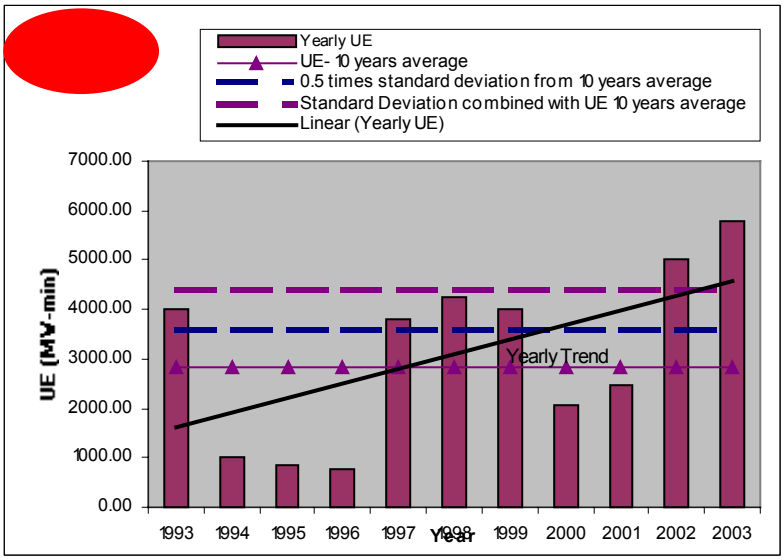
IESO's Process/Criteria for Assessment of Local Areas Performance

Criteria C-1: The "**current reporting year**" of UE should not exceed 50% of standard deviation from the averaged 10 years-UE[1] "i.e. mean/average plus 0.5 x standard deviation from UE-10 years"

Criteria C-2: The most recent "**two consecutive years**" of UE should not be both greater than 50% of standard deviation from the averaged 10 years-UE "i.e. mean/average plus 0.5 x standard deviation from UE-10 years"

- The transmitter shall provide the monthly and year-to-date UE data (due to forced and planned interruptions) for each LA on monthly basis by excluding the UE contributions due to "force majeure" related events.

EXAMPLE:



Performance Assessment Criteria

The performance of each Local Area transmitter (LA) shall be assessed based on the above criteria, and accordingly each Local Area shall be flagged/assigned a category reflecting its overall performance as follows:

1). "Green - G": Meets criteria C-1 and C-2
2). "Yellow - Y": Borderline i.e. not meeting criteria C-1 but meets criteria C-2
3). "Red - R": Does not meet criteria C-2

[1] For the purposes of assessments by the IESO, the calculation of average-UE and associated standard deviations for its application to each LA shall be based on its "10(Ten) years (1993-2002)" of UE (unsupplied energy in mw-minutes excluding Force Majeure events) data. The average-UE and associated standard deviations based on 10(Ten) years of UE data shall be kept as a "fixed benchmark" for its application till year 2005. It would be forwarded/reset every 5(Five) years thereafter.

(continued…..):Process/Criteria for Assessment of Local Areas Performance

Actions/Policy Upon Performance Assessments

Step 1: Triggering Actions and Reviews

1. At any time during the test year (including period till end of reporting-year), if LA does not meet criteria C-1 then it shall be assigned a Yellow Category:

The transmitter may be required to more closely monitor the performance of the Yellow LA and to make all possible efforts to prevent it from falling under Red category. The transmitter and the IESO may review the causes of the significant events, if considered necessary.
The Yellow LA may also be subject to actions/review as outlined in Item 2 below, where considered necessary.

2. At any time during the test year (including period till end of reporting-year), if LA does not meet criteria C-2 then it shall be assigned a Red Category:

The transmitter shall be required to provide and review with the IESO;

(i) the magnitude of mw-minutes pertaining to each event/interruption

(ii) the root causes of significant events contributing towards UE including:

a) the number of times the transmission facilities which directly affect the exchange of electricity to the local area (i.e. connection points/supply points **to** LA) are interrupted along with its associated magnitude of UE(mw- minutes)

b) the number of times the transfer capability was limiting and not all load in the local area could be met (the IESO to provide)

(iii) mitigation plans and measures to avoid future reoccurrence, if appropriate

Step 2: Actions upon Final Review

3. Based on review of Yellow and Red LA's as per item 1) and 2) above, the IESO and the transmitter shall consider possible recommendations for changes to (i) the security policy for the local area and (ii) reliability of the transfer capability to the local area with respect to mitigating the reoccurrence of severe and significant events to the extent possible (iii) possible need for investment.

Reference:
Market Rules: Chapter 5, Section 5.4

5.4 Reliability Policy for Area Supply

5.4.1 In coordination with *transmitters*, the *IMO* may develop and apply specific *security* criteria in areas of the *IMO-controlled grid* where the consequences of *contingency events* are localized and do not have a significant adverse impact on the *reliability* of the *IMO-controlled grid* ("*local areas*").

5.4.2 The following criteria shall be used to assess the *security* of a *local area*, as determined at the delivery point demarcating the boundary between the *local area* and the remainder of the *IMO-controlled grid*, on the one hand, and individual and collective *connection points* of the *IMO-controlled grid*, on the other:

5.4.2.1 the extent to which severe *contingency events* are experienced; and
5.4.2.2 the *reliability* of transmission *facilities* which directly affect the exchange of electricity to the *local area*.

5.4.3 The *IMO* shall coordinate with *transmitters* to review the performance at *connection points* at least once annually in order that they can jointly assess the *reliability* of *local areas*.