

1 ENERGY PROBE INTERROGATORY 15

2 6.0 Commitments from Previous OEB Decisions

3 INTERROGATORY

4 Reference: Exhibit A-2-2, Page 15

5 Preamble: The IESO identified eight targets focused on reliability, market effectiveness,  
6 operational capabilities, reputation and relationships. The targets have been shared with  
7 stakeholders and intervenors, and the IESO has incorporated any relevant feedback.

8 a) Please indicate when and which intervenors and stakeholders were consulted on the  
9 CPMs.

10 b) Please indicate which Divisions/Executives Contribute to each Target and an  
11 approximate level of Accountability/responsibility for each.

12 c) For each Target/CPM, please provide the detailed measurement(s) used.

13 d) Please provide how the CPMs relate to the Corporate and Individual Executive  
14 Measures and Variable Pay compensation. (see Exhibit A-3-4, Page 61)

15 e) Please provide details (such as the Report) of the Corporate and Individual Performance  
16 Management System at IESO.

17 f) Please Indicate if the CPM Program been approved by

- 18 • The Minister  
19 • IESO Board  
20 • IESO Stakeholder Committee  
21 • The OEB

22 Please provide any material to support the response(s).

1 RESPONSE

2 a) CPMs were shared with the Stakeholder Advisory Committee (“SAC”) for comment and  
3 feedback in 2015 and posted on the IESO’s website. Several of the SAC members also  
4 represent intervenor groups. In addition, the SAC meetings are generally public and many  
5 other interested parties from across the sector attend and provide comments. Specific  
6 discussions at SAC consisted of:

- 7 • August 13, 2015 – CPMs were discussed as part of the business plan presentation;  
8 SAC requested more granular and outcome oriented measures
- 9 • October 1, 2015 – CPMs were provided to the SAC with more granular and outcome  
10 oriented measures based on earlier feedback
- 11 • November 5, 2015 – CPMs were presented with updated measures to address  
12 feedback from the October 1 meeting

13 Meeting minutes and materials for the SAC meetings can be found at:

14 <http://www.ieso.ca/Pages/Participate/Stakeholder-Engagement/Stakeholder-Advisory-Committee.aspx>.

16 b) The CPMs reflect contributions from all areas of the IESO’s business including Corporate  
17 Services, Conservation and Corporate Relations, Information and Technology Services,  
18 Market and Resource Development, Market and System Operations, Planning, Law and  
19 Aboriginal Relations. Each of these business units are led by a Vice President (also the  
20 Executive Leadership Team member) and are expected to report on CPMs related to their  
21 area of the business and monitor progress towards the achievement of the measure.  
22 Progress is reported quarterly to the IESO’s Executive Leadership Team (“ELT”) and Audit  
23 Committee of the IESO’s Board of Directors.

24 c) Each CPM has an associated target (metric) to be achieved by the end of 2016. These targets  
25 are published on the IESO website at the following link:  
26 <http://www.ieso.ca/Documents/2016-Corporate-Performance-Measures.pdf>.

27 d) A year-end CPM report on the IESO’s progress for 2016 will be presented to the IESO’s  
28 Audit Committee, Human Resources Governance Committee as well as the Board of  
29 Directors in February 2017. The results of the final year-end report may influence the  
30 determination of the variable compensation component for the IESO’s Executive Leadership  
31 Team members. While the IESO Board relies upon these measures as the starting point for  
32 assessing Management’s performance, the final assessment will also reflect the Board’s  
33 judgment of the IESO’s performance in light of circumstances that unfolded over the year.

1 e) Individual performance management is undertaken on an annual cycle with objectives  
2 established in the first quarter of the year. Progress against objectives is monitored by  
3 managers and employees throughout the year. At year end, results against objectives are  
4 evaluated by way of self-appraisal (optional for represented employees; mandatory for non-  
5 represented employees) and manager appraisal. Managers determine the finalized  
6 assessment of results against objectives. Competencies (non-represented) and personal  
7 contribution factors (represented) are also evaluated at year end. The annual performance  
8 management cycle concludes with Managers and employees participating in a one-on-one  
9 meeting to discuss achievement against annual objectives, as well as development plans for  
10 the following year. Results against objectives and the assessment of competencies/personal  
11 contribution factors can impact Step placement for Society-represented employees and are  
12 critical in determining merit pay increases for non-represented employees.

13 A report on the IESO's CPMs is available publically and provides the results of the IESO's  
14 corporate performance as approved by the IESO's Audit Committee. The 2015 report can be  
15 accessed at: [http://www.ieso.ca/Documents/Pages/About-the-IESO/2015-Year-End-CPM-  
16 Results-Final.pdf](http://www.ieso.ca/Documents/Pages/About-the-IESO/2015-Year-End-CPM-Results-Final.pdf).

17 f) The CPMs are approved annually by the Minister and the IESO Board as part of the  
18 business plan submission which is then filed with the OEB. The SAC is provided the CPMs  
19 for comment and the IESO considers their feedback in the development and continuous  
20 improvement of the program.

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1 SEC INTERROGATORY 12

2 6.0 Commitments from Previous OEB Decisions

3 6-SEC-12

4 INTERROGATORY

5 [EB-2013-0326, Decision and Order, p.9] In the Board's EB-2013-0326 Decision and Order, the  
6 Board wrote:

7 *The Board echoes the views of previous decisions that the performance and efficiency metrics and*  
8 *milestones filed in conjunction with this application were of limited assistance to the Board in its*  
9 *determination of whether the applied-for net revenue requirement, is appropriate, and whether the*  
10 *OPA is achieving a reasonable standard of effectiveness and efficiency in performing the*  
11 *functions it is mandated to undertake. However, the metrics are not so flawed as to affect the*  
12 *revenue and expenses which the Board is asked to approve.*

13 The Board expects that the merged entity's first fee submission will show an improvement in  
14 the setting and achievement of performance targets and metrics.

15 Please explain how the IESO has addressed the Board's concerns and expectations.

16 RESPONSE

17 Please see the response to OEB Staff Interrogatory 8, at Exhibit I, Tab 6.2, Schedule 1.08.

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1 SEC INTERROGATORY 13

2 6.0 Commitments from Previous OEB Decisions

3 6-SEC-13

4 INTERROGATORY

5 [EB-2013-0326, Decision and Order, p.9-10] In the Board's EB-2013-0326 Decision and Order, the  
6 Board wrote:

7 The Board recognizes that issues regarding stakeholder consultation were a concern to the  
8 Board in the OPA's previous fees case (EB-2010-0279).

9 The Board notes that the OPA will be merging with the IESO which has a strong history of  
10 stakeholder engagement.

11 The Board's expectation is that both entities will concentrate on the strengths of their respective  
12 experience and achieve a stakeholder engagement process which includes the appropriate  
13 parties and allows for meaningful participation.

14 a) Please explain how the IESO has developed a stakeholder engagement process (that  
15 includes the appropriate parties and allows for meaningful participation;

16 b) Please explain how the IESO's stakeholder engagement process is different from the  
17 ones undertaken previously by the OPA that gave rise to the Board's concerns.

18 RESPONSE

19 a) and (b)

20 The IESO consulted with stakeholders in the development of an engagement framework to  
21 ensure that stakeholders and the IESO are aligned with and understand the expectations by  
22 which the IESO will conduct all its engagement activities. The feedback received and the  
23 IESO's consideration in the development of the final engagement principles can be found in  
24 the response (pages 2 through 4) at the following link:

25 <http://www.ieso.ca/Documents/consult/sac/SAC-20151105-Response-to-SAC.pdf>.

26 One of the tenets of the principles is transparency, which ensures that information discussed  
27 in stakeholder forums is published to the IESO website for the broader sector to see. This

- 1 core engagement principle of transparency, along with the other new engagement principles
- 2 described in the document link provided above, ensure a stronger commitment to
- 3 stakeholders and communities moving forward in the new organization.
  
- 4 Please also see response to OEB Staff Interrogatory 5 at Exhibit I, Tab 6.1, Schedule 1.05.



1 SEC INTERROGATORY 14

2 6.0 Commitments from Previous OEB Decisions

3 6-SEC-14

4 INTERROGATORY

5 With respect to Stakeholder Engagement initiatives planned to be undertaken in 2016:

6 a) Please explain how the IESO ensures consumer representation and participation in those  
7 initiatives; and

8 b) For each stakeholder working group, please identify which members represent  
9 consumer interests.

10 RESPONSE

11 a) IESO Engagement Activities are open for all stakeholders to participate. They are also  
12 communicated through the weekly bulletin to anyone who subscribes and are available  
13 on the IESO website.

14 b) Consumer interests are represented on the Stakeholder Advisory Committee currently  
15 by three members: Julie Girvan of the Consumers Council of Canada, Mark Schembri of  
16 Loblaw Properties Limited and Mark Passi of Glencore.

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1 OEB STAFF INTERROGATORY 5

2 6.0 Commitments from Previous OEB Decisions

3 6.1 Staff-5

4 INTERROGATORY

5 Reference: OEB Decision and Order, EB-2013-0326, November 6, 2014, Page 9

6 The OEB at page 10 of its Decision in EB-2013-0326 stated: “The Board’s expectation is that both  
7 entities will concentrate on the strengths of their respective experience and achieve a  
8 stakeholder engagement process which includes the appropriate parties and allows for  
9 meaningful participation”.

10 (a) Given the OEB’s expectations with respect to stakeholdering, please explain what steps  
11 has the IESO taken to address the OEB’s expectations.

12 RESPONSE

13 Since January 1, 2015, the IESO has taken a number of steps to address the OEB’s expectations.

14 Early in 2015, the organization identified “Respecting and valuing our communities, customers  
15 and stakeholders” as a key theme around which many of its activities are based. This theme  
16 was enshrined in the IESO’s recent 2016-2020 Strategic Plan in a strategic goal – Be recognized  
17 as a trusted advisor, informed by engagement – and in three strategic objectives:

- 18 • Enhance public confidence in the IESO and the sector to facilitate informed customer choice.  
19 • Work effectively with government to support policy development and IESO’s excellence in  
20 implementation.  
21 • Seek out and respond to input from communities, customers and stakeholders to inform  
22 IESO decisions.

23 The IESO continues to measure and report that “Input from stakeholders, communities and  
24 others across the electricity sector is solicited and responded to after establishing principles and  
25 processes to do so” through its IESO’s quarterly Corporate Performance Measures.

1 Also in 2015, the IESO, after consulting with stakeholders, published a new set of [engagement](#)  
2 [principles](#) for the organization, which guide the conduct of both stakeholders and the IESO  
3 throughout the engagement process.

4 The IESO continues to follow a rigorous engagement process to ensure meaningful feedback  
5 from stakeholders is responded to and considered in IESO change initiatives. All engagement  
6 initiative activities are posted to the IESO website to ensure transparency. Recent active  
7 engagements have encompassed the areas of renewables procurement (LRP II), market design,  
8 conservation activities and operational issues.

9 One of the early actions of the merged organization was to create a new Stakeholder Advisory  
10 Committee, comprised of representatives from five different electricity sector constituencies ---  
11 Consumers, Generators, Distributors and Transmitters, Related Businesses/Services and Ontario  
12 Communities. The Stakeholder Advisory Committee encompasses all areas of the IESO to  
13 provide meaningful input into IESO business decisions and planning.

14 Subsequently the IESO has, with stakeholder input, developed a new Terms of Reference for the  
15 Technical Panel to ensure that it aligns with the overall stakeholder engagement program.

16 The IESO's community engagement on regional planning includes ten active Local Advisory  
17 Committees (LACs) which meet to discuss electricity planning needs in their respective  
18 regions. In addition to the IESO's new engagement principles, the community engagement  
19 work is designed to "strengthen processes for early and sustained engagement with local  
20 government and the public, and provide local governments and communities with greater voice  
21 and responsibility in planning and siting". These recommendations were developed jointly by  
22 the former IESO and former OPA as part of the 2013 report to the Minister of Energy entitled  
23 "Engaging Local Communities in Ontario's Electricity Planning Continuum" and have been  
24 brought forward and implemented in the new organization.

25 The IESO is committed to continuous improvement of its engagement program and regularly  
26 engages with stakeholders and communities to identify and implement needed changes and  
27 explore future opportunities.

1 AMPCO INTERROGATORY 23

2 6.0 Commitments from Previous OEB Decisions

3 6.1 Has the IESO responded appropriately to OEB decisions in EB-2013-0326 and EB-2013-0381?

4 6.1-AMPCO-23

5 INTERROGATORY

6 Ref: EB-2013-0326 OPA 2014 Fees Case – OEB Decision Page 9

7 Preamble: The OEB Decision states that the Board expects that the merged entity's first fee  
8 submission will show an improvement in the setting and achievement of performance targets  
9 and metrics.

10 (a) Please discuss how this process was improved in order to assist the Board in  
11 determining whether the applied for net revenue requirement is appropriate and the  
12 IESO is achieving a reasonable standard of efficiency in performing its mandate.

13 RESPONSE

14 Please see the response to OEB Staff Interrogatory 8, at Exhibit I, Tab 6.2, Schedule 1.08.

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1 OEB STAFF INTERROGATORY 6

2 6.0 Commitments from Previous OEB Decisions

3 6.2 STAFF-6

4 INTERROGATORY

5 Reference: Exhibit A, Tab 2, Schedule 2, Page 13

6 It is noted that corporate performance measures were developed to effectively gauge progress  
7 on the IESO's strategic themes of Providing Public Value, Building Corporate Resilience, and  
8 Respecting and Valuing Our Stakeholder, as well as the six underlying strategic objectives  
9 identified by the IESO.

10 (a) What are the six strategic objectives that are referenced at page 13 of the 2016-2018 IESO  
11 Business Plan?

12 RESPONSE

13 a) The six strategic objectives are:

- 14 • Promote a culture of conservation through collaborative partnerships that deliver cost-  
15 effective programs and solutions;
- 16 • Ensure supply by securing generation and demand side resources to meet future  
17 demand for energy and capacity;
- 18 • Plan and prepare for Ontario's future electricity needs;
- 19 • Sustain superior performance in real time while integrating new resources, participants  
20 and technologies;
- 21 • Establish consistent principles and processes to solicit and respond to input from  
22 stakeholders, government, and communities to enhance reliability and efficiency across  
23 the electricity sector; and
- 24 • Develop and maintain organizational capacity to deliver on the IESO's commitment to  
25 achieve 2016 - 2018 goals.

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1 OEB STAFF INTERROGATORY 7

2 6.0 Commitments from Previous OEB Decisions

3 6.2 STAFF-7

4 INTERROGATORY

5 Reference: Exhibit A, Tab 2, Schedule 2, Page 13

6 The IESO has an established performance management program where by the corporate  
7 performance measures (CPMs) assess the organization's performance against established  
8 corporate strategic themes and objectives. The IESO identified eight targets focused on  
9 reliability, market effectiveness, operational capabilities, reputation and relationships.

10 (a) Please describe how the IESO will assess the extent to which it has met the eight  
11 identified CPMs.

12 RESPONSE

13 a) The IESO undertakes a rigorous assessment process which begins with quarterly monitoring  
14 and reporting of progress towards achievement of the annual targets. The final year end  
15 assessment is undertaken across the business with input and feedback taken from subject  
16 matter experts and then validated by the IESO's Executive Leadership Team. The final  
17 assessment is presented to the IESO's Audit Committee for approval.

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1 OEB STAFF INTERROGATORY 8

2 6.0 Commitments from Previous OEB Decisions

3 6.2 STAFF-8

4 INTERROGATORY

5 Reference: OEB Decision and Order, EB-2013-0326, November 6, 2014, Page 9

6 The OEB at page 9 of its Decision in EB-2013-0326 stated: "The Board expects that the merged  
7 entity's first fee submission will show an improvement in the setting and achievement of  
8 performance targets and metrics".

9 (a) In the IESO's view, has it met the expectations of the OEB with respect to "the setting  
10 and achievement of performance targets and metrics"? If the IESO believes it has met  
11 the OEB's expectations, please explain how it has met the OEB's expectations.

12 RESPONSE

13 a) The Corporate Performance Measure ("CPM") program is an evolving process and feedback  
14 is always welcome to continuously improve the program.

15 With the merged organization, the new IESO endeavoured to develop CPMs that align with  
16 its strategic themes and objectives. This alignment helped to inform the areas of focus in  
17 developing the CPMs and support the IESO's achievement of a particular objective.

18 An iterative process (summarized below) was used to develop the 2016 CPMs to support the  
19 achievement of IESO's strategic themes and objectives and ensure their appropriateness and  
20 reasonableness.

21 CPM process:

22 The following are the stages of development used to arrive at appropriate and reasonable  
23 measures:

- 1           • The IESO's internal business planning working group, comprised of representatives  
2           from each business unit, was relied upon to help draft CPMs and to coordinate input  
3           and feedback from subject matter experts within their business units.
- 4           • Multiple levels of internal review were undertaken, including the Executive  
5           Management Team and Board of Directors to validate the appropriateness and  
6           reasonableness of the measures.
- 7           • CPMs were shared with the Stakeholder Advisory Committee ("SAC"), a public  
8           forum that provides appointed stakeholder representatives with the opportunity to  
9           present advice and recommendations on matters directly to the IESO's Board of  
10          Directors and Leadership Team. SAC input was considered in the completion of the  
11          CPMs.
- 12          • Final CPMs were approved by the Board of Directors as part of the business plan  
13          submission to the Ministry.
- 14          • The final CPMs also contain targets (metrics) that allow for the assessment of their  
15          achievement. Quarterly progress updates are presented to the Audit Committee to  
16          track progress to completion and a final report at the end of 2016 will be presented to  
17          the Board of Directors and published on the IESO's public website.

1 AMPCO INTERROGATORY 24

2 6.0 Commitments from Previous OEB Decisions

3 6.2 Are the IESO's corporate performance measures for 2016 appropriate and reasonable, and  
4 do they contain metrics so as to allow parties and the OEB to assess the extent to which they  
5 will have been realized?

6 6.2-AMPCO-24

7 INTERROGATORY

8 Ref: Exhibit A-2-2, Page 15

9 (a) Please advise if an external consultant was retained to assist in developing the eight  
10 targets.

11 (b) For each applicable measure, please provide the historical performance for the past 5  
12 years.

13 RESPONSE

14 a) There was no external consultant retained to assist in developing the eight measures,  
15 however, an iterative process was used to develop the 2016 Corporate Performance  
16 Measures ("CPMs") to support the achievement of IESO's strategic themes and objectives  
17 and ensure their appropriateness and reasonableness.

18 The following are the stages of development used to arrive at appropriate and reasonable  
19 measures:

- 20
- 21 • The IESO's internal business planning working group, comprised of representatives  
22 from each business unit, was relied upon to help draft CPMs and to coordinate input  
and feedback from subject matter experts within their business units.
  - 23 • Multiple levels of internal review were undertaken, including the Executive  
24 Management Team and Board of Directors to validate the appropriateness and  
25 reasonableness of the measures.

- 1           • CPMs were shared with the Stakeholder Advisory Committee (“SAC”), a public  
2 forum that provides appointed stakeholder representatives with the opportunity to  
3 present advice and recommendations on matters directly to the IESO’s Board of  
4 Directors and Leadership Team. SAC input was considered in the completion of the  
5 CPMs.
- 6           • Final CPMs were approved by the Board of Directors as part of the business plan  
7 submission to the Ministry.
- 8           • The final CPMs also contain targets (metrics) that allow for the assessment of their  
9 achievement. Quarterly progress updates are presented to the Audit Committee to  
10 track progress to completion and a final report at the end of 2016 will be presented to  
11 the Board of Directors and published on the IESO’s public website.
- 12       b) The IESO created a new set of measures in 2015 after the merger of the organization. As  
13 such, comparable historical performance information is not available. 2015 results can be  
14 found on the IESO’s website at: [http://www.ieso.ca/Documents/Pages/About-the-](http://www.ieso.ca/Documents/Pages/About-the-IESO/2015-Year-End-CPM-Results-Final.pdf)  
15 [IESO/2015-Year-End-CPM-Results-Final.pdf](http://www.ieso.ca/Documents/Pages/About-the-IESO/2015-Year-End-CPM-Results-Final.pdf).

1 BOMA INTERROGATORY 1

2 6.0 Commitments from Previous OEB Decisions

3 6.2 Are the IESO's corporate performance measures for 2016 appropriate and reasonable, and  
4 do they contain metrics so as to allow parties and the OEB to assess the extent to which they  
5 will have been realized?

6 6.2-BOMA-1

7 INTERROGATORY

8 Ref. Business Plan, Page 13

9 (a) What are the six underlying strategic objectives identified for the IESO which were used  
10 to prepare the corporate performance measure targets?

11 (b) Please explain/discuss each of the six strategic objectives.

12 (c) Who developed the strategics? Please provide any document that describes the  
13 development of the three strategic themes and the six strategic objectives; using what  
14 process?

15 (d) How were each strategic themes and each of the six strategic objectives used to develop  
16 the eight corporate performance measures listed on the table "Corporate Performance  
17 Measures"?

18 (e) Please provide copies of the mitigation plans developed to deal with each of the  
19 business risks listed in Appendix 2. Who are the members of the corporate risk team?

20 RESPONSE

21 a) Please see the response to OEB Staff 6, at Exhibit I, Tab 6.2, Schedule 1.06.

22 b) Each strategic objective is built upon specific corporate identified initiatives, which  
23 represent the activities required to achieve the delivery of the IESO's core priorities and  
24 mandate.

- 1 c) The strategic themes and objectives were developed by IESO's Executive Leadership  
2 Team with input from the IESO's SAC.
- 3 d) The themes and objectives helped to inform the areas of focus in developing the  
4 Corporate Performance Measures (CPMs). Each CPM is aligned to a strategic objective  
5 to support the IESO's achievement of a particular objective. Please see the response to  
6 OEB Staff Interrogatory 8, at Exhibit I, Tab 6.2, Schedule 1.08 for a discussion of the CPM  
7 development process.
- 8 e) Please find below a list of each business risk along with its associated mitigation plan:
- 9 1. Business Risk:
- 10 A significant cyber security event occurs
- 11 Mitigation Plan:
- 12 • Assess maturity of the security program and develop a 2 year road map to increase  
13 program maturity
- 14 • Complete NERC CIP v5 Transition Program to meet compliance requirements and  
15 establish governance oversight
- 16 • Conduct mock audit to verify compliance with NERC CIP 5 by April 1st 2016
- 17 • Update and monitor effective preventative controls
- 18 • Improve Incident Response capabilities
- 19 2. Business Risk:
- 20 Insufficient support from key stakeholders and Aboriginal communities impacts the  
21 IESO's ability to effectively pursue key initiatives
- 22 Mitigation Plan:
- 23 • Execution of an inclusive and transparent stakeholder strategy
- 24 • Use of defined processes to establish structured and formal outreach and  
25 stakeholder engagement mechanisms



- 1           • Participate in and communicate with communities and stakeholders through  
2           webinars, one-on-one consultations and meetings to demonstrate the benefits of key  
3           initiatives, maintain continuous engagement and establish key points of contact
- 4           • Maintain and continue to pro-actively and meaningfully engage with Aboriginal  
5           communities through appropriate processes and mechanisms
- 6           • Engage and obtain input from LDCs in the region, the local transmitter,  
7           municipalities, community representatives, aboriginal communities, stakeholders  
8           and the Local Advisory Committee during the development of the Integrated  
9           Resource Regional Plans
- 10          • Engage and obtain input from government and key stakeholders in the development  
11          of the technical report
- 12          • Continuing to contribute to government policy through the development and  
13          promotion of IESO ideas
- 14          • Apply IESO government relations policy to ensure accurate, transparent,  
15          coordinated and consistent information through one point of contact

16          3. Business Risk:

17                The breadth and pace of change of Ontario's evolving energy environment  
18                challenges the IESO's ability to maintain grid reliability and efficiently integrate new  
19                entrants and technologies into the operation of the grid

20          Mitigation Plan:

- 21          • Initiate a new program – Operations Enhanced Working Environment
- 22          • Continued evolution of Demand Forecast Models
- 23          • Continued evolution of Wide Area Monitoring
- 24          • Continued evolution of the Power System Simulator to enhance operator training

25          4. Business Risk:

26                Slow rate of progress in workforce integration leads to ineffective execution of the  
27                IESO's strategy

1        Mitigation Plan:

- 2            • Develop, communicate and implement the new IESO vision, mission, and  
3            strategy
- 4            • Define values and behavioural norms based on vision, mission, strategy
- 5            • Support the development of an IESO culture to drive outcomes
- 6            • Define and deliver required training to staff
- 7            • Review, update and harmonize:
- 8                ○ policies and procedures
- 9                ○ pension plans (non-management)
- 10           • Track and report on merger savings related to headcount, facilities etc. and the  
11           impact of contra synergies
- 12           • Coordination of resources and limited shared resources to optimize workflow  
13           execution of prioritized business units' business plans, capital cost projects and  
14           integration initiatives.

15        Corporate Risk Team

16        The Corporate Risk Team is comprised of representatives from each business unit who  
17        work with their respective business unit subject matter experts and Executive  
18        Management Team member to support the identification and assessment of enterprise  
19        level risks as well as the determination and management of key enterprise level risks.  
20        The Corporate Risk Team is also instrumental in updating and reporting on IESO's risks  
21        and mitigation plans on an ongoing basis.

1 BOMA INTERROGATORY 3

2 6.0 Commitments from Previous OEB Decisions

3 6.2 Are the IESO's corporate performance measures for 2016 appropriate and reasonable, and  
4 do they contain metrics so as to allow parties and the OEB to assess the extent to which they  
5 will have been realized?

6 6.2-BOMA-3

7 INTERROGATORY

8 Ref. Business Plan, Page 3

9 Please provide a discussion of what the IESO does to provide Public Value. What are the  
10 different outcomes the IESO wishes to achieve? Are they prioritized? For example, is reliability  
11 the key public value? Please discuss each of the outcomes.

12 RESPONSE

13 The IESO recently released the IESO's Strategic Plan 2016 – 2020 which is designed around the  
14 three strategic themes of providing public value; respecting and valuing our communities,  
15 customers and stakeholders; and, building corporate resiliency. Please see page 7 of the  
16 strategic plan in particular for an overview the IESO's goals and strategic objectives associated  
17 with delivering public value: [http://www.ieso.ca/Documents/corp/IESO-Strategic-Plan\\_2016-](http://www.ieso.ca/Documents/corp/IESO-Strategic-Plan_2016-2020.pdf)  
18 [2020.pdf](http://www.ieso.ca/Documents/corp/IESO-Strategic-Plan_2016-2020.pdf).

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1 BOMA INTERROGATORY 19

2 6.0 Commitments from Previous OEB Decisions

3 6.2 Are the IESO's corporate performance measures for 2016 appropriate and reasonable, and  
4 do they contain metrics so as to allow parties and the OEB to assess the extent to which they  
5 will have been realized?

6 6.2-BOMA-19

7 INTERROGATORY

8 Ref. Business Plan, Appendix 1

9 (a) Please explain the nature of the referenced NERC requirements, and the extent to which  
10 the IESO is not currently compliant with "NERC high voltaic risk factor requirements  
11 that are within the IESO's control". Please provide a document that outlines those  
12 requirements, and indicate the timing and steps IESO -will take to become compliant.  
13 What are the milestones, 2016 through 2020 for achieving compliance?

14 (b) What amount of renewable energy (number of MW) does the IESO target to acquire  
15 (signed contracts for) in 2016, and in each year thereafter to 2020? What amount was  
16 acquired in 2015? What is the average cost in kw, and in kwh per kwh of (i) wind; (ii)  
17 solar forecast to be in 2016? What was it in each year from 2012 to 2015?

18 RESPONSE

19 a) There are approximately 1,200 NERC reliability standard requirements that are applicable to  
20 the IESO of which approximately 450 are high VRF (violation risk factor). Examples include  
21 reliability standard requirements related to Interconnection Reliability Operating Limits,  
22 system operating limits, voltage and reactive control, and load shedding plans.

23 The IESO is compliant with all high VRF requirements that are within the IESO's control.

24 b) The IESO has a well-established internal compliance program which provides the  
25 framework required to meet our reliability compliance obligations

26 All NERC reliability standard requirements can be found on the NERC website at the  
27 following link: <http://www.nerc.net/standardsreports/standardssummary.aspx>.

1 c) The amounts of renewable generation targeted to be acquired by the IESO are as follows:

<b>Year</b>	<b>Targeted Amount</b>	<b>Programs</b>
2016	899 MW	LRP I - 565 MW, FIT 4 - 241 MW, microFIT 2016 - 50 MW, Chaudière Falls - 39 MW, Whitesand - 4 MW
2017	200 MW	FIT 5 - 150 MW, microFIT - 50 MW
2018	1,130 MW	LRP II - 980 MW, FIT - 150 MW
2019	Undetermined – No directed initiatives	
2020	Undetermined – No directed initiatives	

2

3 In 2015, the IESO executed a contract for 28 MW of new hydroelectric generation and  
 4 approximately 36.8 MW through the microFIT program.

5 The forecast of average cost of wind and solar generation for 2016 is unknown as it would  
 6 depend on the generation by each contract type and vintage, all of which have unique  
 7 prices. Typically, the IESO does not calculate costs for wind and solar on a per KW basis as  
 8 these resources are not considered capacity products.

9 The unit cost of generation from solar and wind facilities that are built and operating are as  
 10 follows.

<b>Fuel Type</b>	<b>Unit Cost of Generation (\$/MWh)</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Wind	\$100.21	\$112.28	\$119.44	\$136.83
Solar PV	\$0.00	\$0.00	\$515.94	\$405.25

11

12 These costs reflect the transmission-connected wind and solar resources that the IESO  
 13 settles.

1 BOMA INTERROGATORY 20

2 6.0 Commitments from Previous OEB Decisions

3 6.2 Are the IESO's corporate performance measures for 2016 appropriate and reasonable, and  
4 do they contain metrics so as to allow parties and the OEB to assess the extent to which they  
5 will have been realized?

6 6.2-BOMA-20

7 INTERROGATORY

8 Ref Ibid

9 (a) Please list the key recommendations from each of the provincial and regional plans that  
10 have made such recommendations and from the provincial plan (what "provincial plan"  
11 is being referred to; the 2013 LTEP?). Please explain.

12 (b) Please list and show on a map, the twenty-one electricity regions in Ontario, where:

13 (i) the regional plan is complete;

14 (ii) the regional plan is in progress;

15 (iii) the regional plan has not yet started.

16 (c) Please describe, for each plan, in which recommendation has been made:

17 (i) each key recommendation;

18 (ii) the timeline for the implementation of that recommendation;

19 (iii) the status of the implementation of the milestones to completion;

20 (iv) will it meet the original timeline? If not, why not?

1 RESPONSE

2 (a) and (c)

3 The IESO identified key recommendations from provincial and regional plans for the purpose  
4 of the IESO's corporate performance measure tracking based on the urgency of bulk and  
5 regional supply adequacy and reliability needs, and the potential impact of the  
6 recommendation in addressing needs. The IESO confirms that the "provincial plan" being  
7 referred to is the 2013 LTEP.

8 Based on the current status of provincial and regional plans, the IESO expects to meet the  
9 original timelines, except where noted timelines have shifted, as explained in the comment field  
10 in the tables below. Not meeting milestones as planned can generally occur for three reasons:

- 11 1. The IESO monitors regional demand and other factors on an ongoing basis to assess  
12 whether alteration of timelines from those recommended in a plan is necessary
- 13 2. Due to implementation complexities and challenges
- 14 3. Due to delays in regulatory and other approval processes

15 The tables below list key recommendations for provincial and regional plans, as well as the  
16 timeline and status of key recommendations:



1 Key Recommendations - regional plans

NO.	Key Recommendations	Timeline	Status	Comments
<b>Regional Plans</b>				
<b>Brant</b>				
1	As part of the planning forecast methodology - monitor the actual peak demand impacts of provincial conservation programs delivered by the local LDCs (Conservation First policy) and contracted distributed generation (DG)	Q3 2016	On Track	CDM plans published by LDCs May 2015. Verified peak demand results for 2014 provided to LDCs and transmitter September 2015.
2	Implement new switching facilities at Brant TS	Q3 2019	On Track	New switching facilities are expected to be in-service by Q2-Q3 2019. This implementation is being carried out by Hydro One Transmission and the local LDCs.
3	Investigate opportunities for a Demand Response (DR) pilot in the Brant Area	On-going	On Track	Process is currently underway by the IESO in collaboration with Hydro One Transmission and local LDCs to design a DR pilot for the Brant 115 kV subsystem.
<b>Central Toronto</b>				
1	As part of the planning forecast methodology - monitor the actual peak demand impacts of provincial conservation programs delivered by the local LDCs (Conservation First policy) and contracted DG.	Q3 2016	On Track	CDM plans published by LDC May 2015. Verified peak demand results for 2014 provided to LDCs and transmitter September 2015.
2	Design SPS for Manby TS and Leaside TS	Q4 2017	On Track	
3	Implement Manby supply area-targeted conservation program to defer transmission needs	Q4 2016	No Longer Applicable	No longer required due to changes in load forecast as a result of changes in rapid transit electrification plans.
4	Develop LAC for Toronto to discuss long-term future	Q2 2016	Complete	Second LAC meeting held and engagement is continuing
<b>Kitchener-Waterloo-Cambridge-Guelph (KWCG)</b>				
1	As part of the planning forecast methodology - monitor the actual peak demand impacts of provincial conservation programs delivered by the local LDCs (Conservation First policy) and contracted DG.	On-going	On Track	CDM plans published by LDCs May 2015. Verified peak demand results for 2014 provided to LDCs and transmitter September 2015.
2	Implement the Guelph Area Transmission Refurbishment (GATR) Project	Q2-Q3 2016	Complete	
3	Install two 230 kV circuit switchers at Galt Junction and explore opportunities to further improve restoration capability in the Cambridge area	2017	On Track	Development work for the project is being carried out by Hydro One. Estimated 2017 in-service date.  The Working Group has explored opportunities to further improve restoration capability in the Cambridge area. The findings were documented in the KWCG Regional Infrastructure Plan (RIP).
4	Maintain ongoing dialogues with communities about their future electricity supply	On-going	On Track	The IESO has reached out to municipal planners to explore opportunities to coordinate and align community energy planning and regional electricity planning.

2

1 Key Recommendations - regional plans (Cont'd)

NO.	Key Recommendations	Timeline	Status	Comments
<b>Ottawa</b>				
1	As part of the planning forecast methodology - monitor the actual peak demand impacts of provincial conservation programs delivered by the local LDCs (Conservation First policy) and contracted DG.	Q3 2016	On Track	CDM plans published by LDCs May 2015. Verified peak demand results for 2014 provided to LDCs and transmitter September 2015.
2	Replace two lower rated 230/115 kV transformers at Hawthorne TS, which are approaching their end-of-life, with higher rated transformers.	Q2 2018	On Track	Project is being carried out by Hydro One. Planned In-service date is Q2 2018.
3	Rebuild the section of circuit A5RK between Overbrook TS and the junction with circuit A6R near Riverdale TS into a double-circuit line, and reconfiguration of supply	Q2 2019	On Track	Project is being carried out by Hydro One. Planned in-service date is Q2 2019.
4	Address the need for additional supply capacity in the South Nepean area	2021	On Track	A hand off letter was provided by the IESO to Hydro Ottawa and Hydro One recommending initiation of development work for a new South Nepean station and supply line. Engagement with community is continuing
<b>North of Dryden</b>				
1	Install a new single circuit 230 kV transmission line from the Dryden/Ignace area to Pickle Lake, a new 230/115 kV autotransformer, related switching facilities, and reactive compensation devices at Pickle Lake.	2021	On Track	Two proponents have come forward. Both proponents have received transmitter licences. Both proponents have applied for System Impact Assessments (SIAs) One proponent has a completed SIA. One proponent has filed a Leave to Construct (LTC) Application with the OEB. Preparation for LTC application is underway.
2	Upgrading existing 115 kV lines from Dryden to Ear Falls (E4D) and from Ear Falls to Red Lake (E2R), and install the necessary reactive compensation devices.	On hold	On hold	Initiated for an Industrial Customer in 2015. Industrial Customer has since halted development and project is on hold. Will be resumed when further commitments are received from future Industrial development and/or Remote Community Connections.
<b>Northwest Greater Toronto Area</b>				
1	As part of the planning forecast methodology - monitor the actual peak demand impacts of provincial conservation programs delivered by the local LDCs (Conservation First policy) and contracted DG.	On-going	On Track	CDM plans published by LDCs May 2015. Verified peak demand results for 2014 provided to LDCs and transmitter September 2015.
2	Increase step-down capacity in Milton and Halton Hills. Two new stations required in the near/mid-term	2018 and 2020 (estimated)	On Track	Both stations included in GTA West Regional Infrastructure Plan (RIP), released January, 2016. Development work on Halton Hills station is underway by Halton Hills Hydro. Land purchased and consultant selected, targeted 2018 in-service. Development work for Halton TS in Milton is not yet required - load will continue to be monitored.
3	Secure long term transmission rights for new corridor in Northern Brampton/ Southern Caledon	On-going - need is long term in nature	On Track	
4	Engage LAC to assist with developing long term solutions	To be determined	To be determined	A LAC is under consideration for the GTA West planning region to provide input into electricity planning in this area. Northwest GTA is a sub-region of the GTA West planning region.

1 **Key Recommendations - regional plans (Cont'd)**

NO.	Key Recommendations	Timeline	Status	Comments
<b>Regional Plans</b>				
<b>Windsor-Essex</b>				
1	As part of the planning forecast methodology - monitor the actual peak demand impacts of provincial conservation programs delivered by the local LDCs (Conservation First policy) and contracted DG.	Q3 2016	On Track	CDM plans published by LDCs May 2015. Verified peak demand results for 2014 provided to LDCs and transmitter September 2015.
2	Develop new transformer station in Leamington (Supply to Essex County Transmission Reinforcement Project)	Q2 2018	On Track	Project is being carried out by Hydro One. The OEB granted Hydro One LTC approval in July, 2015. Cost allocation is still being considered by the OEB.
<b>York</b>				
1	As part of the planning forecast methodology - monitor the actual peak demand impacts of provincial conservation programs delivered by the local LDCs (Conservation First policy) and contracted DG.	On-going	On Track	CDM plans published by LDCs May 2015. Verified peak demand results for 2014 provided to LDCs and transmitter September 2015.
2	Develop a new station in Vaughan	2017	On Track	Construction underway by PowerStream for in-service Q2 2017
3	Add switching facilities at Holland TS	2017	On Track	Project is being carried out by Hydro One
4	Install two in-line circuit switchers on the Parkway-to-Claireville line	2016	On Track	Development work for the project is being carried out by Hydro One
5	Develop solution to address electricity needs in the Markham-Richmond Hill area	Q3-Q4 2016	On Track	Solution development currently underway. Hand off letter to Hydro One and PowerStream coming soon.
6	Undertake engagement to gather community's input on the longer-term needs and solutions and to inform the next iteration of the York Region IRRP	On-going	On Track	Engagement with community is continuing on solutions for needs in York region
<b>Greenstone - Marathon</b>				
1	Synchronous condenser or STATCOM and new customer-based grid-connected generation at Geraldton mine.  New 2x10 MW gas engine generating facility.	Monitor throughout 2016 for development and refine timelines as more information becomes known	On Track	Dependent on industrial customer need. No Commitments have been made by the Industrial Customer considered in the IRRP.  Greenstone Gold has been briefed on this option. Additional analysis has been performed for Greenstone Gold to take their perspective (as opposed to a societal analysis included in the IRRP).
2	New 230 kV line, 115 kV line, 230/115 kV autotransformer station, switching, and voltage control devices, in-service coincident with pumping station loads associated with a potential pipeline project.		On Track	Dependent on industrial customer need. The IESO has participated in meetings between potential proponents, communities, and potential customers. No customer commitments have been received at this time.
3	Mine developers in Greenstone to retain the option of upgrading circuit A4L as an economic alternative for longer-term development		On Track	Long-term planning consideration
4	Investigate opportunities for a multi-use corridor to the Ring of Fire which includes a new transmission line.		On Track	Interfacing with appropriate government bodies on potential synergies. Government is leading Ring of Fire-related discussions.
5	The Town of Marathon conduct a detailed study of community energy options related to cogeneration		Not Started	Preliminary discussions with the Town of Marathon Economic Development Corporation (EDC). Town's EDC is investigating the opportunity.

2

1 **Key Recommendations - provincial plan**

NO.	Key Recommendations	Timeline	Status	Comments
<b>Provincial Bulk Transmission Projects</b>				
<b>East-West Tie</b>				
1	East-West Tie line	2020	On Track	Project is proceeding. Order in Council on need was issued on March 4, 2016. Development work continuing with NextBridge and Hydro One in preparation for LTC application.
<b>Provincial Bulk Transmission Project Northwest Bulk Line</b>				
1	Northwest Bulk line	2024	On Track	The IESO's studies are currently underway in support of Hydro One's Environmental Assessment (EA) application. Studies expected to be completed in Q4 2016.
<b>Provincial Bulk Transmission Project - Pickle Lake</b>				
1	Line to Pickle Lake	2021	On Track	Two proponents have come forward. Both proponents have received transmitter licences. Both proponents have applied for System Impact Assessments (SIAs). One proponent has a completed SIA. One proponent has filed a Leave to Construct (LTC) Application with the OEB. Preparation for LTC application is underway.
<b>Remotes Community Connection</b>				
1	Remote Communities Connection	2021-2024	On Track	One proponent has come forward for connection of 16 communities. This proponent is also proposing to build the new line to Pickle Lake. This proponent has received a transmitter license. Preparation for LTC application underway.
<b>West Greater Toronto Area (West GTA)</b>				
1	West GTA	2022	On Track	In-service date coincides with Pickering nuclear station retirement.
<b>Ottawa Region</b>				
1	Hawthorne-Merivale Upgrade	2021	On Track	Preparation for LTC application underway.

2

3

1 (b) Provided below is a map and chart that captures the twenty one planning regions and their  
2 respective statuses.

3 **Map of twenty-one electricity regions in Ontario**



**Group 1:**

- Burlington to Nanticoke
- Greater Ottawa
- GTA North
- GTA East
- GTA West
- Kitchener-Waterloo-Cambridge-Guelph
- Toronto
- Northwest Ontario
- Windsor-Essex

**Group 2**

- East Lake Superior
- London Area
- Peterborough to Kingston
- South Georgian Bay/Muskoka
- Sudbury/Algoma

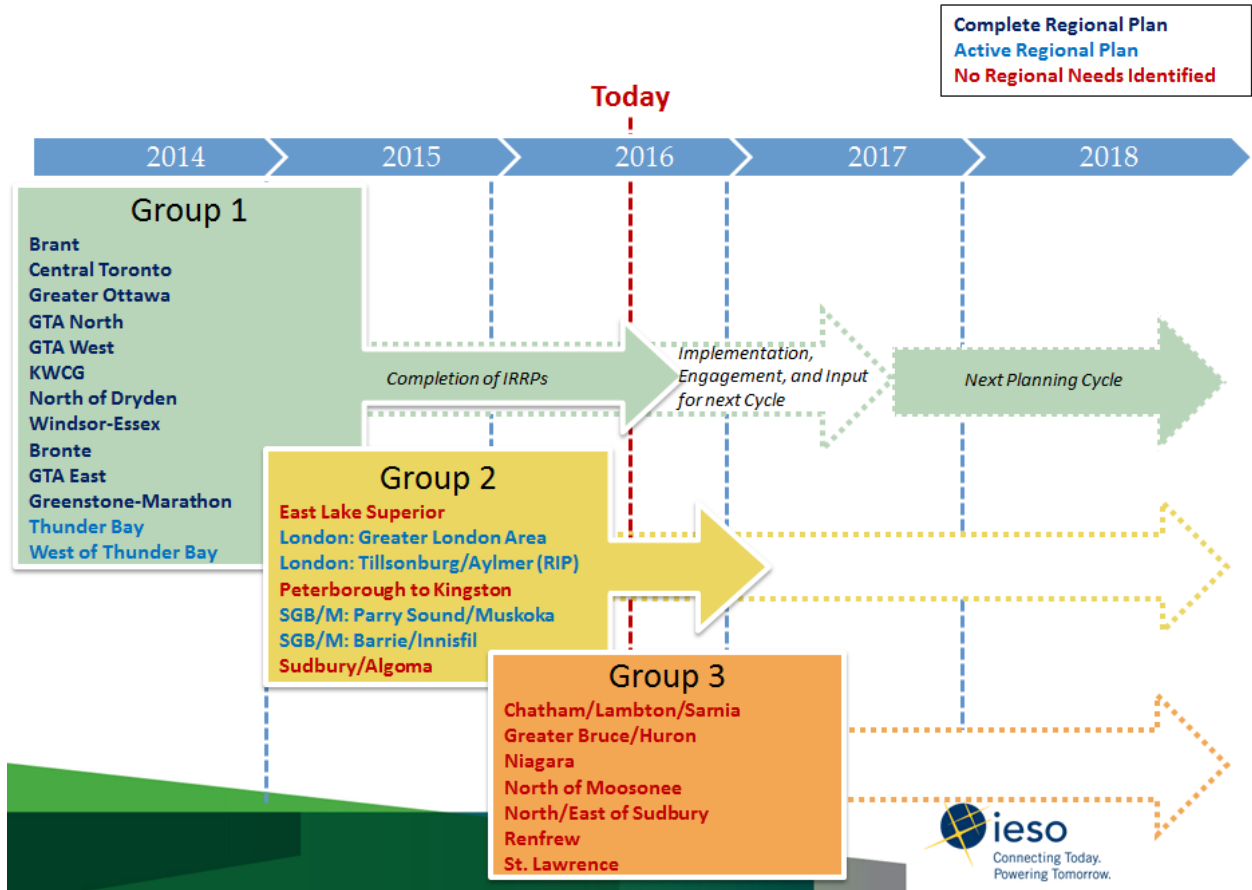
**Group 3**

- Chatham-Kent/Lambton/Samia
- Greater Bruce/Huron
- Niagara
- North of Moosonee
- North/East of Sudbury
- Renfrew
- St. Lawrence

4

5

1 Status of Regional Planning



2

1 BOMA INTERROGATORY 21

2 6.0 Commitments from Previous OEB Decisions

3 6.2 Are the IESO's corporate performance measures for 2016 appropriate and reasonable, and  
4 do they contain metrics so as to allow parties and the OEB to assess the extent to which they  
5 will have been realized?

6 6.2-BOMA-21

7 INTERROGATORY

8 Ref. Ibid

9 (a) What are the "baseline results" for the consultation? Please provide them.

10 (b) What stakeholders and local communities will be surveyed and how? Please provide the  
11 consultation plan.

12 (c) When will the consultation be completed and be available, as part of the performance  
13 measurement work?

14 (d) Will the IESO undertake to file the document with the Board and parties, together with  
15 the measures, if any, it proposes to take in response, no later than the 2017 revenue  
16 requirement filing?

17 RESPONSE

18 (a) to (d)

19 The IESO is currently completing a stakeholder satisfaction survey that will provide the  
20 baseline score for the Corporate Performance Measures ("CPMs"). Survey respondents will  
21 include all participants in 2015/16 engagement initiatives, including members of the  
22 Stakeholder Advisory Committee and Technical Panel. The breadth of respondents include  
23 generators, distributors, consumers (transmission- and distribution-connected),  
24 importers/exporters and other stakeholders and community representatives (including persons  
25 within First Nation and Métis communities). Members of local advisory committees were not  
26 included in this survey. The IESO anticipates bringing the results of the survey to the October  
27 2016 SAC meeting, including recommendations for the IESO.

28 Input on the CPMs for the 2017 revenue requirement filing will be sought at the August 17,  
29 2016, SAC meeting. Following consideration of the input received, the CPMs will be submitted  
30 to the Board.

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1 BOMA INTERROGATORY 26

2 6.0 Commitments from Previous OEB Decisions

3 6.2 Are the IESO's corporate performance measures for 2016 appropriate and reasonable, and  
4 do they contain metrics so as to allow parties and the OEB to assess the extent to which they  
5 will have been realized?

6 6.2-BOMA-26

7 INTERROGATORY

8 Ref. Page 34 of 40

9 Will the IESO amend its performance measures and impact on compensation (its strategic  
10 priorities and performance objectives) to reflect the merger with the OPA? For example, its lead  
11 responsibility for meeting the government's Conservation First targets should presumably be  
12 reflected in the factors. Please discuss and provide a timetable for introducing the necessary  
13 changes.

14 RESPONSE

15 Shortly after the merger of the IESO and the OPA on January 1, 2015, the IESO established  
16 business priorities and performance objectives for the amalgamated company that reflect the  
17 business objects and mandate as set out in the amendments to the *Electricity Act* for the new  
18 organization. The corporate performance measures and executive performance measures and  
19 targets referenced in the response to BOMA Interrogatory 25, at Exhibit I, Tab 6, Schedule 3.25  
20 are aligned with the amalgamated IESO's legislatively mandated business objects.

21 Development of CPMs is a continuous and evolving process. An iterative process was used to  
22 develop the 2016 CPMs to support the achievement of IESO's strategic themes and objectives  
23 and ensure their appropriateness and reasonableness.

24 The following are the stages of development used to arrive at appropriate and reasonable  
25 measures:

- 26 • The IESO's internal business planning working group, comprised of representatives  
27 from each business unit were relied upon to help draft CPMs for feedback and input  
28 and to help coordinate with subject matter experts within their business units.

- 1       • Multiple levels of internal review were undertaken, including the Executive  
2       Management Team and Board of Directors to validate the appropriateness and  
3       reasonableness of the measures.
- 4       • CPMs were shared with the Stakeholder Advisory Committee (“SAC”) for comment  
5       and feedback and posted on the IESO’s website, and SAC input was considered in the  
6       completion of the CPMs.
- 7       • Final CPMs were approved by the Board of Directors as part of the business plan  
8       submission to the Ministry.
- 9       • The final CPMs also contain targets (metrics) that allow for the assessment of their  
10      achievement. Quarterly progress updates are presented to the Audit Committee to  
11      track progress to completion and a final report at the end of 2016 will be presented to  
12      the Board of Directors and published on the IESO’s public website at the following  
13      link: <http://www.ieso.ca/Documents/2016-Corporate-Performance-Measures.pdf>.
- 14      On the latter point and to address the example provided with respect to the Conservation First  
15      Framework, there is a specific CPM and target that addresses this item.