

2007-2009 Business Plan Corporate Performance Measures

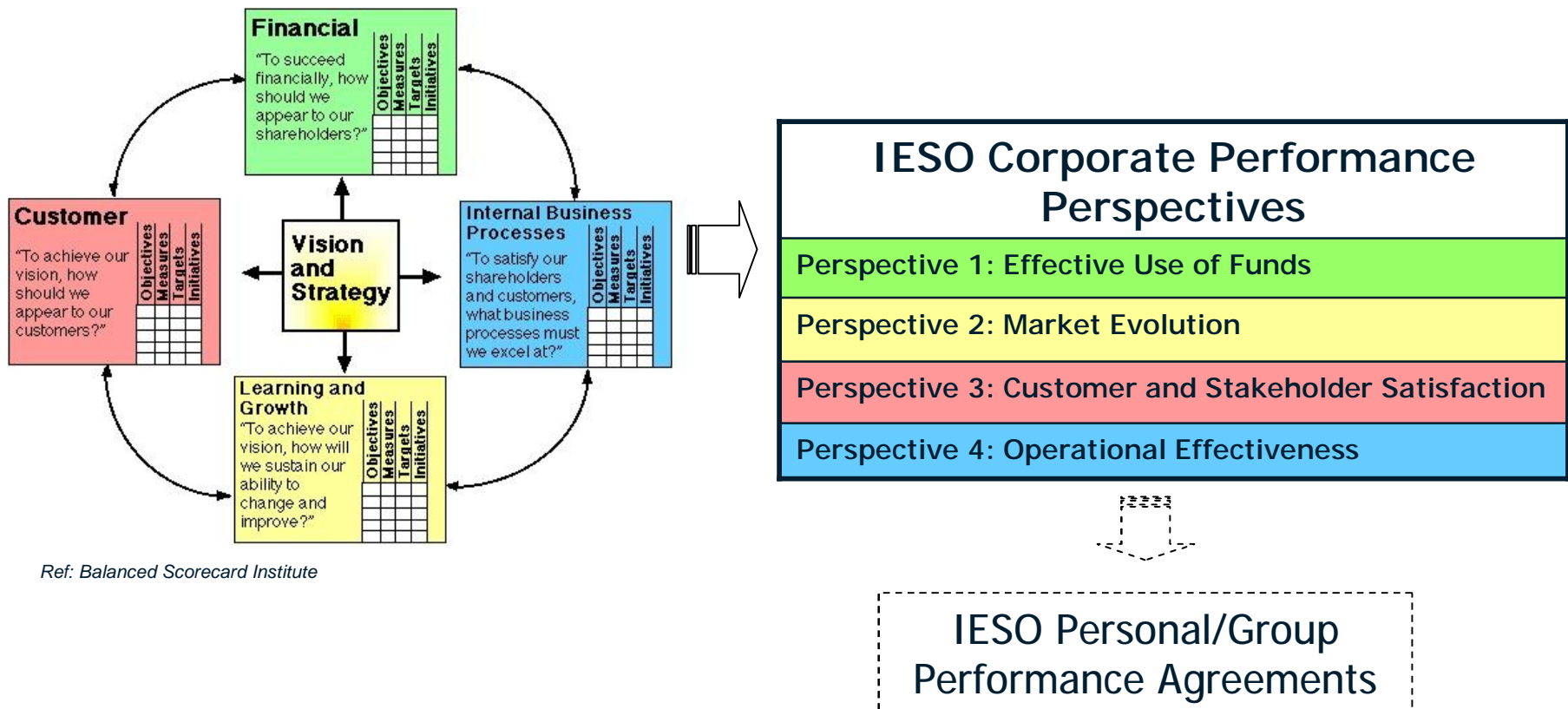
Presentation to Stakeholder Advisory Committee – July 12, 2006

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- **Review IESO Performance Management**
- **Identify Considerations for 2007**
- **Obtain Stakeholder Advisory Committee Advice**

IESO Performance Management: Balanced Scorecard Approach



Ref: Balanced Scorecard Institute

Performance Measures & Expectations

“SMART” metrics:

Specific,

Measurable,

Actionable,

Relevant,

Timely

Development of Corporate Performance Measures for 2007



Process:

Corporate performance measures for 2007 will be developed, stakeholdered, and approved in conjunction with the business plan (SE-20). (In prior years, measures were approved after the business plan was approved by the IESO Board.)

Timeline:

August - Business Plan update to stakeholders

Sept 5 - Business Plan update (to SAC)

Sept 7 – IESO Board review of Business Plan & advice

Sept 21/22 - IESO Board approval of Business Plan

October 2 - Filing of Business Plan with Minister

November 1 - Submission of Business Plan to OEB

Business Plan Strategic Priorities

- **Delivering reliable electricity supply on demand.**
- **Developing Ontario's electricity market through evolution of the IESO-administered markets.**
- **Providing value in all our services and products.**
- **Responding to the needs and concerns of our stakeholders.**
- **Earning the trust of all stakeholders as a just administrator and capable advisor.**

IESO 2006 Performance Measures

2007 Directional Considerations

Perspective	Measure	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: \$147.8 million
	IESO's 2007 Usage Fee approved by the IESO Board	The IESO Usage Fee developed for approval by the Board for implementation in 2007 will be \$0.909/MWh or less, which is consistent with the reduced usage fee identified in the 2006-2008 IESO Business Plan
	Capital spending is performed within budget approved by the Board, timelines are met, and required results are achieved	Approved capital expenditures are within budget and required results are delivered according to approved schedule Approved Capital Budget: \$25.0 million
2. Market Evolution	Appropriate evolution of the market 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"> encourages reliable supply encourages improved economic efficiency is consistent with a long-term vision that is coordinated with the Ontario Power Authority and acceptable to key stakeholders <p>In 2006 this will result in:</p> <ol style="list-style-type: none"> Day Ahead Commitment Process being implemented by summer 2006, and being assessed as enhancing reliability over summer, 2006 IESO processes and market rule modifications that address specific Ontario generator dispatch issues An emergency load reduction program being in place for summer 2006, which creates a means for Ontario loads to assist in addressing reliability IESO and Ontario Power Authority jointly developing a market vision that is reflected in the Integrated Power System Plan Real-time market pricing issues being addressed consistent with assurances made to market participants The support and active commitment of resources by market participants to defining a Day Ahead Market for Ontario
3. Customer & Stakeholder Satisfaction	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>Performance relative to these measures will be assessed based on surveys, and other anecdotal evidence. For 2006, an improved and more representative customer survey will be instituted</p> <p>Effective management of stakeholder relations will be based on three specific services:</p> <ul style="list-style-type: none"> providing effective market information and communications, including key initiatives: <ul style="list-style-type: none"> IESO web site redesign Publications for market participants and business and industry providing support for customer inquiries, issues and training needs, including key initiatives: <ul style="list-style-type: none"> implementing a proactive customer relationship strategy action plan based on 2005 survey results customer support for new IESO initiatives providing effective stakeholder engagement process <ul style="list-style-type: none"> operate fair, transparent and consistent stakeholder engagements for important initiatives, where stakeholders can provide advice to IESO
4. Operational Effectiveness	Control of tie line flows under normal & disturbance conditions meets or exceeds industry median	Meet or exceed median values of the NERC disturbance control and control performance standards (DCS, CPS1 & CPS2) for Eastern Interconnection Control Areas exceeding 10,000 MW in size
	Electrical reliability maintained within the province	<p>IESO actions to avert/address significant reliability events are assessed as appropriate.</p> <p>Successful results in the scheduled NERC audit</p> <p>As part of the IESO's capital investment program, deliver:</p> <ul style="list-style-type: none"> Computerized Alarm Management System Backup Centre Relocation <p>Develop the Integrated Outage Management System project sufficiently in 2006 to enable implementation by mid-2007</p>
	Market systems and processes operate effectively	Assessed on a suite of 24 operational performance measures. Successful results in the scheduled Dispatch Scheduling Optimizer review

Maintain focus on cost-effectiveness

Continue planning target for future usage fee

Continue focus on prudent capital envelope and
Identify specific key strategic capital initiatives

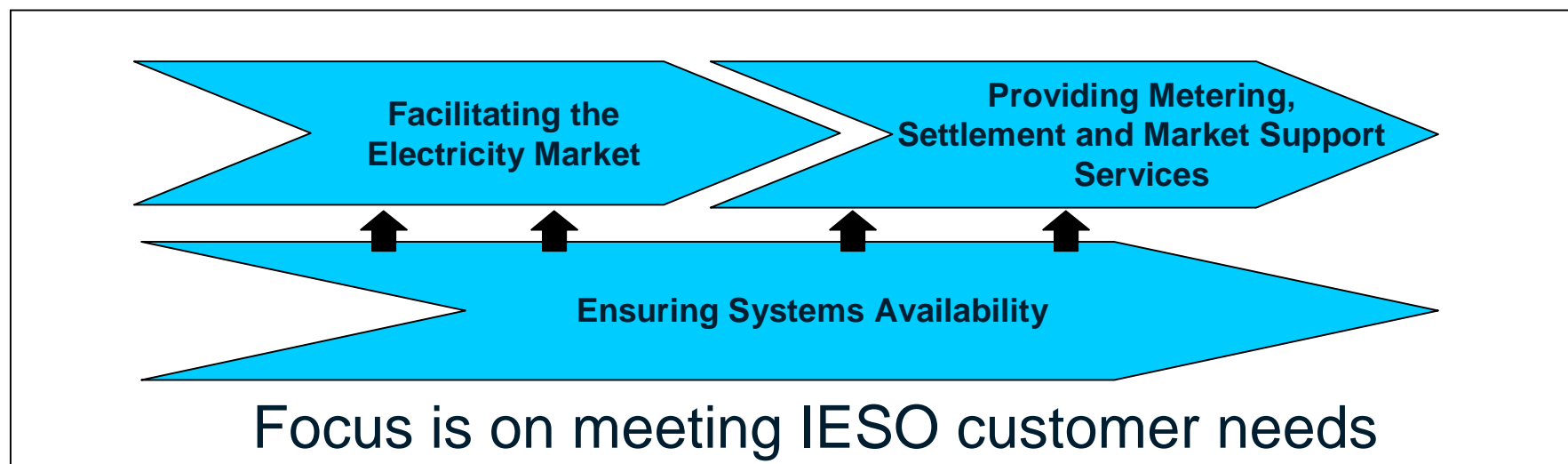
Identify value-added stakeholder and customer-focused evolution initiatives

Differentiate between stakeholder groups, e.g. participants vs government

Amend reliability expectation metrics to reflect industry changes

Review operational measures reporting

Categorizing Operational Performance Measures



1. Facilitating the Electricity Market

1. Information & forecasts are available prior to real time
2. Electricity market runs continuously, with minimal price administration
3. Intertie transactions are implemented
4. Transmission rights auctions are processed

2. Providing Metering, Settlement and Market Support Services

1. Meter data is available as necessary
2. Meter trouble reports are addressed
3. Settlement statements are available
4. Invoices are accurate and issued on time
5. Customer support is provided

3. Ensuring Systems Availability

1. Key reports are published
2. Dispatch instructions are issued
3. Market Participant Interface is available
4. IESO web site is available

Operational Performance Measures 2006

Category/Name	Measure	Criteria	Performance Standard
Facilitate the Electricity Market			
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

**2007
Directional Considerations**

Performance standards represent a mature level of operation

Operational Performance Measures 2006 (cont'd)

Category/Name	Measure	Criteria	Performance Standard
Provide Metering, Settlement and Market Support Services			
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	≥88%
16 Customer Relations Performance Index	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 Invoices	Timeliness	As required per <i>IESO Settlement Statement Payments Calendar</i>	≥99%
	Accuracy	Average for the year	≥99%
Ensure Systems Availability			
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%

**2007
Directional Considerations**

Improve #15 and #16
for 2007

Performance standards
represent a mature
level of operation