

Memorandum

To: Stakeholder Advisory Committee

From: Kim Marshall, CFO & VP Corporate Services

Date: October 13, 2016

Subject: IESO Business Update – Corporate Performance Measures

This update is provided to the Stakeholder Advisory Committee (SAC) in recognition of the feedback provided at the August 17, 2016 meeting in relation to the IESO's 2017 Corporate Performance Measures (CPMs) that were presented under the Business Plan item.

The feedback received pertained to the need to provide further clarity within the structure of the measures and targets.

The IESO acknowledges the feedback and will work to evolve the CPMs for the next iteration to better decipher between the goals for the long term versus annually and align expected outcomes to the organization's new strategic plan.

For reference, the proposed 2017 CPMs is enclosed as part of this memorandum.

Sincerely,

Kim Marshall
CFO & VP Corporate Services

2017 Proposed Corporate Performance Measures (CPMs)

1. Overall progress toward achievement of the 2016-2020 Strategic Plan
2. Reliability of Ontario's power system is sustained by the IESO's ability to self-certify its compliance with 100% of North American Electric Reliability Corporation high violation risk factor reliability standard requirements (including audit requirements)
3. Implementation of key recommendations in regional and bulk system power plans is on track according to their suggested timelines to meet the Ontario resource and transmission assessment criteria and support the planning and management of the provincial power system, whereby: <ul style="list-style-type: none"> • 100% of the 38 key recommendations for 2017 are progressing on track for the 12 Integrated Regional Resource Plans (includes one interim plan) • 100% of the five priority and key transmission projects in Northwest Ontario from provincial plan(s) (2013 Long-Term Energy Plan) are progressing on track, along with associated milestones with timelines in 2017
4. One major LDC is actively engaged in two-way communication by end of 2017, including sharing of operational data to support coordinated and consistent operational decision making; discussions underway with two additional LDCs
5. Cyber security excellence is promoted by: <ul style="list-style-type: none"> • The objectives contained in the 2016-2017 Cyber Security Forum work plan are accomplished • Supporting the OEB objectives for completion of standards development by the end of 2017 • Increasing the IESO's internal cyber security capabilities by implementing an advanced malware technology solution and completing cyber security process enhancements by Q1 2017
6. The IESO continues to focus on price-efficient outcomes via: <ul style="list-style-type: none"> • A robust cost-benefit analysis, supported by extensive stakeholder consultation, being completed in Q1 2017, to support decisions on market renewal to improve price efficiencies, operability, transparency and innovation • Directed procurements (FIT and microFIT) are completed through transparent, consistent and efficient processes with posted standard contracts, rules and prices. The processes are validated by a Fairness Commissioner and are to be executed with consistency and integrity. The costs are at or below the government's cost projections included in the 2013 LTEP • Cost-effective delivery of LDC conservation programs undertaken within 4 cents/kWh. LDC and direct-connect customer program progress is in line with achieving the 2020 energy-savings target of 8.7 TWh, with 50% (3.5 TWh) of the 7 TWh Conservation First target achieved and 46% (0.78 TWh) of the 1.7 TWh Industrial Accelerator Program target contracted by the end of 2017
7. Broader, competitive and more innovative sector participation is enabled by end of 2017 through: <ul style="list-style-type: none"> • Study results are delivered to the IESO for the mid-term review of the Conservation First Framework and Industrial Accelerator Program that provide advice to government and result in cost-effective, customer-centric conservation and demand-side management resources to meet the province's conservation goals for the 2018-2020 period and beyond • At least \$50M (3%) of the Conservation First Framework Conservation and Demand Management Plan budget is committed to support full deployment of innovative new programs • The demand response (DR) auction enables the participation of a broad range of participants, including residential DR by the end of 2017, and meets the objectives of the DR Working Group • The Smart Metering Entity will enhance the value of electricity data by expanding the type of access to smart meter data received by the IESO's systems
8. Using the September 2016 customer satisfaction survey results, stakeholder and community interviews and/or surveys indicate a 2% improvement in satisfaction with the engagement process and with the IESO's demonstration that it has considered stakeholder input in decisions
9. Employee engagement increases by 2% from the baseline set in 2016 and all business units successfully implement their action plans resulting from the survey
10. Expanded operational capacity is realized by: <ul style="list-style-type: none"> • The IESO achieving its priorities in 2017 within its approved budget • 80% of priority change initiatives progressing according to their approved business case, on time and budget and completed projects meeting all of their defined business objectives • 100% of the Operations Readiness Initiatives progressing according to their approved business case, meeting all of their defined business objectives to achieve a headcount reduction of six FTEs by the end of 2019