



Corporate Performance

To the end of June 2009

1. Customers & Stakeholders

Measure	Target	Status to the end of June 2009
1.1.1 Customer-facing electricity market operations and processes	*See the following table: IESO 2009 Electricity Market Operational Metrics	On Track 13 of 15 metrics meet or exceed their target levels. Q2 performance is slightly down from Q1 in which 14 out of 15 measures reported had met or exceeded their targets. In 2008, staff turnover resulted in compliance cases extending beyond the historical norm. As the Compliance measure only tracks the timeliness of investigations that are closed in a given quarter, the many cases that were closed in Q2 skewed the timeliness measure downward.
1.1.2 a Smart Metering Entity – Support for Smart Meter Implementation Plan (TOU roll-out)	MDM/R and all associated SME services cause no delays or barriers to plan achievement (in accordance with plan commitments).	On Track The IESO continues to focus its current resources and support a number of educational and planning sessions with LDCs.
1.1.2 b Smart Metering Entity – Governance Transition	Obtain agreement from the Minister to a transition of governance. Obtain an agreement for the repayment to the IESO of its funding to date.	On Watch The IESO has worked collaboratively with LDCs and the EDA to plan for a transfer of SME governance to the stakeholder community. While the IESO has been diligent in supporting the transition of governance, any decision is subject to the Minister's approval.
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.	On Track Feedback received on stakeholder engagement activities up to the second quarter is positive. Results indicate that 93% of the respondents agree that IESO stakeholder engagement processes are effective at meeting stakeholder engagement principles. The 2009 measures for the Stakeholder Engagement process will also include feedback from the Stakeholder Advisory Committee members as well as specific questions from the annual customer satisfaction survey conducted in the fourth quarter.
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	On Track The annual customer survey will be conducted in the fourth quarter and results will be available at that time.

1.1.5 Process Assurance	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: • Dispatch Algorithm (Compliance) Review (S.8600 Compliance Review Standard) • Settlements (Controls) Audit (S.5970 Audit Standard) • Meter Data Mgt/Repository (MDM/R) (Controls) Audit (S.5970 Audit Standard)	On Track • Dispatch Algorithm Review – no exceptions noted by PwC in their report dated April 15, 2009. • Settlements S.5970 Audit – no significant issues identified to date by EY during fieldwork. • Approval has been received from the Audit Committee to defer the MDM/R audit to 2010 as recommended by management.
1.2.1 Product and services initiatives and improvements	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). The following milestones (allowing for change through approved PCF processes) will be met within a 1 month variance: • Completion of EDAC Market Design – February 2009 • Issuance of RFP – June 2009 • Selection of vendor – August 2009	On Track All milestones to date, as per the approved Project Control Framework, have been met.

IESO 2008 Electricity Market Operational Metrics to the end of June 2009

Category/ Name	Measure	Criteria	Target	Status
Market Operation				
Transmission Rights Auction Processing	Timeliness	Processed as per schedule	0 failures	0
Continuous Operation Of the Market	Frequency of Market Suspension	Number of market suspensions per year caused by the IESO	0 suspensions	0
Administrative Pricing (AP)	Frequency	Number of occurrences of AP per year	≤75	11
	Duration	Number of intervals AP applied per year	≤350	51
Provide Metering, Settlement and Market Support Services				
Preliminary and Final Settlement Statements	Timeliness	Issued as per schedule	≥99.3 %	100%
	Accuracy	No IESO errors	≥99.5 %	99.6%
Issue and Financially Settle 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 %	46%
	Timeliness	Formal cases closed within 182 days	≥70.0 %	50%
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 %	99.7%
Market Participant Interface	Availability	Average for the year	≥99.5 %	99.8%
Dispatch & Scheduling Instructions	Availability	Average for the year	≥99.5 %	99.8%
Corporate Web Site	Availability	Average for the year	≥99.5 %	99.8%

Legend: At or better than standard - 
Below standard - 

2. Reliability		
Measure	Target	Status to the end of June 2009
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.	On Track IESO actions to date have been effective in reacting to and addressing reliability events when they occur.
	NERC/NPCC reportable events are reported on time, and 95% of 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.
2.1.2 Ontario's annual system unsupplied energy is within acceptable limits.	Ontario's annual system of unsupplied energy meets the published Ontario benchmark and the IESO agrees to a mitigation plan with relevant external parties designed to improve performance for any local area with unsupplied energy below threshold	On Track The unsupplied energy data over the second quarter is tracking within the acceptable yearly limits. The IESO is following up on the review of mitigation plans with relevant transmitters for the flagged local areas with unsupplied energy above threshold criteria.
2.1.3 Compliance with NERC and NPCC reliability standards	Within the NERC and NPCC audits, no issues identified with IESO processes that relate to standards with high severity risk factor.	On Track 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.	At Risk The IESO is under investigation by MACD for an alleged breach associated with operating reserve requirements under outage conditions on October 27, 2008. The mitigation plan for the previously reported non-compliance by one market participant is in the process of being implemented. The IESO is following up on the execution of the mitigation plan for ensuring compliance in 2009.

2.1.4 Customer-facing reliability related operational measures	*See the following table: IESO 2009 Reliability Related Operational Performance Measures	On Track 7 of 8 measures meet or exceed their target levels. The status of this performance measure has improved to 'On Track' with four measures from Q1 moving up to meet or exceeding their target levels and one measure moving down. The Day at Hand Hourly Demand Forecast - 1 Hours Ahead of Dispatch Hour – absolute error for the year, is off target as of March 31, 2009. This measure is expected to be within its annual target range at year end.
2.2.1 The IESO contributes to relevant Ontario regulatory proceedings and effectively manages Ontario and International reliability standard development processes.	The 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 (TSC) Review and SME License Application is approved by the OEB. The IESO provides strong support for industry reliability standards development processes, and focussed input in those processes in respect of Ontario's interests.	On Track 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. As a result of the Hydro One's 2009-2010 Transmission Rate Proceeding Decision and Order, the OEB approved new Uniform Transmission Rates effective July 1, 2009. The IESO has made the necessary changes to its settlement processes to implement the new rate schedule in accordance with the OEB's decision and order. In addition, work continues on the IESO's study and assessment of potential alternatives to the current \$1/MWh transmission export and wheel-through tariff. The IESO plans to submit a report and recommendation to the OEB by Mid-August. The IESO is providing support in respect of two leave to construct applications currently being reviewed by the OEB (i.e., Woodstock East Transmission Line Upgrade and Lower Mattagami Transmission Reinforcement Project). 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 organization and discuss strategy. The IESO continues to actively monitor NERC and NPCC activities and was also actively involved with the proceedings of the Ontario Energy Board ("OEB") and the Federal Energy Regulatory Commission ("FERC") including providing comments to the OEB on proposed changes to the Transmission System Code ("TSC") and to FERC through the ISO/RTO Council ("IRC"), on FERC's Notice of Proposed Rulemakings ("NOPR").

IESO Reliability Related Operational Performance Measures to the end of June 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 %	2.1%
		Average bias range for the year	+/- 5.0 %	4.3%
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 %	2.8%
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 %	-0.3%

Legend: At or better than standard - 
Below standard - 

3. Effective Use of Funds

Measure	Target	Status to the end of June 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	Superior Performance IESO's total spending is currently forecast to be approximately \$125.7 million or \$4.6 million (4%) below the approved budget of \$130.3 million for 2009. The reduction in projection is a result of management's successful attainment of cost savings of approximately 2.0% across the business; and lower projected pension and post employment benefit expense (-\$1.3 and -\$0.4M respectively) due to a higher than budgeted discount rate at September 30th. IESO's capital spending for 2009 is forecast to be \$16.3 million or \$6.6 million below the approved budget of \$22.9 million for 2009. This change reflects a shift in timing on spending in respect of the Enhanced Day-Ahead Commitment project (EDAC). The total estimated capital project cost of \$26.5 million for EDAC remains consistent with the Board-approved business case; however, the portion of spending in 2009 is expected to be \$9.3 million or some \$6.6 million below the assumed spending in the year. The remainder of the forecast capital spending in 2009 is consistent with the approved budget.
3.2.1 Delivery of Key Capital Projects	Four key projects, as described in their respective approved business cases and listed below, are advanced as planned or delivered as planned during 2009: - On-Line Limits Development – Bruce Readiness Phase - Enrolment Automation - Outage Management Replacement	On Track - OLLD-Bruce Readiness program – advancing as planned, within the budget and schedule approved in business case BC-0318, and subsequently amended by the program Steering Committee. The schedule of this stage of the program has been extended to accommodate the increased work required for enhancement of the external model in EMS. - Enrolment Automation (CIDE) – this project will be rolled out in three separate projects, all scheduled for completion at the end of 2010. The business case for the first of the three projects, the Consumer Information and Data Efficiency (CIDE) project, was signed in June. The CIDE project will deliver a master data repository for customer registration information. - Outage Management Replacement – The first part of this project focused on providing alternate outage submission techniques for Market Participants: Online Forms and Web Services Automated Programmable Interface (API). At the stakeholder sessions, it was agreed that the Online Forms project be further investigated and that the Web Services API project be delayed. The stakeholder group did not believe the

	4. NERC Standards Compliance Monitoring Tool <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>	Web Service API would be used by participants if developed in 2009/2010. The project is currently refining the requirements and we expect the stakeholder group to review the design and it will be finalized during the summer. Subject to business case approval, online forms will be delivered in Q1 2010. The date slipped due to difficulties associated with defining the business requirements and resource conflicts associated with other key projects and mandatory projects for feed-in-tariff (FIT) and generation cost guarantee (GCG) that were previously not identified. The second part of the Outage Management Replacement project will commence after the first part has been completed. Its goal is to replace the current outage processing mechanism. 4. Compliance Tracking Tool – the requirements are being finalized in order to purchase a product to provide efficient, auditable, compliance tracking capabilities. The purchase of this tool is on target for Q4 2009.
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4. People		
Measure	Target	Status to the end of June 2009
4.1.1 Employee engagement	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. Note: Feedback will be received from all initiatives and the assessment will be based on all feedback received.	On Track Corporate plans/focus for 2009 established and in process. Survey Results communicated to all employees and development plans being finalized. Feedback from process will be gathered and reviewed.
4.1.2 Employee development	Development plans in place for 90% of management employees (in bands 1-5) and for 60% of non-management employees.	On Track Process continuing as plans continue to be monitored and developed as required.
4.1.3 Sustainable employment environment	IESO achieves LEED silver certification for the control centre	On Watch We expect to make our LEEDS submission and initially achieve a bronze rating.