

IESO REGULATORY SCORECARD

In the Board-approved Settlement for the IESO's 2016 Revenue Requirement Submission ("RRS") (EB-2015-0275), Section 6.2 of the Settlement Proposal stated:

The IESO agrees to consult with intervenors to develop a scorecard for filing in its next Revenue Requirement Submission filed with the Board. It is intended that this scorecard will be a tool for the Board and intervenors to use in evaluating the IESO's proposed expenditure and revenue requirement. The IESO will engage an expert to assist with this work.

Elenchus Research Associates Inc. ("Elenchus") was the successful proponent, procured through a competitive Request For Proposal process, to assist the IESO with this work. All intervenors in the IESO's 2016 RRS proceeding were invited to participate in the development of the scorecard. Environmental Defense, who was not an intervenor in the prior RRS but is in this application, participated as well after they expressed interest. In addition, the IESO kept stakeholders informed of this work through a stakeholder engagement page on the IESO's public website¹. During this consultation, Elenchus engaged participants through group and one-on-one meetings to inform its report. On June 2, 2017, Elenchus provided its report on an IESO Regulatory Scorecard (the "Report") to the IESO and to all parties that participated in its development (see Attachment 1 to this exhibit).

In its Report, Elenchus developed a draft scorecard based on input provided by the IESO and participating parties. The IESO has populated this draft scorecard with 2016 data as recommended in the Report and this draft scorecard is found at Attachment 2 to this exhibit.

1 The IESO is supportive of a scorecard to assist the Board in its decision making but it is not
2 clear to the IESO which of the scorecard metrics the Board will find useful when evaluating
3 the IESO's proposed expenditure and revenue requirement. If the Board does not find that
4 one or more of the proposed metrics included in the IESO's scorecard are useful to it in this
5 way, the IESO asks that it not be required to include those metrics in any scorecards filed
6 with subsequent Revenue Requirement Submissions. For those measures the Board finds
7 helpful with its decision making, the IESO will continue tracking the results as
8 recommended on page 14 of the Report.

9 **Targets**

10 The IESO has not set or developed targets for the scorecard metrics at this time unless they
11 exist in the IESO Corporate Performance Measures or there is a pre-existing requirement,
12 such as the Compliance with NERC high risk reliability standards. Where such a target
13 exists, they are included as the 2016 target. For other measures, the IESO believes that it
14 would be more effective to have a history on the measure before setting a target to ensure
15 that it is a realistic and attainable target. In addition, the IESO believes it would be more
16 effective to set targets for those metrics that the Board determines will assist it to evaluate
17 the IESO's proposed expenditure and revenue requirement.

18 **The System View Metrics**

19 The Report includes a discussion on providing what is called "System View" metrics.
20 These System View metrics are related to outcomes that are important to customers but are
21 not controlled by the IESO. In its Report, Elenchus recommends that these System View
22 measures be reported through a mechanism other than the Scorecard. The IESO
23 understands that there is potential value to interested parties in the System View metrics
24 but believes that any reporting of these should be separate and distinct from an IESO

1 scorecard that would assist the Board in its review of the IESO's Revenue Requirement
2 Submissions. The IESO agrees with Elenchus that the development of System View metrics
3 does not fall within the scope of its Revenue Requirement Submissions and therefore the
4 IESO does not support any work on the development or reporting of these metrics
5 occurring within this or any future IESO RRS.

6 The IESO is willing to work with parties and the Board outside of this RRS process on the
7 further development of the System View metrics, including identifying where some of the
8 information sought is already or can be made available through the IESO website.

9 **Market Renewal and Future Projects**

10 The IESO agrees with the conclusion in the Report that the Market Renewal Project
11 ("Project") merits tracking in the scorecard. While this Project is a relatively short-term
12 project, the outcomes from it are of substantial interest to and will have substantial impact
13 on the Ontario market. Because of this, the IESO agrees that tracking and reporting on the
14 progress of this Project against the schedule and budget will assist parties to more clearly
15 understand how it is progressing. Should the Board find this scorecard measure useful the
16 IESO will include projects of a similar scope and scale in future scorecards.

17 For 2016, the IESO is not reporting information on this Project as it was still under
18 development and examination. The IESO did not budget any funds for nor was a schedule
19 set for this Project in 2016.

20 **Constraints/Transmission Losses**

21 One participant in the development of the scorecard suggested that an item related to
22 transmission losses should be included in the IESO's scorecard. The specific

1 recommendation was to have a metric on “the total cost of transmission system energy
2 losses to ratepayers”.

3 The IESO is of the view that a metric such as this is not an indicator of the cost effectiveness
4 of IESO activities. A measure of this nature relates more to the overall attributes (such as
5 distance from major generation sources to major load centres) and characteristics (such as
6 the inherent conductor and transformer losses) of the electricity system in Ontario. These
7 are aspects of system performance for which the IESO has limited control. Given this, the
8 IESO suggests that these perspectives should be included in any review of System View
9 metrics.