

# 2015 Corporate Performance Results

January 1 – December 31, 2015

Performance Objective	Measure	Target	(Year-to-Date) Update	Assessment
Conservation efforts demonstrate more efficient use of energy and fosters innovation within Ontario's electricity system	Energy Savings	The IESO is on track to achieve the Ministry of Energy's 8.7 TWh of energy savings target by 2020; including 1.7 TWh from direct connect customers	<ul style="list-style-type: none"> <li>As of Q4 2015, LDCs have achieved 1.1 TWh (or 15 percent) of the 7TWh 2020 energy savings target.</li> </ul>	<b>Meets Expectations</b>
Reliability needs are well planned and co-ordinated to meet Ontario's energy requirements in real-time while also planning and securing energy for the future	Energy Demand	IESO day-ahead demand forecast error is within 2.2% mean average percent error	<ul style="list-style-type: none"> <li>IESO day-ahead demand forecast error was reported at 2.1%.</li> </ul>	<b>Meets Expectations</b>
	Transmission System Operations	Zero events where Interconnected Reliability Operating Limits (IROLs) are exceeded by more than 30 minutes; consistent with NERC reliability standards	<ul style="list-style-type: none"> <li>Zero events were reported where IROLs are exceeded by more than 30 minutes.</li> </ul>	<b>Meets Expectations</b>
	Resource Development	Bruce Power and Quebec agreements have commercial terms that are agreed upon by Q2 2015 and are executed by year-end	<ul style="list-style-type: none"> <li>The Amended and Restated Bruce Power Refurbishment Implementation Agreement was executed on December 3rd, 2015. The new agreement secures 6,300MW of reliable baseload electricity until the 2060's at a competitive price and complies with the LTEP's seven nuclear principles.</li> <li>Targets relating to both the commercial terms and execution of the IESO-HQEM (Quebec) capacity sharing agreement were met by June 1st.</li> </ul>	<b>Meets Expectations</b>
The effectiveness of Ontario's electricity market is enhanced	Market Development	Key market initiatives are completed in 2015 including: <ul style="list-style-type: none"> <li>Demand Response pilot and</li> </ul>	<ul style="list-style-type: none"> <li>DR Auction held in December as planned. Results considered a</li> </ul>	<b>Meets Expectations</b>

through initiatives that adapt the market to the benefit of all Ontarians		<p>auctions</p> <ul style="list-style-type: none"> <li>• Detailed capacity auction design</li> <li>• Export of generation capacity from un-contracted and unregulated Ontario generating resources</li> <li>• Deliver Generation Cost Guarantee (GCG) and Congestion Management Settlement Credits (CMSC) ramp down</li> </ul>	<p>success, securing above target MWs at lower cost with good participation from existing providers and attracting new entrants.</p> <ul style="list-style-type: none"> <li>• Capacity auction included in the Market Renewal project (see below).</li> <li>• Capacity Export project Phase I for uncontracted and unregulated Ontario generating resources was completed on May 1, 2015. Capacity Export project Phase II has commenced in Q1 2016, as scheduled.</li> <li>• Real-Time GCG cost recovery framework stakeholder engagement plan completed in October to clarify and increase the transparency for market participants of costs eligible to be submitted for recovery. In addition, the market rules for CMSC ramp down have been finalized and approved as of June 24, 2015. Constrained-off CMSC for intertie transactions change made effective as of trade date Dec. 11, 2015.</li> </ul> <p>Additional market enhancement initiatives in 2015 included:</p> <ul style="list-style-type: none"> <li>• Market Renewal project initiated to replace Ontario's two schedule system and consider other market developments including a capacity auction in the long term.</li> <li>• Floor Price engagement completed with revised Floor Prices approved by IESO Board. New floor prices effective February 18, 2016.</li> </ul>	
	Market Information	The rules required for third parties to be able to access MDM/R data are developed and stakeholdered by year-end	<ul style="list-style-type: none"> <li>• The Foundation Project concluded successfully and on schedule with the final report on November 4, 2015. The report included a summary of all the feedback gathered from the different stakeholders, responses to the feedback provided, as well as the final set of recommendations.</li> </ul>	<b>Meets Expectations</b>
Stakeholders and customers have confidence in supporting the IESO's lead in the administration and execution electricity sector programs	Trusted to Lead	IESO engages stakeholders and communities to support active participation in programs as defined by stakeholder engagement plans and is reflected through positive customer satisfaction survey results and feedback that establishes the baseline for future customer outreach	<ul style="list-style-type: none"> <li>• Finalized new set of IESO engagement principles</li> <li>• Worked closely with stakeholders to incorporate feedback and identify issues to support the successful implementation of the DR Auction</li> <li>• Sought feedback from TP and SAC on draft Terms of Reference for TP</li> <li>• Considered stakeholder feedback on a number of IESO initiatives - shaping next steps and conclusions for: <ul style="list-style-type: none"> <li>○ Market Development engagement priorities and planning</li> <li>○ CDM Information System</li> <li>○ Adequacy Reporting Refresh</li> <li>○ Real Time GCG Program - Cost Recovery</li> </ul> </li> </ul>	<b>Meets Expectations</b>

		and engagement efforts	<ul style="list-style-type: none"> <li>○ LDC-IESO Conservation Settlement Process</li> <li>○ Review of Generator Info Submittal Form</li> <li>○ Finalize Foundation Project Report</li> <li>• Surveyed a select number of TP and SAC members to seek feedback on their experiences in the following areas: <ul style="list-style-type: none"> <li>○ IESO reputation - pre and post-merger</li> <li>○ vision for the new IESO</li> <li>○ stakeholder engagement</li> <li>○ measurement factors for future success</li> </ul> </li> <li>• The survey results will begin to establish a new measurement baseline for the merged IESO and provide input into the development of a broader satisfaction survey for 2016.</li> <li>• Held Issues Briefing sessions with SAC members to provide background and seek early input on market development, Ontario Planning Outlook / Bill 135 and conducted pre-consultation discussions with a number of key stakeholders to seek input on priorities and planning for future market development engagement.</li> </ul>	
The IESO contributes on, and executes within, Ontario's electricity policy framework to demonstrate that it is trusted to execute and lead the development of Ontario's electricity sector	Trusted to Execute	Group 1 priority regional plans are completed by end of April, 2015 and remaining Group 1 plans as well as Group 2 plans are progressing according to their regulated timelines	<ul style="list-style-type: none"> <li>• Group 1 priority regional plans were completed by end of April, 2015. All group 1B as well as Group 2 plans continue to progress according to their respective regulatory timelines.</li> </ul>	<b>Meets Expectations</b>
Change initiatives meet the needs of customers today and in the future	Execute Change	Refresh and discretionary projects ranked through the project portfolio management (PPM) process are initiated according to risks and 80% are progressing according to their approved project plans and associated priority	<ul style="list-style-type: none"> <li>• In 2015, 100% of refresh and discretionary projects progressed according to their approved project plans and associated priority. This included 28 refresh and 20 discretionary projects.</li> </ul>	<b>Meets Expectations</b>
	Merger Integration	Complete 80% of the Tier 1 integration projects by December 31, 2015.	<ul style="list-style-type: none"> <li>• 91% of the overall Tier 1 merger integration work tasks were completed. Completion of two projects expected to be complete in December were rescheduled to 2016 due competing priorities late in</li> </ul>	<b>Meets Expectations</b>

			the year. This resulted in 76% of the merger integration projects being completed.	
The IESO's actions support effective governance of the organization and its programs	Reliability Compliance	The IESO is 100% compliant and with NERC high violation risk factor (VRF) requirements that are within the IESO's control	<ul style="list-style-type: none"> <li>Achieved 100% compliance with NERC high violation risk factors (VRF).</li> </ul>	<b>Meets Expectations</b>
	Regulatory Standards	NERC CIP 5 compliance plan is on track for completion by April 2016	<ul style="list-style-type: none"> <li>All seven projects continue in the implementation stage and progressing towards completion as planned. Mitigation strategies have been developed to ensure compliance by April 1, 2016 in the unlikely event we are unable to complete one or more of the projects as planned.</li> </ul>	<b>Meets Expectations</b>
The IESO's human resources are capable of meeting the needs of customers today and in the future and is the employer of choice in and beyond the sector	Staff Engagement	Culture assessment is completed and a unification plan is in place by end of year	<ul style="list-style-type: none"> <li>The IESO's new vision and mission statements were approved by the Board on October 22<sup>nd</sup> and communicated to staff on November 25<sup>th</sup>. IESO has commenced the next phase of the culture work (i.e. identification of desired values and behaviours that support the vision, mission and business strategy).</li> </ul>	<b>Meets Expectations</b>
Operational resources are used effectively and efficiently to meet the needs of customers today and in the future	Financial Performance	Execute deliverables within approved budget of \$184.9M and headcount of 695	<ul style="list-style-type: none"> <li>Operating costs were \$184.9M.</li> <li>Headcount at the end of December was 680 FTEs or 15 FTEs below budget.</li> </ul>	<b>Meets Expectations</b>
	Operational Synergy	Synergy targets of \$5M in ongoing savings are achieved for the new IESO and reduction of combined fee	<ul style="list-style-type: none"> <li>The \$5M synergy savings were built into the 2015 budget and achieved in 2015. No further merger costs are expected to be incurred in the future.</li> </ul>	<b>Meets Expectations</b>