

Memorandum

To: Stakeholder Advisory Committee

From: Lia Kotic
Director, Financial Planning and Analysis

Date: February 21, 2018

Subject: IESO Business Update – Corporate Performance Measures

This memorandum is intended to provide an update on the 2018 Corporate Performance Measures (CPMs) as well as plans for developing CPMs for 2019 and beyond.

2018 CPMs

The IESO's Executive Leadership Team and Board of Directors sought to provide further clarity and alignment to the 2018-2020 Business Plan. As a result, draft 2018 CPMs have been refined further from the last update provided to the SAC on November 29, 2017 and are presented in the attached.

2019 CPMs and Beyond

The IESO is looking to fundamentally redesign CPMs for 2019 and beyond and has engaged an external consultant to support the process. The IESO is seeking to develop a robust CPM framework, principles and methodology as well as develop draft CPMs and targets that are:

- Internally and externally auditable;
- More focused towards key strategic and business planning priorities as well as being reflective of key risks;
- SMART (specific, measurable, achievable, relevant and time-bound); and
- Outcome oriented.

The redesign and development of measures for 2019 and beyond is to be undertaken in the following two phases:

- **Phase One:** design a robust CPM framework specifying principles and methodology that can be used to manage the IESO's corporate performance program and support the execution of the IESO's strategic plan by late-March.
- **Phase Two:** develop draft CPMs by mid-May to support the effective execution of the IESO's strategic direction (defined in mid-April) and define targets for 2019 including a visual dashboard/infographic perspective. Note that the IESO is currently developing a risk calibrated strategy that is linked to its business plan that will be considered in the 2019 CPMs design.

CPMs for 2019 and beyond will continue to evolve and will be shaped, in part, by feedback from the SAC to be more specific and outcome oriented as well as focused on strategic outcomes.

2018 Corporate Performance Measures – Draft Revisions

Current CPMs		Revised CPMs	
Corporate Performance Measure	2018 Corporate Performance Target	Corporate Performance Measure	2018 Corporate Performance Target
1. Reliable electricity service is sustained in a changing environment.	100% compliance to North American Electricity Reliability Corporation high violation risk factor standard requirements (including audit requirements).	1. Reliable electricity service is sustained in a changing environment.	100% compliance to North American Electricity Reliability Corporation high violation risk factor standard requirements is achieved.
2. Robust cybersecurity leadership and practices are demonstrated across the sector.	By end of 2018, the IESO establishes itself as a cybersecurity thought leader in Ontario and North America by expanding the executive Cybersecurity briefings to more fully engage industry executives, work with the OEB to meet the needs of the Cybersecurity Framework by formally expanding the scope of the Cybersecurity Forum and develop a relevant metrics model to share with industry and establish a common mode of measuring security effectiveness..	2. The IESO becomes a leader in cybersecurity design and demonstrates the value proposition of the initiative to help protect the provincial electricity system.	By end of 2018: <ul style="list-style-type: none"> • A cybersecurity maturity level of 3.5/5 (70%), an increase of about 25% over the 2016 baseline, is achieved; and • Technical and communications infrastructure for an effective information sharing and awareness process with the sector as per OEB requirements is established.
3. Conservation is an effective resource to produce efficiencies in the electricity system, drive industry innovation and support the achievement of climate change policy goals.	Cost-effective delivery of 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 66% (5.7 TWh) of 8.7 TWh target forecasted to be contracted by the end of 2018.	3. Conservation and energy efficiency programs meet customer needs, distributor budgets and targets to achieve the 2020 energy savings targets.	By end of 2018: <ul style="list-style-type: none"> • 66% (5.7 TWh) of the combined 2015-2020 target of 8.7 TWh for Conservation First Framework (CFF) and Industrial Accelerator Program is cost effectively contracted within 4 cents / kWh by the end of 2018. • All Green Ontario Fund deliverables for 2018 are successfully implemented in collaboration with the Ministry of Environment and Climate Change (MoECC).
4. The electricity market evolves to enable the province to have the appropriate sources of electricity at a more competitive market price.	Draft, high-level designs are complete for the Market Renewal Program (MRP) energy and capacity work streams by the end of 2018.	4. The electricity market evolves to enable the province to have the appropriate sources of electricity at a more competitive market price.	High-level designs are complete for the Market Renewal Program (MRP) projects including: <ul style="list-style-type: none"> • Incremental capacity auction – end of Q4 2018 • Single schedule market – end of Q4 2018 • Day ahead market – end of Q1 2019 • Enhanced real-time unit commitment – end of Q1 2019.
5. Broader participation in the electricity market is enabled by enhancing and expanding the value of Smart Meter Data.	By end of 2018, smart meter data third-party access Implementation will be completed including the processes, procedures and tools to enable the Smart Meter Entity to accept and process third-party data requests.	5. Market responsive participation from suppliers and consumers is enhanced and expanded to ensure broader access to competitively priced electricity service.	By end of 2018, the Smart Meter Entity will be enabled to accept and process third-party data requests to support broader market responsiveness.
6. Public confidence is enhanced by the IESO's excellence in implementing the effective execution of policy.	2017 LTEP Implementation is tracking on schedule based on the Minister-approved Implementation Plan.	6. Public confidence in the IESO as a trusted advisor in the development and execution of policy towards the achievement	The Implementation plan for the 2017 Long Term Energy Plan is approved by the Minister in Q1 and the IESO is on track to deliver all 2018 milestones before end of year.

Current CPMs		Revised CPMs	
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		of long term planning and reliability goals is enhanced.	
7. Enhanced reliability and efficiency through co-ordination of resources with sector partners is fostered.	The mid-term review (MTR) of the Conservation First Framework and Industrial Accelerator Program is completed no later than June 1, 2018, with the IESO implementing any outcomes of the MTR starting in Q3.		
8. Energy system innovation advances future grid modernization and supports interoperability.	By Q4, the IESO will develop an Innovation Roadmap that engages a broad range of industry partners and customers to drive innovation across all aspects of IESO business. The Roadmap will indicate how the IESO will aim to do the following with respect to innovation:: <ul style="list-style-type: none"> o foster or try to initiate o facilitate and collaborate o adapt. 	7. The energy system is innovative with the IESO's active support to help enable grid modernization and foster a competitive and fair network for emerging resources.	By end of 2018, an Innovation Roadmap is developed that engages a broad range of industry partners and customers to drive innovation across all aspects of IESO business.
9. Stakeholders and communities are confident with the engagement process for making informed decisions.	A 2% improvement in satisfaction with the stakeholder engagement process is achieved from the 2017 customer satisfaction survey baseline of 67%.	8. Stakeholders and communities are confident with the engagement process for making informed decisions.	A 2% improvement in satisfaction with the stakeholder engagement process is achieved from the 2017 customer satisfaction survey baseline of 67%.
10. IESO resources are utilized effectively and efficiently.	2018 priorities are achieved within the IESO's approved budget.	9. IESO resources are utilized effectively and efficiently.	2018 priorities are achieved within the IESO's approved budget.
11. Employees are engaged towards delivering the IESO's mandate.	A 4% increase in employee engagement is achieved from the baseline of 71% set in 2016.	10. Employees are engaged and committed to organizational success towards achievement of the IESO's business priorities.	A 4 point increase in employee engagement is achieved from the baseline of 71% set in 2016.
12. Enterprise wide services are delivered efficiently and effectively across the organization.	• By the end of 2018, IESO's organizational realignment is progressing on track and key milestones identified for 2018 are met.		