

# Draft 2007 Corporate Performance Measures & Assessment Criteria

August 30, 2006



# Performance Measures Summary for 2007

- Challenging financial targets, including more competitive usage fee in 2007 vs. 2006, and still lower planned fee for 2008. High priority capital projects identified as expectations
- High priority market and IESO evolution initiatives drive evolution, and are linked to corporate objectives
- A wider range of stakeholders are being addressed, including all customers, government, industry organizations and regulators
- More specific and measurable operational effectiveness/reliability expectations

# Recommended 2007 Expectations & Assessment Criteria

Perspective	Measure	2007 Performance Expectation
1. Effective Use of Funds	Total spending (OM&A + Interest + Amortization) compared to the budget amount approved by the IESO Board	Total spending (OM&A + Interest + Amortization) is within the amount approved by the IESO Board Approved Total Spending: \$140.0 million
	IESO's 2008 Usage Fee approved by the IESO Board	The IESO Usage Fee developed for approval by the Board of Directors for implementation in 2008 will be \$0.79 /MWh or less, which is consistent with the reduced usage fee identified in the 2007-2009 IESO Business Plan
	Capital spending is performed within budget approved by the Board, timelines are met, and required results are achieved	Approved capital program is managed effectively within approved budget and required results are achieved. Approved Capital Budget: \$20 million  Six key projects as described in the business plan and summarized below, are advanced as planned, or delivered as planned during 2007: <ol style="list-style-type: none"> <li>1. Day-Ahead Market</li> <li>2. Energy Management System &amp; Market Information System Upgrade</li> <li>3. Back-up Operating Centre Relocation</li> <li>4. Facility Outage Management</li> <li>5. UNIX Server Refresh</li> <li>6. Windows Server Refresh</li> </ol>

Assessment Criteria
<p><u>Meets Challenges:</u></p> <p>Total spending no greater than \$140 million, excepting acceptable reasons and prior approval</p>
<p><u>Meets Challenges:</u></p> <p>2008 Usage Fee is \$0.79/MWh, or exceeds \$0.79/MWh with acceptable reasons and prior approval</p>
<p><u>Meets Challenges:</u></p> <p>i) Spending and schedule of key projects is within the budget in the approved business case.</p> <p>ii) Overall capital program is within budget and the number of projects underway or completed is consistent with the plan, considering mitigating circumstances impacting the capital program during the year</p> <p>iii) Project closure reports on key completed projects support an assessment of project success</p>

# Recommended 2007 Expectations & Assessment Criteria

Perspective	Measure	2007 Performance Expectation
<b>2. Market Evolution</b>	Appropriate evolution of the electricity marketplace within the industry environment is achieved and managed effectively	<p>Taking into account the industry environment during the year, the market evolves in a manner that:</p> <ul style="list-style-type: none"> <li>• encourages reliable supply</li> <li>• encourages improved economic efficiency</li> <li>• is consistent with a long-term vision that is coordinated with the Ontario Power Authority and acceptable to key stakeholders</li> </ul> <p>In 2007 this will result in:</p> <ol style="list-style-type: none"> <li>1. New reports to the IESO Board of directors in the spring and fall that provide regular, on-going assessments and evaluations of market evolution alternatives and improvements which address needed changes.</li> <li>2. Recommendation to the IESO Board of Directors by Summer 2007, following stakeholder consultations, of a design of a Day Ahead Market that would be operational by 2008.</li> <li>3. Implementation, by the third quarter of 2007, of the results of a physical market prudential review (SE-12) whose objective is to reduce the financial burden to those participating in the IESO administered markets.</li> <li>4. If the Day Ahead Commitment Process is to be continued, implementation in advance of Summer 2007 of any improvements and modifications directed by the IESO Board of Directors.</li> <li>5. An assessment of the 2006 Emergency Load Reduction Program (ELRP) provided to the IESO Board of Directors early in 2007, and implementation in advance of Summer 2007 of any improvements and modifications directed by the IESO Board of Directors.</li> </ol>

Assessment Criteria
<p><u>Meets Challenges:</u></p> <p>As a result of initiatives 1 and 2, IESO is seen as building support amongst stakeholders and the Stakeholder Advisory Committee for the continued evolution of a competitive market</p> <p>Major initiatives 3, 4 and 5 are implemented as planned and results support an assessment of their improving reliable supply or market efficiency</p> <p>In all instances, the assessment will be based on sources which could include the Market Surveillance Panel report and observations, the IESO annual customer survey, observations from the Stakeholder Advisory Committee, or other sources, as available.</p>

Perspective	Measure	2007 Performance Expectation
<b>3. Customers &amp; Stakeholders</b>	IESO is recognized by stakeholders as effectively managing communications and relationships in support of both the IESO system and market operation responsibilities, and the needs of Ontario electricity customers	<p>The IESO is recognized by customers and stakeholders as effectively managing communications and relationships in support of both the IESO system and market operation responsibilities, and the needs of Ontario electricity customers. Assessment will be based on achievement in the following areas:</p> <ol style="list-style-type: none"> <li>The IESO exhibits a customer-focused approach that advocates and addresses customer needs, provides products and services, and promotes an effective working relationship with market participants, including, <ul style="list-style-type: none"> <li>Developing customer relationship strategy and priorities</li> <li>Responding to needs identified in the 2006 annual customer survey</li> <li>Conducting a 2007 annual customer survey and developing an action plan to address the findings</li> <li>Introducing product and service surveys to enhance feedback on specific initiatives</li> <li>Providing on-going training, support and communications that meet customer needs</li> <li>Developing a customer service index to measure IESO's responsiveness to interactions with Market Participants</li> <li>Ensuring market summaries and market reports reflect changing environment and meet the information needs of stakeholders</li> <li>Operating fair, transparent and consistent stakeholder engagements for important initiatives, where stakeholders can provide advice to IESO</li> </ul> </li> <li>The IESO recognizes the need for other stakeholders, including all electricity customers, government, media and large volume business and organizations to be informed and to ensure that their input is considered in IESO decision making, which entails. <ul style="list-style-type: none"> <li>Ensuring a simple system status signal is available via internet</li> <li>Developing a Customer Education Program involving new partnerships and tools (publications and seminars) targeted at large volume organizations.</li> <li>Partnerships to leverage market information</li> <li>Publications and outreach activities undertaken to meet market participants' and stakeholders' needs</li> <li>Providing media with timely and accurate information</li> <li>Phase two of the redesign of the IESO's Inside the Market website to profile and graph more market data</li> </ul> </li> <li>The IESO maintains good relations with government and technical organizations including neighbouring ISO's and RTO's, NERC and NPCC to ensure reliable day-to-day operation of the Ontario electricity grid, and ensure mutually beneficial development of standards, practices, and initiatives in support of our objects. <ul style="list-style-type: none"> <li>Providing support for Ontario Power Authority initiatives including the Integrated Power System Plan (IPSP)</li> <li>Advancing IESO positions and participating effectively in the ISO-RTO Council and the Standards Review Committee (IRC/SRC)</li> <li>Supporting key NERC and NPCC activities including Electricity Reliability Organization (ERO) developments and protocols and Cross Border Regional Entity (CBRE) Standards development</li> </ul> </li> <li>The IESO will respond in a timely and effective manner to regulatory requirements and initiatives impacting Ontario, primarily involving interfaces with the Ontario Energy Board, National Energy Board and, as appropriate, regulatory authorities in other jurisdictions. IESO will actively participate with other authorities, agencies and associations that have regulatory impacts on the IESO-controlled grid and IESO-administered markets, with the aim of ensuring net positive outcomes for stakeholders and satisfying IESO objects. In 2007 this will include: Compliance activities, including filing of compliance reports, annual reliability reports to the Ontario Energy Board, ensuring that the annual IESO fees submission is complete and filed in a timely manner, and permits are filed appropriately. In addition, IESO will participate in appropriate regulatory support initiatives such as proceedings and initiatives having greatest impact on IESO, including IPSP, Transmission Rate Hearings, Section 92 Applications.</li> </ol>

Assessment Criteria
<p><u>Meets Challenges:</u></p> <p>Identified 2007 initiatives, services and products are delivered and assessed by market participants as generally useful and beneficial overall. This will be based on customer feedback, annual customer survey and other anecdotal evidence.</p> <p>Processes exist, and are well-executed. IESO decisions have taken stakeholder input into consideration. IESO abides by stakeholder engagement principles and processes.</p> <p>1&amp;2. Initiatives are delivered and services provided and assessed based on available feedback mechanisms, in order to arrive at value assessments.</p> <p>3. Assessment of activities and accomplishments with technical stakeholders is based on progress made and results achieved during the year, as compared to plans</p> <p>4. Comprehensive Quarterly Regulatory updates are provided to the Board. Regulatory stakeholder success will be assessed at year end based on progress and achievement of objectives</p>

# Recommended 2007 Expectations & Assessment Criteria

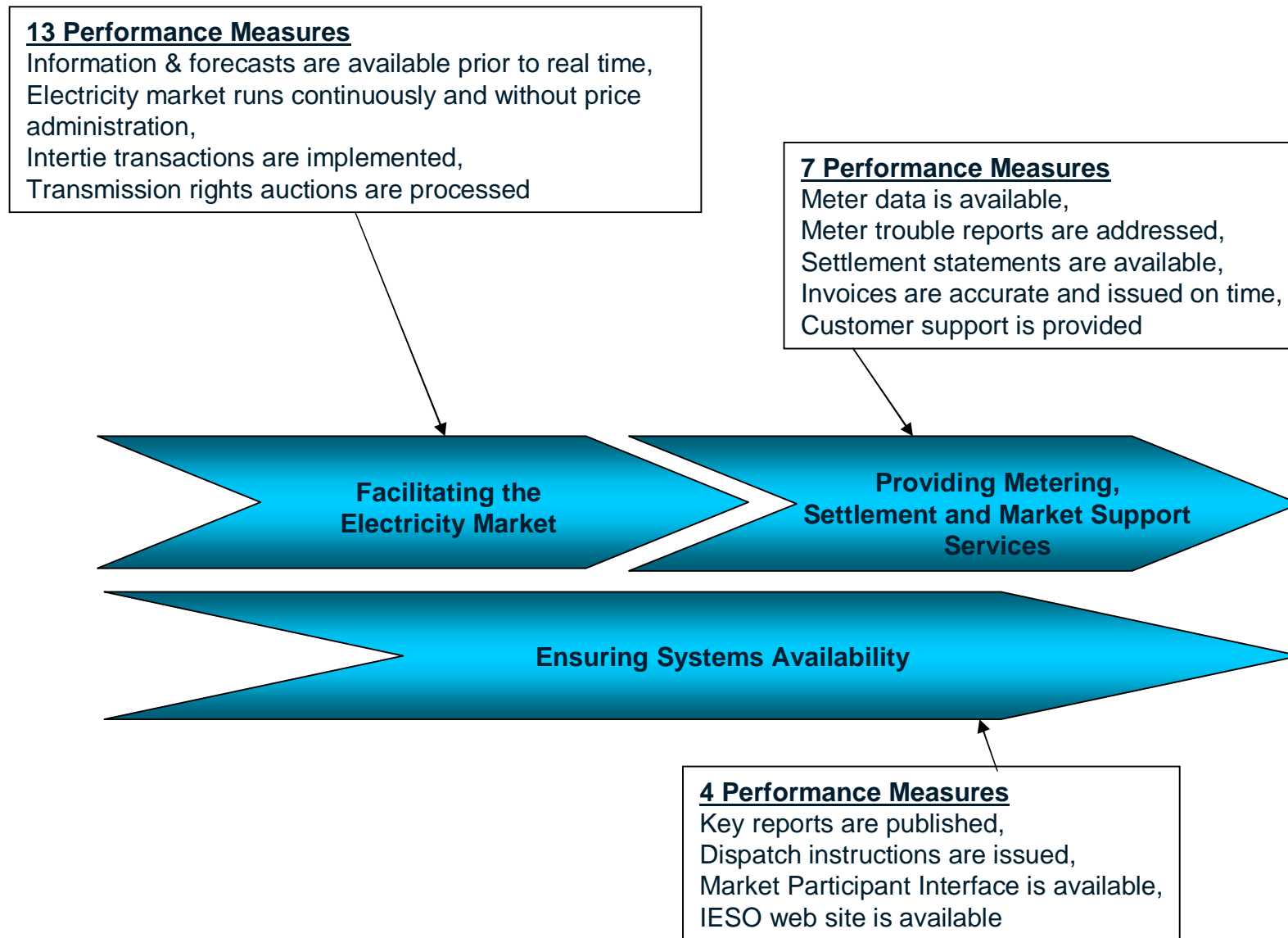
Perspective	Measure	2007 Performance Expectation
<b>4. Operational Effectiveness</b>	<b>Electrical reliability is maintained within the province of Ontario</b>	<p>IESO reliability related preparedness, processes, actions and activities will be assessed as appropriate, including:</p> <ol style="list-style-type: none"> <li>1. Significant actual and potential reliability events are appropriately addressed</li> <li>2. The annual Ontario system un-supplied energy is within acceptable limits</li> <li>3. System development plans, appraisals and audits are considered successful, and NERC and NPCC reliability standards related performance is acceptable</li> <li>4. Reliability related information and forecasts satisfy industry needs</li> <li>5. IESO processes supporting Ontario electricity system development projects are assessed as efficient, effective, and timely.</li> </ol> <ul style="list-style-type: none"> <li>• <i>Annual reliability performance appraisal by independent peer group yields positive results overall</i> <b>(SMT - Delete in 2007?)</b></li> </ul>
	<b>IESO facilitates the Ontario electricity marketplace</b>	Assessed on a suite of 13 operational performance measures.
	<b>IESO provides metering, settlement and market support services</b>	Assessed on a suite of 7 operational performance measures.
	<b>IESO ensures systems availability</b>	Assessed on a suite of 4 operational performance measures.

Assessment Criteria
<p><u>Meets Challenges:</u> IESO's peer-reviewed Annual Reliability Report serves as the basis for the year end assessment of this measure. More specifically:</p> <ul style="list-style-type: none"> <li>• Real time reliability event actions taken and follow-up actions are completed as promised</li> <li>• U-E is less than or equal to one standard deviation limit based on 10 year benchmark</li> <li>• Compliance with reliability standards is in the upper quartile of ISO/RTO 's. Success in audit results include all items rectified prior to next audit and no repeat audit findings</li> <li>• Key reliability initiatives such as the Ontario Reliability Report are assessed by IESO as having added value to industry</li> <li>• IESO processes associated with system development projects are expedited efficiently, effectively and in a timely manner</li> </ul>
<p><u>Meets Challenges:</u></p> <p>The overall assessment in this area will take into consideration more than only the meeting of numerical performance standards.</p> <p>An assessment of meeting challenges in operational metrics implies that, as a minimum, 20 or more operational measures out of 24 meet or better their performance standards. Additionally, the assessment will be tempered by other factors including whether some operational measures did not meet their standards by significant margins, and whether negative impacts on market participants of not meeting standards was significant.</p>

# ATTACHMENT

## Recommended Operational Performance Measures - 2007

# Structure of 24 Operational Performance Measures



Focus is on meeting IESO wholesale customer needs 8

# Operational Performance Measures 2007

Category/Name	Measure	Criteria	Performance Standard
<b>Facilitate the Electricity Market</b>			
1 Implement Intertie Schedules	Accuracy	Average for the year	≥98%
2 Publish SAA's and SSR's	Timeliness	Published as per schedule	≥98%
3 & 4 Day Ahead Hourly Demand Forecast	Accuracy	Average absolute error for the year	≤2.5%
		Average bias range for the year	-5% ≤ BIAS ≤ +5%
5 & 6 Day at Hand Hourly Demand Forecast - 3 Hours Ahead of Dispatch Hour	Accuracy	Average absolute error for the year	≤1.5%
		Average bias range for the year	-5% ≤ BIAS ≤ +5%
7 & 8 Day at Hand Hourly Demand Forecast - 1 Hour Ahead of Dispatch Hour	Accuracy	Average absolute error for the year	≤1.5%
		Average bias range for the year	-5% ≤ BIAS ≤ +5%
9 Transmission Rights Auction Processing	Timeliness	Processed as per schedule	≤1 failure to complete a full auction per year
10 & 11 Continuous Operation Of the Market	Frequency of Market Suspension	Number of market suspensions per year caused by the IESO	0 suspensions
	Duration of Market Suspensions	Total duration of market suspensions per year caused by the IESO	0 hours
12 & 13 Administrative Pricing (AP)	Frequency	Number of occurrences of AP per year	≤75
	Duration	Number of intervals AP applied per year	≤350

Changes for 2007  
highlighted

# Operational Performance Measures 2007 (cont'd)

Category/Name	Measure	Criteria	Performance Standard
<b>Provide Metering, Settlement and Market Support Services</b>			
14 Settlement-ready Meter Data	Timeliness	Available next trading day	≥99.3%
15 Meter Trouble Reports Issued to Meter Service Providers	Timeliness	Available next business day	≥92 %
16 Customer Relations — Performance	Average time to close an open ticket	Average for the year	£12 days
17 & 18 Preliminary and Final Settlement Statements	Timeliness	Issued as per schedule	≥99%
	Accuracy	No IESO errors	≥99%
19 & 20 Issue <b>and Financially Settle</b> Invoices	Timeliness	As required per <i>IESO Settlement Statement Payments Calendar</i>	≥99%
	Accuracy	Average for the year	≥99%
<b>Ensure Systems Availability</b>			
21 Outbound Market Reports Publication	Availability	Average for the year as per respective schedule	≥99.0%
22 Market Participant Interface	Availability	Average for the year	≥99.0%
23 Dispatch & Scheduling Instructions	Availability	Average for the year	≥99.5%
24 Corporate Web Site	Availability	Average for the year	≥99.0%

← Was ≥88% in 2006

← Eliminate in 2007 in favour of expectations detailed in #3, Customers & Stakeholders

← More expansive definition of invoice includes settlement timeliness, in addition to issuance

Changes for 2007 highlighted