ul> <p><i>For all projects, including those not completed in 2009, the project sponsor (i.e. the project recipient) will consider the overall objectives and deliverables of the project in addition to budget and schedule performance.</i></p> | <p><b>On Track</b></p> <p>OLLD-Bruce Readiness program is advancing as planned, within the budget and scheduled approved in business case BC-0318, and subsequently amended by the program Steering Committee.</p> <p>The Enrolment Automation project has been reworked in order to expedite tactical projects to provide efficiency benefits to support the IESO's increased work load expected as a result of the Green Energy Act. The first project will consolidate the data used in the enrolment processes. The business case for this project is planned to be delivered by July 31<sup>st</sup> 2009. Delivery of this project is planned for Q2 of 2010. The second project will address registrant data submission and a business case is planned for early 2010.</p> <p>The Outage Management Replacement project has been divided into two parts. Part One will focus on improving the market participant interface by allowing participants to submit outages via new online forms and possibly a new Automated Programmable Interface (API) using Web Services. This part of the initiative is currently being discussed with stakeholders, and the discussions are expected to be concluded at the end of Q2 2009. A business case will be prepared in Q3, with expected delivery of online forms in Q4 2009. Part Two will begin after the first part has been completed, with a goal of replacing our current engine for processing outages.</p> <p>The NERC Standards Compliance Monitoring Tool requirements are being gathered in order to purchase a product to provide efficient, auditable, compliance tracking capabilities. The purchase of this tool is on target for Q4 2009.</p> |



## 4. People

| Measure                                  | Target                                                                                                                                                                                                                                                                                                                                                                              | Status to the end of March 2009                                                                                                                                                                                                                                                   |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.1.1 Employee engagement                | <p>Employee engagement initiatives will be carried out according to plans to achieve improved employee engagement scores in the 2010 survey. Feedback received from employees is consistent with improved employee engagement scores in the 2010 survey.</p> <p>Note: Feedback will be received from all initiatives and the assessment will be based on all feedback received.</p> | <p><b>On Track</b></p> <p>Corporate plans /focus for 2009 established and in process.</p> <p>Process commenced on communicating survey results to employees and associated development plans are being developed.</p> <p>Feedback from process will be gathered and reviewed.</p> |
| 4.1.2 Employee development               | <p>Development plans in place for 90% of management employees (in bands 1-5) and for 60% of non-management employees.</p>                                                                                                                                                                                                                                                           | <p><b>On Track</b></p> <p>Process underway – monitoring plans and development of new plans as required.</p>                                                                                                                                                                       |
| 4.1.3 Sustainable employment environment | <p>IESO achieves LEED silver certification for the control centre.</p>                                                                                                                                                                                                                                                                                                              | <p><b>On Track</b></p> <p>Documentation and evidence to support the application is being prepared and the application is expected to be submitted in the third quarter.</p>                                                                                                       |