

# Summary of input received for consideration at the May 11, 2016 Stakeholder Advisory Committee meeting and the IESO's response

The IESO is committed to providing the Stakeholder Advisory Committee (SAC) with opportunities to provide meaningful and timely feedback into IESO initiatives. The IESO appreciates the feedback and input received during discussions at SAC meetings.

This paper highlights the input received from members of the SAC and other attendees at the May 11, 2016 meeting and offers a response which describes how the IESO has considered that input. Input from the meeting has been summarized into two topics: Corporate Performance Measures and Ontario Planning Outlook.

The meeting agendas and materials, including meeting notes, are available on the IESO website at [www.ieso.ca/sac](http://www.ieso.ca/sac).

## **Corporate Performance Measures**

The IESO invited input from Stakeholder Advisory Committee (SAC) members and other attendees related to the development of the IESO's corporate performance measures (CPMs) for 2017. Below is a summary of the input received at the May 11 SAC meeting along with the IESO's response on how the feedback received has been considered in the draft 2017 CPMs - attached as Appendix A.

### **1. Develop more outcome-based measures rather than activity-based; with consideration given to multi-faceted outcomes**

*IESO response: Developing measures for the new IESO continues to be an evolving and iterative process. For the 2017 CPMs, the IESO has continued its efforts, from the development of the 2016 measures, towards outcome oriented measures through key input from the SAC, the IESO executive leadership team and board of directors. The IESO Strategy reflects multiple objectives to guide the IESO in achieving its goals. The proposed 2017 CPMs are designed to align with the overall Strategy. IESO will continue to look to engage SAC and others in its effort to continuously enhance the meaningfulness of the CPM program.*

### **2. Incorporate a measure on price impacts to ratepayers**

*IESO response: The IESO continues to focus on price efficient outcomes as described in CPM #5 via:*

- a) Cost/ benefit analysis for market renewal to improve price efficiencies, operability, transparency and innovation;*
- b) The transparent, cost efficient and consistent execution of directed procurements; and*
- c) Cost effective delivery of LDC conservation programs within 4 cents per kWh.*

*In addition, CPM #6 sets a target for expanded participation in the demand response auction which will also help to foster greater price competition.*

**3. Measure success of management of price based on a benchmark that combines existing contracts and competitive procurements**

*IESO response: The IESO uses cost projections in the Long-Term Energy Plan (LTEP) as a benchmark. The IESO continues to secure the least-cost resources on the system to deliver its commitments made in the LTEP through competitive procurements and/or standard offer programs with price bid down components - ensuring the process undergoes thorough engagement and is executed in a transparent, consistent and efficient manner as described by CPM # 5. New benchmarks will be defined going forward under the upcoming LTEP.*

**4. Place CPM targets into buckets by priority and by category**

*IESO Response: For 2017, the IESO is grouping CPMs by strategic theme, goal and objective, as opposed to the program level, to identify work that supports the IESO strategy. These groupings allow the IESO to measure and report on how effectively it is working towards achieving its strategy.*

**5. Set specific targets around synergy savings**

*IESO Response: Synergy savings were factored into the 2015 and 2016 budget and the IESO continues to report to the Ministry. In 2017, the IESO will continue to track its ability to achieve its priorities including synergy savings within its approved budget as described in CPM #9.*

**6. Set minimum targets for FIT and MicroFIT**

*IESO response: The IESO executes directed procurements using engagement processes that are fair, transparent and consistent and at costs that are within the 2013 LTEP's cost projections. This ensures that the outcome of each procurement contributes positively to cost savings as described in CPM #5. The amount of MW's ultimately contracted and brought to commercial operation, depends for the most part, on the ability of the sector to deliver compliant proposals as are defined by the rules or RFP, and excellent project execution thereafter. Therefore, minimum targets are not required and maximum targets are set by government directive.*

**7. Efforts to continually engage new market participants with a greater focus on education will be required**

*IESO Response: The IESO agrees that it will continue to utilize its customer support resources to focus on meaningful engagement and education of newer and smaller participants through engagement, regional planning and other initiatives. The IESO will consider how best to consider opportunities to measure stakeholder and community satisfaction with new market participants through future surveys.*

## **Ontario Planning Outlook**

Following discussions with various stakeholders and the SAC, the IESO presented an overview of the feedback heard and how it will be considered in the development of the Ontario Planning Outlook. SAC members indicated an appreciation for the opportunity to provide input in this process and offered the following comments to be considered by the IESO in its next steps.

- Continue to fully engage stakeholders and provide opportunities for ongoing dialogue throughout planning period and process
- Flexibility continues to be needed in system planning; evolution in sector, changes in technology and consumer preferences will need to be emphasized
- Look to quantify and/or prioritize risks in order to mitigate instances quickly

*IESO response: The IESO appreciates the input and insight stakeholders and other interested parties have provided in the development of the Ontario Planning Outlook, which the IESO has been asked to deliver to the Minister of Energy by September 1, 2016. Longer term, the IESO will look for opportunities to engage interested parties on an ongoing basis in the planning efforts for Ontario's electricity system.*

# 2017 Corporate Performance Measures

July 2016

Themes What we do	Providing Public Value		Respecting and Valuing our Communities, Customers, and Stakeholders	Building Corporate Resilience
<b>Goals</b> What we want to achieve in the next 5 years	<b>Deliver superior reliability performance in a changing environment</b>	<b>Drive to a more efficient and sustainable marketplace</b>	<b>Be recognized as a trusted advisor, informed by engagement</b>	<b>Invest in our people and processes to meet the needs of the sector</b>
<b>Strategic Objectives</b> How we will achieve our goals	<ul style="list-style-type: none"> <li>Plan and manage the power system so Ontarians have power when and where they need it</li> <li>Enhance reliability and efficiency through coordination of IESO and LDC controlled resources</li> <li>Promote robust cybersecurity practices across the sector</li> </ul>	<ul style="list-style-type: none"> <li>Evolve the Ontario market to increase market efficiency and value for consumers</li> <li>Foster an open and competitive electricity marketplace with broad participation</li> </ul>	<ul style="list-style-type: none"> <li>Enhance public confidence in the IESO and the sector to facilitate informed customer choice</li> <li>Work effectively with government to support policy development and IESO's excellence in implementation</li> <li>Seek out and respond to input from communities, customers and stakeholders to inform IESO decisions</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the development and engagement of our employees</li> <li>Be a focused and flexible organization positioned to support the ongoing transformation of our industry</li> <li>Attract and retain the best talent</li> </ul>
<b>CPMs</b> How we translate strategy into action	<ol style="list-style-type: none"> <li>Reliability of Ontario's power system is sustained by the IESO's ability to self-certify its compliance with 100% of North American Electricity Reliability Corporation high violation risk factor reliability standard requirements (including audit requirements)</li> <li>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"> <li>100% of the 30 key recommendations for 2017 are progressing on track for the eight Integrated</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>The IESO continues to focus on price efficient outcomes via:               <ul style="list-style-type: none"> <li>A robust, well stakeholdered and supported cost/benefit analysis being completed in Q1 2017, that leads to a recommendation for a plan for market renewal to improve price efficiencies, operability, transparency and innovation</li> <li>Directed procurements (FIT and microFIT) are completed through transparent, consistent and efficient processes with posted standard contract, rules and prices. The processes are validated by a Fairness Commissioner to be executed with consistency and integrity. The costs are at or below the government's cost projections included in the 2013 LTEP.</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>Using the September 2016 customer satisfaction survey results, stakeholder and community interviews and/or surveys indicate an X% improvement in satisfaction with the engagement process and that the IESO demonstrated its consideration of stakeholder input in decisions</li> </ol>	<ol style="list-style-type: none"> <li>Employee engagement increases by 2% from the baseline set in 2016 and all business units successfully implement their action plans resulting from the survey</li> <li>Expanded operational capacity is realized by:               <ul style="list-style-type: none"> <li>The IESO achieving its priorities in 2017 within its approved budget</li> <li>80% of priority change initiatives progressing according to their approved business case, on time and budget and completed projects meeting all of their defined</li> </ul> </li> </ol>

	<p>Regional Resource Plans (includes one interim plan)</p> <ul style="list-style-type: none"> <li>○ 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</li> </ul> <p><b>3.</b> One major LDC is actively engaged in two-way communication by end of 2017, including sharing of operational data to support coordinated and consistent operation decision making; discussion underway with additional two LDCs</p> <p><b>4.</b> Cyber security excellence is promoted by:</p> <ul style="list-style-type: none"> <li>○ The objectives contained in the 2016 – 2017 cyber-security forum work plan are accomplished</li> <li>○ Supporting the OEB objectives for completion of standards development by the end of 2017</li> <li>○ Increasing the IESO’s internal cyber security capabilities by implementing an advanced malware technology solution and completing cyber security process enhancements by Q1 2017</li> </ul>	<ul style="list-style-type: none"> <li>○ 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 48% (3.4 TWh) of 7 TWh Conservation First target achieved and 46% (0.78 TWh) of the 1.7 TWh Industrial Accelerator Program (IAP) target contracted by the end of 2017</li> </ul> <p><b>6.</b> Broader, competitive and more innovative sector participation is enabled by end of 2017 through:</p> <ul style="list-style-type: none"> <li>○ Completion of mid-term review of the Conservation First Framework and Industrial Accelerator Program that informs advice to government and results 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</li> <li>○ At least \$50M (3%) of the Conservation First Framework Conservation and Demand Management Plan budget committed to full deployment of innovative new programs</li> <li>○ 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</li> <li>○ The SME will enhance the value of electricity data by expanding the type of access to smart meter data received by the IESO’s systems</li> </ul>		<p>business objectives</p> <ul style="list-style-type: none"> <li>○ 100% of the Operations Readiness Initiatives (ORI) progressing according to their approved business case, meeting all of their defined business objectives to achieve a headcount reduction of six FTEs by end of 2019</li> </ul>
<p><b>10.</b> Overall progress to achievement of the 2016-2020 strategic plan</p>				