

IESO Corporate Performance Quarterly Results

To the end of June 30, 2010



A. RELIABILITY <i>"To sustain excellence in delivering reliable electricity service conditioned by costs and environmental performance."</i>				
Objective	Measure	Target	Q2 Results	Status
A1 The IESO-controlled grid provides reliable electricity service.	A1.1 Ontario's annual 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 system unsupplied energy is tracking "below" the published Ontario benchmark. There are no red flagged local areas as of June 30th and therefore, no mitigation plans were required.	On Track
A2 The IESO's actions support reliable operation of the IESO-controlled grid.	A2.1 Compliance by the IESO and market participants with applicable reliability operating standards, market rules and regulatory requirements.	• The IESO reports full compliance with NERC high violation risk factor (VRF) requirements that are within the IESO's control and no violations of NPCC sanctionable criteria that are greater than Level 2 and that are within IESO's control; and • 90% of market participants reported full compliance with NERC high VRF requirements and no violation of NPCC sanctionable criteria greater than Level 2; and • NPCC audits find the IESO compliant with all high VRF requirements included in the audited NERC standards.	• The IESO reports full compliance with NERC high VRF and no violations of NPCC sanctionable criteria that are greater than Level 2. • 99% of market participants are fully compliant with high VRF and no violation of NPCC sanctionable criteria greater than Level 2. • The IESO has not been subject to any compliance audits during Q2.	On Track

A. RELIABILITY

"To sustain excellence in delivering reliable electricity service conditioned by costs and environmental performance."

Objective	Measure	Target	Q2 Results	Status
A3 The IESO-controlled grid is equipped to provide reliable electricity service going forward.	A3.1 Percentage of the installed reserve requirement available.	The IESO anticipates a strong availability of reserves from a provincial adequacy perspective independent of any special actions undertaken by the IESO. Accordingly, this specific measure is not a meaningful measure of 2010 corporate performance. The IESO continues to make certain that local conditions or operational issues are adequately assessed in providing reliable electricity service.		

B. CUSTOMERS AND STAKEHOLDERS

"To continue to operate and adapt the IESO-administered electricity markets to the benefit of all Ontarians."

Objective	Measure	Target	Q2 Results	Status
B1 Suppliers and consumers are responsive to the price of electricity.	B1.1 Market responsiveness of suppliers and consumers.	The following targets shall be met: - The capacity, over which the IESO can demonstrate some degree of influence, to shift suppliers towards price responsive behaviour at year-end, 2010 will be 50%; and Time-of-use (TOU) rollout - The IESO is proactive in engaging LDCs to move forward with their TOU plans;	Price responsiveness of capacity - The IESO contributed to the proposal being considered by Ministry of Energy and Infrastructure (MEI) towards a possible change to the global adjustment (GA) mechanism that encourages facilities to respond to system peaks. Time-of-use (TOU) rollout The IESO continues to be proactive in engaging and assisting LDCs with their preparations through communications, training and awareness sessions: - Two newsletters have been distributed since April (4 year to date). The newsletter has over 660 subscribers with 170 added since Q1. - Smart Metering Director's second SME Update letter was issued to over 300 LDC and Smart Metering contacts. - Distributed MDM/R-related educational and welcome materials to LDCs during MDM/R Road Shows, including letters from the IESO and MEI. 12 LDCs have attended the spring/summer MDM/R road shows this year. - Held three LDC MDM/R Panel sessions featuring Hydro One and Veridian. - Project planning sessions continue to be held monthly for LDCs ready to finalize their integrated MDM/R project plan. These sessions are typically attended by 4 or 5 LDCs, their agents and companies offering consulting services. - GUI training is being offered and held monthly. Webinar sessions are being offered for individuals or small groups where there are travel restrictions. - Post training surveys have indicated positive feedback on all training and awareness sessions delivered year to date, including	On Track

B. CUSTOMERS AND STAKEHOLDERS

"To continue to operate and adapt the IESO-administered electricity markets to the benefit of all Ontarians."

Objective	Measure	Target	Q2 Results	Status
		- Neither the IESO nor its services offer any barriers to LDC plans; and - The total number of consumers billed on TOU rates at the end of 2010 will be 2 million.	sessions offered by webinar. - By the end of Q2 we had received formal project plans from 37 (or 54%) and verbal projections of major milestones from 25 (or 36%) of the 69 LDCs not yet enrolled in the MDM/R. This represents a significant increase from Q1 2010 where we had received 12 project plans and 42 verbal projections. - The IESO is engaged with the LDC community as co-chair of the Cumulative Register Reading Working Group (the Group) to facilitate and then support the delivery of a solution to Measurement Canada requirements. By working together with LDCs in this Group, they are engaged in providing input and helping to formulate solutions. - The Meter Data Management and Repository (MDM/R) system is actively processing smart meter data and producing time of use (TOU) billing quantities for customer invoices. It continues to operate reliably with the functions required to support the TOU rollout and increased LDC activity. The MDM/R is operating under contracted service levels, and is monitored and tuned so that it will continue to support current and future levels of LDC activity. - The IESO is working actively with LDCs who are in the process of enrolling with the MDM/R and in production to collaboratively address challenges and support their time of use implementation plans. - Increasing numbers of LDC smart meters are delivering data to the MDM/R on a daily basis, with nine LDCs, representing 2.9 million customers enrolled in the MDM/R. By the end of June, 984,000 meters were enrolled in the MDM/R. - The number of customers on TOU billing at the end of Q2 was 785,000.	

B. CUSTOMERS AND STAKEHOLDERS

"To continue to operate and adapt the IESO-administered electricity markets to the benefit of all Ontarians."

Objective	Measure	Target	Q2 Results	Status
B2 Market Participants are satisfied with the IESO's administration of the electricity market.	B2.1 Customer satisfaction with the IESO and the market.	In the annual survey, customers provide an average rating of 7.5 on their satisfaction with the IESO and the market.	The annual customer survey is expected to be conducted in Q4 with results to be reported subsequently.	No Data
B3 The IESO administered market promotes the purposes of the Green Energy and Green Economy Act (GEGEA).	B3.1 IESO actions adapt to support the objectives of the GEGEA and the obligations prescribed within its regulations.	The following targets shall be met: • The centralized wind forecast project will be delivered on schedule as defined by its business case; and • All connection assessments as prescribed in Ontario Regulation 326/09 (Mandatory Information re: Connections) shall be completed within 150 days.	• A draft business case has been prepared and circulated to the IESO Steering Committee for comments. • There were 39 connection applications pertaining to renewable resources received by the IESO in Q2. Assessments are now underway on applications that are deemed 'complete'.	On Track

C. OPERATIONAL EFFECTIVENESS

"To provide excellent products and services in an efficient and effective manner that meets the needs of customers."

Objective	Measure	Target	Q2 Results	Status
C1 The IESO's infrastructure is capable of meeting the needs of customers in the future.	C1.1 IESO's capacity to undertake and complete change initiatives.	The IESO's capacity shall increase to 10% at the end of 2010.	The capacity at the end of Q2 is estimated at 7% and, while tracking below the target, represents a significant increase from the previous years. Capacity is expected to increase slightly as more change initiatives are scheduled and undertaken during the course of the later part year.	On Watch
C2 The IESO's human resources are capable of meeting the needs of customers in the future.	C2.1 Employee engagement.	In the 2010 IESO Employee Engagement Survey, 30% of IESO employees within each business unit reports that they are 'highly engaged'.	The engagement survey is expected to be conducted in Q4 with results to be reported subsequently.	No Data
C3 IESO resources are used effectively and efficiently to meet the needs of customers and achieve stakeholder satisfaction.	C3.1 Delivery on the business plan both capital and OM&A.	• The IESO operates at no operation deficit; and • Key projects are delivered on time and on budget in accordance with their approved business case.	• The IESO's operating surplus to the end of the second quarter was \$0.2 million and is projected to be approximately \$8.1 million by the end of the year. The key projects below are overall progressing as per their approved business cases and any subsequently approved amendments. • EMS/MIS upgrade - On track • Enhanced Day-Ahead Commitment (EDAC) - On track • On-Line Limits Development (OLLD) - On track • Enrolment Automation - On track • Outage Management Replacement - On watch • NERC Standards Compliance tool - On track	On Track

D. REPUTATION AND RELATIONSHIPS

"To advance the IESO's reputation and relationships to further engage the electricity sector and accomplish its mission."

Objective	Measure	Target	Q2 Results	Status
D1 The IESO is perceived as a leader in the electricity sector.	D1.1 Reputation amongst customers and stakeholders.	In the annual survey, the IESO is perceived as a leader amongst customers and stakeholders by over 35% of respondents.	The annual customer survey is expected to be conducted in Q4 with results to be reported subsequently.	No Data
D2 The IESO is able to influence important policy decisions that impact the IESO.	D2.1 Strategic engagement with government regulators and stakeholders to advance the IESO's objectives.	The IESO is a key contributor on the following policy items: • Flexibility of supply; • Importance of the price signal in the market; and • Operability profile of the supply mix.	• Support the NERC Integration of Variable Generation Task Force (IVGTF) initiative with recommendations expected to be provided by year end. • Solar study planned for completion this year in partnership with the OPA. Phase I of this solar study involving RFP evaluation process (jointly performed by IESO/OPA) has been completed and a consulting party to perform study selected. The study is expected to be completed by year end. • The IESO has been recently appointed as the ISO/RTO (IRC) representative on the NERC Planning Committee. • IESO contributed analysis and support to MEI review of the way the global adjustment costs are recovered. The proposed change would encourage more efficient demand response from large customers. • Ongoing co-ordination with OPA on wind operability including FIT dispatch.	On Track
D3 The IESO maintains its supportive role of government policy in operational, market, and environmental	D3.1 IESO's technical capability supports government policy in the planning activities.	The IESO's technical capability is reflected in the: • Services provided to the OPA;	• Discussed how the application of the NERC and NPCC planning standards to the existing Northwest transmission would affect the East-West transfer capability in their assessments of options for the Northwest. This is critical in performing their economic assessment of northwest options for coal shutdown.	On Track

D. REPUTATION AND RELATIONSHIPS

"To advance the IESO's reputation and relationships to further engage the electricity sector and accomplish its mission."

Objective	Measure	Target	Q2 Results	Status
planning activities.		• Timely information products developed to meet reporting obligations and expectations; and • Support provided under section 92, <i>leave to construct</i>, of the OEB Act, 1998.	• Provided technical assessment and analysis for enabler transmission and potential transmission problems • Completed assessment of Niagara 345 kV tie outages and arranged with Hydro One to bypass BP76 regulator. • Worked with OPA in refining the FIT Transmission Availability (TAT) test, Economic Connection Test (ECT) and advice on reliability standards and criteria, as they apply to the various parts of the Ontario power system, in support of the following stages of the FIT program (i.e. Individual Project Assessment and ECT). Technical Information products provided in Q2 included: • 18-Month Outlook June 2010 - November 2011 • Transmission Assessment for the 18-Month Outlook June 2010 - November 2011 • Quarterly Demand Forecasts • NERC Post Winter Assessment • NERC Long Term Reliability Assessment The IESO provided document and support with respect to confirmation of the reliability impacts of proposed new or modified connections to the IESO-controlled grid.	