Corporate Performance

To the end of September 2009

1. Customers & Stakeholders

Measure	Target	Status to the end of September 2009
1.1 .1 Customer-facing electricity market operations and processes	*See attached table: IESO 2009 Electricity Market Operational Metrics.	**Exceeding Expectations** 14 of 15 metrics meet or exceed their target levels. The timeliness for closing informal compliance cases is below its target. As stated in the Q2 2009 report, staff turnover in 2008 resulted in cases being open longer than the historical norm. The compliance measure only tracks the timeliness of investigations that happened to be closed in a given quarter. So, with a return to normal staff capacity in 2009, many outstanding cases were closed in Q2. This skewed the timeliness measure downward for Q2 and Q3.
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** MDM/R and all associated SME services caused no delays or barriers in plan achievement in accordance with plan commitments: • Release 6.3 was promoted into production; • LDC 'road-shows' completed; • Over 100k meters were registered with the MDM/R; • Seven out of the original 13 LDCs were making some use of the MDM/R in production; • IESO continues to support LDCs through registration and enrolment testing, including configuring test environments to meet their demands; and • The RFP has been issued for resources to meet accelerated time-of-use (TOU) roll-out plan.
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 EDA and the IESO discussed the SME governance structure with the Minister and Ministry staff. • Meetings are scheduled with LDCs to review and finalize the operating agreement and terms of service. • License and smart metering charge application filing plan prepared for OEB hearing in early 2010.
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.	**Exceeding Expectations** Feedback received on stakeholder engagement activities up to the third quarter is positive. Results indicate that 93% of respondents agree that the 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 survey. These will be conducted in the fourth quarter and results will be included in the next report.
1.1.4 Customer satisfaction	In the annual survey, customers provide an average rating of 7.5 on the value of the IESO's products and services.	**On Track** The annual customer survey is currently underway and results will be available at the end of the fourth quarter.
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	**Exceeding Expectations** Report with no reservations of opinion and no control failures reported for assessed controls for the following: • Dispatch Algorithm Review – no exceptions noted by PwC in their report dated April 15, 2009. • Settlements S.5970 Audit – Unqualified ("clean audit") audit opinion received from Ernst & Young. No issues noted by EY in the conduct of the audit. • Approval has been received from the Audit Committee to defer the MDM/R audit to 2010 as recommended by management.

	(S.5970 Audit Standard).	
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 – September 2009 • Selection of vendor – August 2009	**On Target** All milestones to date, as per the approved Project Control Framework, have been met.

IESO 2009 Electricity Market Operational Metrics to the end of September 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	21
	Duration	Number of intervals AP applied per year	≤ 350	116
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 %	99.7 %
Issue and Financially Settle Invoices	Timeliness	As required per *IESO Settlement Statement Payments Calendar*	≥ 99.0 %	100 %
	Accuracy	Average for the year	≥ 99.5 %	99.5 %
Resolve Compliance Issues	Timeliness	Informal cases closed within 37 days	≥ 70.0 %	41 %
	Timeliness	Formal cases closed within 182 days	≥ 70.0 %	n/a
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 %	99.9 %
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**
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. There have not been any DCS (disturbance control standard) violations and ACE (area control error) has crossed zero within the required timeline following every contingency.
	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 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 Watch** Ontario's system unsupplied energy threshold limit has become more stringent in 2009 due to the resetting of the benchmark as per local area criteria. The unsupplied energy data over the third quarter is within the acceptable yearly limits. However, it is approaching closer to the reset benchmark threshold limit. 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 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. If found in breach of all allegations, the IESO would be non-compliant with one high risk factor NERC standard, and a Level 1 violation of one NPCC criterion. A supplemental notice of alleged breach received in August increases the number of alleged breaches of NERC high risk factor standards from one to two. If all alleged breaches are confirmed, further mitigating actions may be required. The mitigation plan for the previously reported non-compliance by one market participant is in the process of being implemented. While the concerned market participant has successfully re-tested a large number of outstanding critical components, a remaining balance of 5 components was previously planned for retesting in September 2009. Successful re-test was performed and completed on one item out of five. The four outstanding tests are now scheduled to be completed in November, 2009. The IESO is following up on the execution of the mitigation plan for ensuring compliance in 2009. This assessment has been established based on inputs and confirmation from MACD & Hydro One.
2.1.4 Customer-facing reliability related operational measures	*See attached table: IESO 2009 Reliability Related Operational Performance Measures	**On Track** 7 of 8 measures meet or exceed their target levels.
2.2.1 The IESO contributes to relevant Ontario	IESO provides meaningful contributions, consistent with its objects, in the Hydro One 2009-	**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 IESO Reliability Standards Standing Committee.

regulatory proceedings and effectively manages Ontario and International reliability standard development processes.	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 apporved 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.	The IESO actively participates in Hydro One's 2009-2010 transmission rate application, in particular, preparing and filing supplementary evidence and response to intervenor interrogatories in respect of two critical transmission reinforcements to uncork and facilitate connection of renewable generation resources in northern Ontario. In addition, on August 28, 2009, the IESO filed the Export Transmission Service (ETS) Study report with the Board, pursuant to the Ontario Energy Board (OEB) directive to undertake a study of alternatives to the current $1/MWh ETS charge. The OEB has decided that the ETS Study report and IESO recommendations will be considered as part of Hydro One's Transmission Rate Hearing for the 2011 and 2012 test years. It is expected that Hydro One will file a joint application covering the 2011 and 2012 test years sometime next year. The Board expects that the IESO will participate as necessary in that hearing to address matters pertaining to the ETS study. The IESO continues to work collaboratively with the OPA, Hydro One and other connection applications with the development of their applications and evidence in support of their respective section 92 (i.e., leave to construct) regulatory review and approval. As the interim Smart Metering Entity (SME) the IESO has renewed its temporary SME license until March 31, 2010. The IESO has been proactive in its approach for filing its 2010 fees case with the OEB by initiating early discussions with the OEB and the Ministry of Energy and Infrastructure (MEI) on its 2010 – 2012 Business Plan and budgets. Staffs from the OEB and the MEI were appreciative of the IESO's efforts to engage them in the discussions. The IESO's participation in the 2010 business planning processes of both NERC and NPCC resulted in significant reductions from their initial budgets. The IESO provided comments to the OEB on proposed changes to the Transmission System Code (TSC) and to FERC through joint filings and through the ISO/RTO Council (IRC) on FERC's Notice of Proposed Rulemakings (NOPR). The IESO worked closely with Ontario market participants and neighbouring reliability entities to develop joint comments on FERC's NOPR on the Relay Loadability standard and on NPCC's proposed move to a 100 kV bright-line approach for defining Bulk Electric System (BES) elements. The IESO was commended by all parties involved for taking the lead in these filings and for developing substantive comments on these issues. The IESO has also signed on to be a member of the Eastern Interconnection Planning Collaborative (EIPC). The IESO continues to provide regular updates to the OEB, the MEI and Ontario market participants, through various forums and briefings including the Reliability Standards Standing Committee (RSSC), on all Canadian and U.S. regulatory issues and activities. As the Chair and as an active CEA's Regulatory Development Task Group (RDTG) member, the IESO continues to be successful in promoting IESO and Ontario positions through this industry trade association on FERC and NERC matters both in the United States and in Canada The IESO assisted the MEI through the provision of data and analysis, and in the development of regulations in support of the Green Energy and Green Economy Act.

IESO Reliability Related Operational Performance Measures to the end of September 2009

Category/ 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 %	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 %	3.9 %
Day at Hand Hourly Demand Forecast - 3 Hours Ahead of Dispatch Hour	Accuracy	Average absolute error for the year	≤ 1.5 %	1.5 %
		Average bias range for the year	+/- 5.0 %	2.9 %
Day at Hand Hourly Demand Forecast - 1 Hour Ahead of Dispatch Hour	Accuracy	Average absolute error for the year	≤ 1.0 %	1.2 %
		Average bias range for the year	+/- 5.0 %	.3 %

Legend: At or better than standard
Below standard

3. Effective Use of Funds

Measure	Target	Status to the end of September 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.	**Exceeding Expectations** IESO's total spending is currently projected to be approximately $124.8 million or $5.5 million; 4.2% 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 2.9% across the business as well as lower projected pension and post employment benefit expense (-$1.3 million and -$0.4 million respectively) due to a higher than budgeted discount rate. IESO's capital spending for 2009 is forecast to be $12.6 million or $10.3 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 $6.4 million or some $9.5 million below the assumed spending in the year. In addition to EDAC, other capital projects are experiencing shifts in expected timing, resulting in a further decrease in expected spending for 2009 of $0.8 million.
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 Track**
	1. On-Line Limits Development – Bruce Readiness Phase	1. OLLD-Bruce Readiness – The program is advancing as planned, within the budget and schedule approved in business case BC-0318, and subsequently amended by the program Steering Committee.
	2. Enrolment Automation	2. Enrolment Automation – 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 in Q2 2010.
	3. Outage Management Replacement	3. 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). The project has established the requirements and is now developing the business case. Subject to business case approval, online forms will be delivered in Q2 2010. The second part of the Outage Management Replacement project will commence after the first part has been completed. Its goal is to replace our current engine for processing outages.
	4. NERC Standards Compliance Monitoring Tool *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.*	4. Compliance Monitoring Tool - A business case to purchase a product that will support this tool is being developed and the actual purchase of this tool is targeted for Q4 2009.

4. People

Measure	Target	Status
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 are established and in process. Survey results were communicated to all employees and development plans are being finalized. Feedback from process will be gathered and reviewed and results will be available in Q4.
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 is progressing 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	**At Risk** The IESO has completed the initiatives it believes necessary for achieving the silver status. In order to be LEED certified, an applicant must operate at a silver level for a period of three months before the application is submitted. The LEED assessment will take between three and six months to process because of backlogs. Although the IESO believes that it will be operating at a silver level in the last quarter of 2009, the achievement of the LEED silver certification will not be certain until second quarter, 2010.