



IESO 2009 Corporate Performance Results and Assessments

For the year ended December 31, 2009

1. Customers & Stakeholders

Measure	Target	Results at the end of 2009
1.1.1 Customer-facing electricity market operations and processes	*See the following Electricity Market Operational Metrics table.	13 of the 15 measures met or exceeded their target. The timeliness for closing informal compliance cases is below its target. 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. Going forward, cases will be opened on a risk-managed basis, with due consideration of resourcing and workplan to ensure timely completion.
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).	The MDM/R and all associated SME (Smart Metering Entity) services caused no delays or barriers to planned achievement in 2009. Over 225,000 meters were registered with the MDM/R by end of 2009.
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.	The IESO obtained Ministerial support. The transition of governance is in process of being implemented in co-ordination and support from the IESO Board and the EDA. The IESO did not obtain agreement on repayment in 2009. The IESO Board authorized the IESO to file the rate applications with the OEB. The SME license and smart meter charge rate applications were in the process of being finalized with input and support from stakeholders towards the end of 2009. The smart meter charge is expected to be approved by the OEB by Q2 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.	81% of respondents agreed that IESO stakeholder engagement processes are effective in facilitating stakeholder input. These results are based on (i) feedback forms completed by individuals attending stakeholder engagement sessions/meetings; (ii) responses from the annual Customer Satisfaction Survey; and (iii) responses from a survey of the Stakeholder Advisory Committee members.
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.	The IESO achieved an average rating of 7.9 (out of 10) for those questions pertaining to the value of products and services in the 2009 Customer Satisfaction Survey.
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)	The IESO reported no reservations of opinion and no control failures for assessed controls for the following two items: - Dispatch Algorithm Review – no exceptions noted by PwC in their report dated April 15, 2009; and - Settlements S.5970 Audit – Unqualified ("clean audit") audit opinion received from Ernst & Young. No issues noted by EY in the conduct of the audit. - The scheduled date of the audit was moved into 2010 in order to include some later code changes.

1. Customers & Stakeholders

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	While the specified rolling-wave targets were met (as indicated below), delays have occurred in other aspects of the project beyond those relating to the inclusion of pseudo units. • The EDAC Market Design was completed in February 2009. • The IESO Board of Directors endorsed a procurement approach in February 2009. All management control points were completed and are consistent with the PCF as approved by the Board. • Vendor was confirmed in August and brought under contract in December following commercial negotiation and finalization of the statement of work.
---	---	---

Electricity Market Operational Metrics (measure 1.1.1)				
Category/ Name	Measure	Criteria	Target	Result
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	0
Administrative Pricing (AP)	Frequency	Number of occurrences of AP per year	≤75	30
	Duration	Number of intervals AP applied per year	≤350	194
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 <i>IESO Settlement Statement Payments Calendar</i>	≥99.0%	100%
	Accuracy	Average for the year	≥99.5%	99.8%
Resolve Compliance Issues	Timeliness	Informal cases closed within 37 days	≥70.0%	49%
	Timeliness	Formal cases closed within 182 days	≥70.0%	22%
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%	99.6%
Market Participant Interface	Availability	Average for the year	≥99.5%	99.7%
Dispatch & Scheduling Instructions	Availability	Average for the year	≥99.5%	99.8%
Corporate Web Site	Availability	Average for the year	≥99.5%	99.7%

Legend: At or better than standard 
Below standard 

2. Reliability

Measure	Target	Results at the end of 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.	The IESO continued to demonstrate its historic excellence in reliably operating Ontario's power system. The IESO maintained its perfect compliance record with the NERC Disturbance Control Standard (DCS), which requires it to restore the supply/demand balance within 15 minutes following an unexpected generation loss. Also, the IESO consistently succeeded in managing the frequency of the system by balancing supply and demand in Ontario within the levels prescribed by the NERC Control Performance Standard (CPS). Finally, a major contributor to the IESO's performance success is the ongoing training of market participants and IESO control room operators, leveraging the learning opportunities from each operating event. There were approximately 50 major events that took place in 2009. In addition to the IESO's excellent track record in responding to major events on the system, it routinely takes actions during high risk conditions to prepare the system to be able to withstand an event that has not yet happened, but whose probability is increased due to weather conditions, or other risks.
	NERC/NPCC reportable events are reported on time, and 95% of follow-up actions within IESO control are completed and closed within targeted timelines.	The IESO did not have any NERC/NPCC reportable events in 2009. As stated above, there were approximately 50 major events that took place on the system in 2009. All operating events, whether an example of good operating or an error, were reviewed with the control room operators as a learning tool for all, and any other mitigating steps have been 100% fulfilled.
2.1.2 Ontario's annual system unsupplied Energy is within acceptable limits.	Ontario's annual system 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 above threshold.	Ontario's annual unsupplied energy met the published Ontario benchmark and all mitigation plans have been implemented by the relevant external parties.
2.1.3 Compliance with NERC and NPCC reliability standards	Within the audits, no issues are identified with IESO processes that relate to standards with high severity risk factor.	NERC and NPCC audits identified no issues with IESO processes that relate to standards with high severity risk factor and no more than one issue was identified with IESO processes that related to standards with a medium or low risk factor. The NPCC conducted two audits on the IESO in 2009 and both audits found the IESO in full compliance with all the audited requirements. The first audit took place in October and it reviewed the IESO's documentation that attested compliance with requirements 1 to 4 of NERC standard CIP-001-1. The second audit, conducted on site between November 17 and November 19, 2009, performed a comprehensive review of the IESO's compliance with a subset of 13 requirements of NERC Critical Infrastructure Protection (CIP) standards CIP-002 to CIP-009. Compliance to both audits means that the IESO has developed and implemented the required processes, policies and procedures and has also has successfully provided evidence that these policies and procedures are routinely applied in accordance with the requirements of the CIP standards. The NPCC audit team noted that the IESO has provided exceptional documentation and has demonstrated flexibility and cooperation.
	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	In 2009, the IESO was 100% compliant with NERC high risk factor requirements that were within the IESO's control and had no violations of NPCC criteria that were greater than Level 2 and that were within the IESO's control. However, an event occurred in Q4, 2008 that has resulted in MACD serving the IESO Management with Notices of Alleged Breach to high-risk factor requirements in May and August 2009. The IESO has acknowledged the breaches of lower-level requirements, and the issue was not resolved at year-end. 100% of market participants have remedied their non-compliance with NERC/NPCC

2. Reliability

	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.	reliability standards within the timelines of their mitigation plan, as identified by the IESO's reliability compliance program. In 2009, only one market participant was non-compliant and rectifying actions were completed by December of 2009; ahead of the year-end deadline established by the IESO.
.2.1.4 Customer-facing reliability related operational measures	*See the following Reliability Operational Metrics table.	6 of the 8 measure met or exceeded their targets.
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.	The IESO was assessed by 75% of Ontario entities who have been active in the relevant reliability standards processes (i.e. relevant IESO Ontario processes and/or international processes) as providing high quality representation of Ontario's interests. Specifically, in a survey issued to the 18 member companies of the Reliability Standards Standing Committee, four companies responded. Of the respondents, three strongly agreed and one somewhat agreed to the statement that "Overall, the IESO provides high-quality representation of Ontario's interests in the reliability standards processes." The IESO participated and provided meaningful contributions in Hydro One's 2009-2010 transmission rate application and met its challenges in 2009. The IESO's contributions were as follows: • prepared and filed supplementary evidence and responded to OEB and intervener interrogatories justifying the need for two critical transmission reinforcement projects in northern Ontario. • filed the ETS Tariff Study report and recommendations with the OEB Additionally; • assisted transmission connection applicants in obtaining an OEB leave to construct approval for their new or modified transmission proposals. • renewed its temporary SME license until March 31, 2010. The IESO expects to submit the application for a permanent license in early 2010. Support for industry reliability standards in 2009 included • worked closely with market participants to implement the technical feasibility exception (TFE) process for Ontario. • worked closely with neighbouring ISOs/RTOs and Ontario stakeholders to develop and implement a broader markets initiative for the region (i.e. manage loop flows, reduce congestion on interconnections, and enable appropriate recovery of costs). • provided regular updates to the OEB, the Ministry of Energy and Infrastructure (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. • promoted the IESO and Ontario's position as the Chair of Canadian Electricity Association's (CEA) Regulatory Development Task Group ("RDTG") on FERC and NERC matters in both the U.S. and Canada.

Reliability Operational Metrics (measure 2.1.4)

Category/Name	Measure	Criteria	Target	Result
Implement Intertie Schedules	Accuracy	Average for the year	≥99.5%	99.8%
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%	0.85%
		Average bias range for the year	+/- 5.0%	3.3%
Day at Hand Hourly Demand Forecast - 3 Hours Ahead of Dispatch Hour	Accuracy	Average absolute error for the year	≤1.5%	1.7%
		Average bias range for the year	+/- 5.0%	2.4%
Day at Hand Hourly Demand Forecast - 1 Hour Ahead of Dispatch Hour	Accuracy	Average absolute error for the year	≤1.0%	1.1%
		Average bias range for the year	+/-5.0%	0.43%

Legend: At or better than standard



Below standard



3. Effective Use of Funds

Measure	Target	Results at the end of 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.	IESO's total spending was approximately \$121.4 million or \$8.9 million; 6.8% below the approved budget of \$130.3 million for 2009. IESO's capital spending for 2009 was approximately \$9.1 million or \$13.8 million below the approved budget of \$22.9 million for 2009.
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 - 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>	Of the four key capital projects listed below, enrolment automation, was not delivered in accordance with its approved business case with respect to schedule, budget, and anticipated deliverables during 2009. For each project, the results for 2009 are as follows: 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 – The overall project will be rolled out in three separate projects. The business case for the first of the three projects, the consumer information and data efficiency (CIDE) project was signed in June and is expected to deliver a master data repository for customer registration information. Agreement of user requirements took longer than planned and the nature of the proposed systems solutions has been changed to provide greater benefit to this, and the subsequent enrolment automation projects. As such, the CIDE project management team has recently determined that it will not meet the project's currently scheduled delivery date in August 2010 and it will exceed its current budget. An exception report is being developed which will be presented to the sponsor requesting approval of a new extended schedule and requesting additional funds. 3. Outage Management Replacement – The project is considered to be on track. 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 its requirements and a business case has been signed. Online forms are expected to be delivered in Q4 2010. The second part of the outage management replacement project will commence after the first part has been completed. Its goal is to replace the IESO's current engine for processing outages. 4. Compliance Monitoring Tool – A business case to purchase a product was approved and the tool was purchased in December 2009.

4. People

Measure	Target	Results as of December 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.	Corporate focus and divisional action plans were developed and implemented and activities associated with these plans have been monitored and completed. This assessment is supported by a mini-survey on the IESO's progress with employee engagement initiatives conducted in September 2009.
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.	Development plans in place by year-end tabulated to 90.7% for bands 1-5, and 67% for non-management employees.
4.1.3 Sustainable employment environment	The IESO achieves LEED silver certification for the control centre.	The IESO submitted its LEED certification application in November 2009 and believes that it has been operating at a silver level since the beginning of October. In order to be LEED certified, an applicant must operate at a silver level for a period of three months before certification will be granted. The IESO was advised that the LEED assessment will not complete until late in the first quarter of 2010 because of backlogs. The IESO believes that the programs undertaken in 2009 provide some margin over the minimum requirements for silver status however, without any previous experience of the program this case cannot be confirmed at this time. Some of the initiatives undertaken by the IESO included a(n): • conversion from chemical based fertilizers to an organic base • installation of a weather station for lawn irrigation • completion of an energy audit (Sept. 2009) • introduction of a recycling and compostable program • installation of occupant-controlled lighting