

Market Renewal Program Quarterly Project Status Report

Quarterly Report on the Market Renewal Program Status

As of September 30, 2022 (Q3 2022)

This report provides a quarterly update on the Market Renewal Program (MRP) schedule and cost, covering:

1. Schedule Performance Indexⁱ and Cost Performance Indexⁱⁱ relative to the in-effect baseline schedule and budget.
2. Schedule against baseline 4ⁱⁱⁱ and the in-effect baseline schedule^{iv}.
3. Year-to-date actual spend vs annual budget, and total actual spend vs total budget, using the cost categories from Table 2 of the MRP Cost Report for baseline 4 and the in-effect baseline budget.
4. Any changes to cost forecast, schedule forecast, or changes to project scope.

#1, #2: As of September 30, 2022: project performance

	Schedule Performance Index (Current BL5)	Cost Performance Index (Current BL5)	Actual Progress (Calculated as earned value/total value)	Planned Progress (Current BL5) (Calculated as planned value/total value)	Planned Progress (Previous BL4) (Calculated as planned value/total value)
Q3 2022	1.00	1.00	51%	51%	87%

ⁱThe Schedule Performance Index (SPI) is a measure of the conformance of actual (earned) progress to the planned progress and is calculated as: $SPI = \text{earned value} / \text{planned value}$.

ⁱⁱThe Cost Performance Index (CPI) calculates the cost efficiency of the project through the following formula: $CPI = \text{earned value} / \text{actual cost}$.

ⁱⁱⁱPrevious baseline (BL4) is the MRP project schedule which estimated a go-live date of November 2023.

^{iv}The in-effect baseline schedule, also referred to as current baseline 5 (BL5), estimates a May 2025 go-live date.

#3: As of September 30, 2022: project spend

Q3 2022 (In \$ Millions)	Year-To-Date Actual Spend	Annual Budget (Current BL5)	Annual Budget (Previous BL4)	Total Actual Spend	Total Budget (Current BL5)	Total Budget (Previous BL4)
Operating: Compensation & Benefits	2.9	3.9	3.6	15.7	26.5	19.6
Operating: Professional & Consulting	0.4	0.6	1.2	6.5	9.7	8.6
Operating: Operating & Administration	-	0.2	0.1	0.9	1.6	1.2
Total Operating Expenses	3.3	4.7	4.9	23.1	37.8	29.4
Capital: Compensation & Benefits	8.3	12.6	14.1	37.7	79.4	57.1
Capital: Professional & Consulting	1.2	2.1	4.8	8.0	13.9	18.7
Capital: Operating & Administration	7.5	21.6	17.7	30.9	79.2	55.5
Capital: Interest	0.6	0.8	2.3	1.5	8.0	7.0
Capital: Contingency	-	-	3.1	-	15.0	10.0
Total Capital Expenses	17.6	37.1	42.0	78.1	195.5	148.3
Total MRP Expenses	20.9	41.8	46.9	101.2	233.3	177.7

#4: Update September 2022: Changes to the project schedule and budget

In September 2022, the IESO announced the in-service date of November 2023 (previous baseline 4) is no longer feasible. Integrating the foundational changes across the more than 10 legacy systems that work together to dispatch and settle the wholesale electricity market required more time for solution development and testing than anticipated.

The project reached a stage where the information necessary to more accurately build the schedule was available, including the detailed system requirements and the associated vendor validated solution development times. This allowed IESO to complete a thorough review of the schedule and resulted in a revised in-service date of May 2025, and a forecast budget of \$233 million (current baseline 5).

The revised budget estimate of \$233 million, including contingency, is \$55 million higher than the previously approved budget of \$178 million. The revised budget is higher due to increased costs to modify the IESO's IT systems, and increased labour costs arising from the longer project duration.

The scope of the project has not changed, and a [review of the MRP business case](#) shows the renewed market will deliver at least \$700 million in net financial benefits to Ontario consumers over the first 10 years of operation.

The IESO is confident this schedule is achievable as many of the previous uncertainties have been addressed through completion of business requirements, vendor validation of timelines, and a peer review of the overall schedule. Further, the revised schedule provides stakeholders with additional time for review of Market Rule amendments and to complete their own readiness activities.