

CUSTOMER SURVEY 2006



Prepared for:



ieso

Power to Ontario. On Demand.

1 EXECUTIVE SUMMARY

Navigator is pleased to provide the results of the Independent Electricity System Operator (IESO) Customer Survey 2006. Our work over the past number of months has provided us with valuable insight into the way the IESO, its leadership, services, and products are viewed by its customers. We have also seen how market participants of different types have different needs and concerns from and with the IESO.

The IESO remains a strong leader in the Ontario electricity sector and is particularly recognized for its work on maintaining reliability, technical expertise, and the customer service and communication products it provides. In all major categories of year over year rankings the IESO continues to enjoy improved rankings over previous years.

Customers continue to view the IESO in a positive light and have a high level of trust in its technical ability as well as its communications products. They view the IESO as a leader in the electricity sector in Ontario and see it as a trusted source of information.

In all, the IESO ranks very well, especially given that it is engaged in a monopoly business. Typically we find that monopoly businesses have a much lower rating than what the IESO has worked to achieve.

While the IESO is in a very good position, we did notice that there is room for improvement in some areas. Specifically, the IESO received lower rankings in the area of stakeholder relations and rule making, which we see a direct link between. Customers demonstrated that their knowledge of the Board of Directors and Senior Management were also lower than other areas surveyed. While these areas are identified as areas the IESO can use to build their support, it is important to note that the rankings received here were not in themselves very bad, rather they are the lower rankings of an overall good news story for the IESO.

2 NAVIGATOR'S MANDATE

Navigator was asked by the IESO to complete the 2006 customer survey as a result of a competitive RFP process. We were tasked with the creation of the survey, as well as conducting the survey, interpreting the results, and presenting our conclusions to the IESO as it moves forward.

Navigator was asked to ensure that the survey would accomplish a number of objectives including creating a 2007 baseline for use in comparison with future results, as well as the past four annual surveys. Other objectives included a determination of the value that IESO provides to its customers, an assessment of the IESO's relationship with its customers, and a measurement of the IESO's success in fulfilling its six strategic priorities outlined in the 2005 business plan.

3 NAVIGATOR'S APPROACH

Navigator approached the research by conducting a series of in-depth interviews with randomly selected members of the IESO's customer group. We utilized a qualitative approach to customer interviews which not only allowed us to collect the opinions of the IESO's customers, but also allowed us to probe the respondents for more information than is possible with quantitative methods.

Qualitative interviews serve as a valuable piece of research for organizations. In the IESO's case, the interviews will serve to inform them of the current perceptions, biases, and opinions of the IESO among their customers.

Unlike quantitative polling and surveys our approach not only allows the respondent to provide a greater amount of detail than typically possible, it also allows the customer to go beyond the original intent of the question or even challenge its premise. These proactive responses by respondents are often far more telling than typical survey replies. Given the informal nature of the interviews, the participants are more likely to express their true views on the sector than if they were speaking in person to another member of the industry.

In a typical interview of this nature, Navigator would only use qualitative methods to achieve our objectives. Understanding the need for 2006 results to be compared against past surveys, we recognized that a certain component of quantitative questions would be needed. Within the design of our discussion guide, we placed a series of quantitative questions for the sole purpose of tracking any movement in the IESO satisfaction numbers in a year-over-year manner.

Navigator created a discussion guide for the conversations. Developed with the IESO, the guide was not a simple survey with questions and answers. Rather, the guide serves to organize the conversation, to ensure that each interview progresses along a similar line, and to ensure that key responses are probed and explored in a similar manner. It is frequently necessary to probe for answers that will be sufficiently informative for analytical purposes. We have extensive experience in this type of work and find that it allows us to gain keen insights on which to base meaningful recommendations that are not evident by simply following a survey guide.

Navigator conducted 68 one-on-one telephone interviews with individuals drawn from lists of customers provided by the IESO. The interviews were set up for a specific time convenient for the interviewee by a member of the Navigator team. At the appointed time, a senior consultant from Navigator, well versed in qualitative interviews, called to conduct the one-on-one interview. Navigator believes that speaking to IESO customers in this way allows us to gain deeper insights into their motivations than would have been possible by reading a data report from a third party.

Our interviews consisted of 12 generators, 26 distributors, 15 wholesale customers, 14 financial market participants, and one transmitter. For the purposes of reporting on specific types of customers, we have not singled out the transmitter as there is not enough data to draw conclusions for that customer category based on one reply.

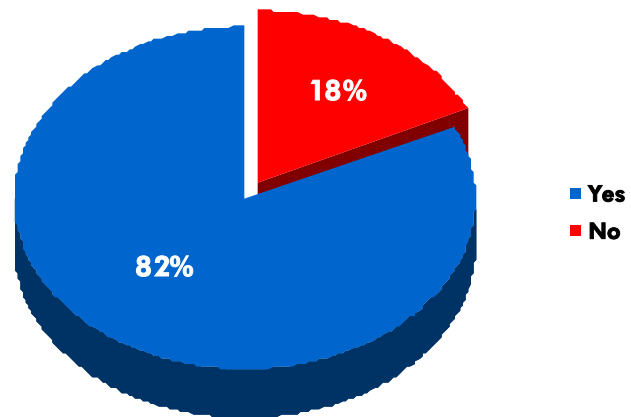
When illustrating the quantitative results on ranking the IESO on a scale of 1-10, Navigator has grouped the results into three distinct categories to show intensity of the results. As was done in previous surveys, we grouped responses between 8-10, those between 4-7, and those between 1-3 in three categories. The interpretation of the results based on this scale is an accepted practice in this type of survey. Since this was also the method employed in previous years, continuing this practice here allows us to show a trend over time by comparing the results on the same scale.

4 RESEARCH RESULTS - QUANTITATIVE

As you know, I'm calling as part of a customer survey for the IESO, do you consider yourself to be a customer of the IESO?

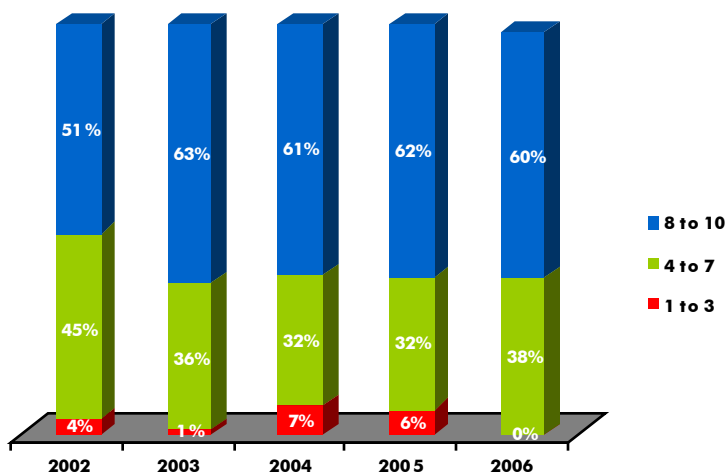
At the outset of the quantitative section we asked market participants if they considered themselves to be customers of the IESO. From the chart below we can see that a large majority felt that they were, indeed, customers.

Following their reply, we used qualitative prompts to explore why they felt this way. By and large, we found that the relationship they felt they had with the IESO was one of a fee-for-service. A minority of respondents felt that this service was indeed good customer service, but it was clear that the relationship most market participants had with the IESO was a transactional one.



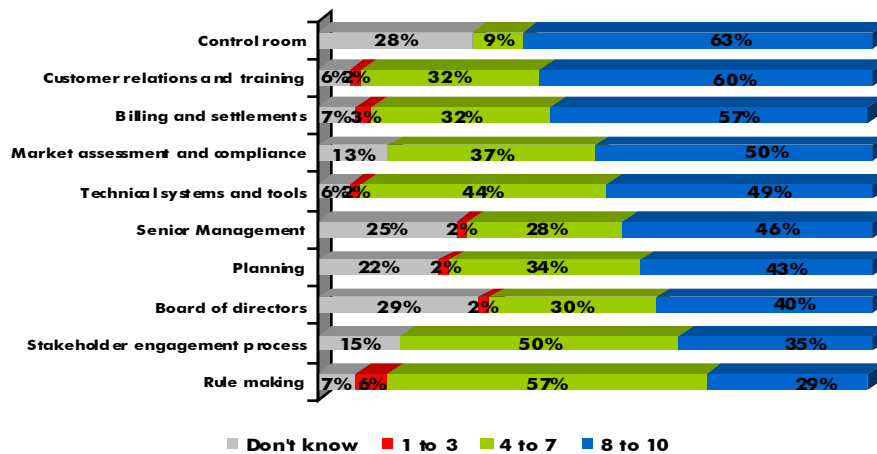
On a scale of 1 – 10, with one being the lowest or very bad and 10 being the highest or very good, how would you rate your overall relationship with the IESO?

When we asked respondents to rank their relationship with the IESO on a scale of 1-10 we saw that 60% of those surveyed said that they believed their relationship to be very good. In the 2006 survey 60% of those asked ranked their relationship as an eight or higher.



While this is a slight drop from 2005, the drop is not significant enough to draw any conclusions from. Of note for the IESO this year, however, is the fact that this year marks the first time that no one felt that their relationship was very bad by ranking it a 1 to 3.

Now, I would like to ask you to again use a 10 point scale to indicate your level of confidence in different groups within the IESO to operate and oversee the market. This time one will be not at all confident and 10 will be complete confidence. [For all customer types]



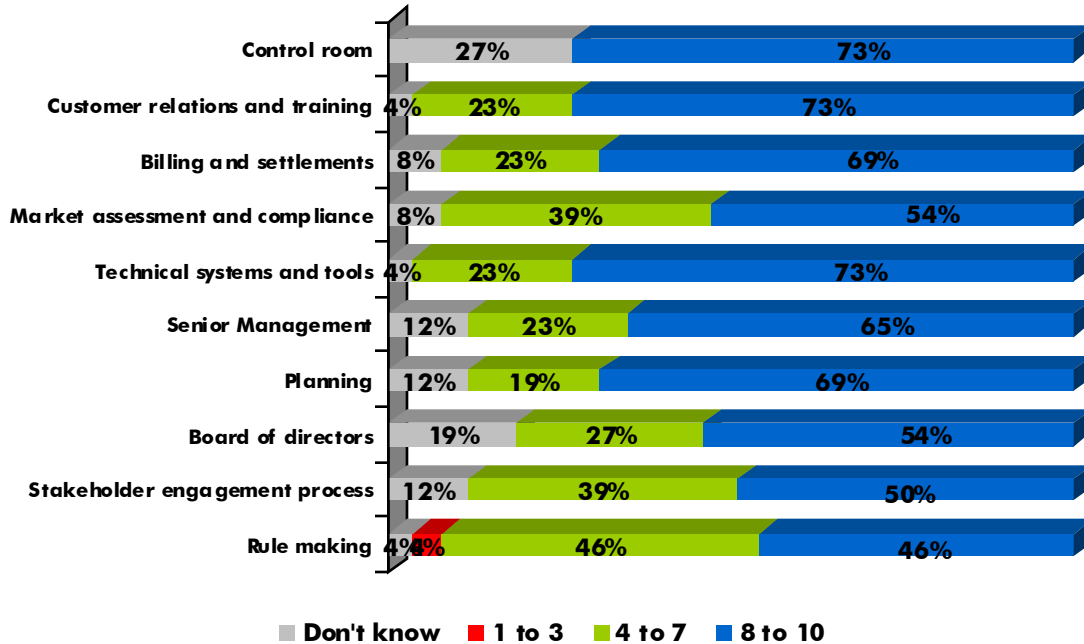
We followed this question by asking the participant if they thought their opinion would change next year at the same time. When asked, “If I asked you to cast your mind forward to this time next year and assume that I am asking you the same question, do you think your answer would change then?” we found 88% of respondents indicating that their opinion would stay the same or go up.

In order to gauge the confidence that respondents had in different departments of the IESO, we again asked participants to rank each of the departments on a scale of 1-10. Navigator found that the control room, customer relations, training, billing and settlements, and market assessment and compliance, and technical systems and tools all received very high confidence rankings.

The wording of the question was the same as in previous year’s surveys with the exception of Customer Relations and Training (previously Market Participant Support) and Market Assessment and Compliance (previously Market Surveillance / Compliance). Additionally, we changed the category from previous years from System and Market Operations to Technical Systems and Tools, Control Room, and Planning to give greater detail.

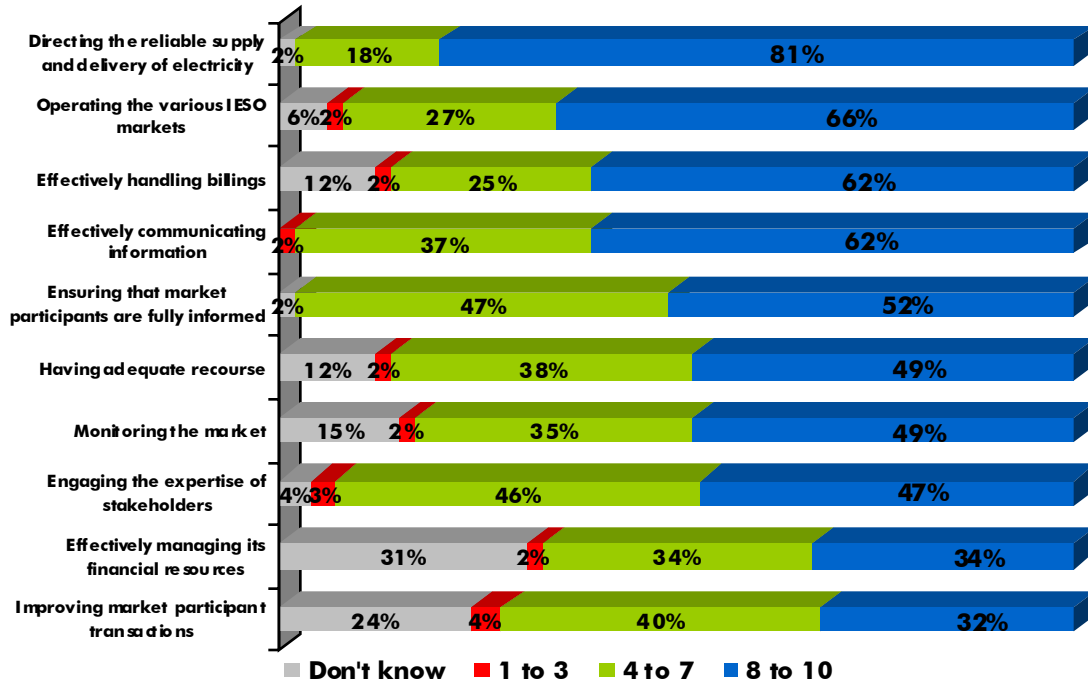
Confidence in the senior management and Board of Directors appears high amongst those who responded. Of concern for the IESO, however, is that a quarter of those asked about the senior management, and 29% of those asked about the Board of Directors did not feel comfortable in answering. Anecdotally, we heard that respondents did not know enough about these groups, or had never met a member of this group, and therefore could not rank them.

Now, I would like to ask you to again use a 10 point scale to indicate your level of confidence in different groups within the IESO to operate and oversee the market. This time one will be not at all confident and 10 will be complete confidence. [Distributors only]



The IESO enjoys a very high level of approval from distributors across Ontario. With the exception of confidence in the rule making process, more than 50% of distributors ranked their confidence in all other groups at an eight or higher on the scale of 1-10. There is only one category which has a ranking of very bad (1-3 on the scale of 1-10) for the distributors.

Now that we have discussed the various groups within the IESO, I would now like you to rate the performance on some of the current services provided by the IESO. Again using a 10 point scale, this time one will be poor performance and 10 will be excellent.



Terms on the chart have been abbreviated from the guide for ease of layout. The terms used were - Directing the reliable supply and delivery of electricity; Operating the various IESO markets including determining a market-clearing price and dispatching resources on the 5-minute interval; Effectively handling billings, settlements, and fund administration with buyers and sellers; Effectively communicating information on all aspects of the IESO-administered market as they pertain to your business operations; Ensuring that market participants are fully informed and equipped to fulfill their market obligations; Having adequate recourse if you believe a mistake has been made, including access to dispute resolution; Monitoring the market and carrying out enforcement of compliance with the market rules on a fair, consistent and timely basis with as much transparency as appropriate; Engaging the expertise of stakeholders and considering their recommendations for the improvement of IESO operations and the market; Effectively managing its financial resources; and Improving Market Participant transactions respectively.

The next series of questions in the 2006 customer survey asked participants to rate the performance of some of the services provided by the IESO. In order to ensure that the results from this year's survey could be compared to previous years work, we again used the ten point scale to indicate the respondent's opinion on the level of performance.

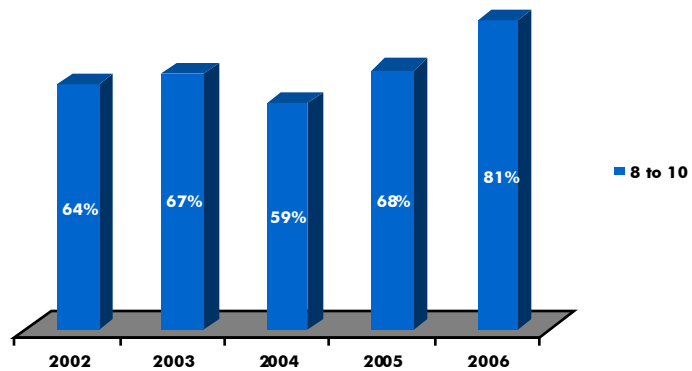
In this category, questions remained the same as in past years with the exception that we split *Improving market participant transactions, including authorization and dispute resolution* into *Improving market participant transactions* and *Having adequate recourse if you believe a mistake has been made, including access to dispute resolution*. We also added the category of *Engaging the expertise of stakeholders and considering their recommendations for the improvement of IESO operations and the market*.

While the IESO received very high rankings in most areas of its core business, there are three areas in which the IESO did not perform well according to the survey participants. Stakeholder Engagement, Managing your Fiscal Resources, and Improving Market Participant Transactions all ranked low. In fact, in each case the number of individuals who ranked the IESO in the 8-10 band was about equal to or less than the number who placed the IESO performance in the 4-7 band. While these numbers should be noted, it should also be noted that the IESO enjoyed a bump of 11% in those who ranked the performance in improving market participants transactions an eight or higher. Recognize that the wording of the question was slightly changed in this years work as noted above.

Directing the reliable supply and delivery of electricity.

Most notably for the IESO is the very high ranking it received this year on its performance of directing the reliable supply and delivery of electricity. In all, 81% of all respondents ranked the IESO an eight or higher on this core business of the system operator. Not only is that a considerable jump from last

year's ranking of 68% of respondents ranking the IESO an eight or higher on the 10 point scale, but it also is the highest yearly ranking the IESO has received on this question dating back to the inception of the survey in 2002.



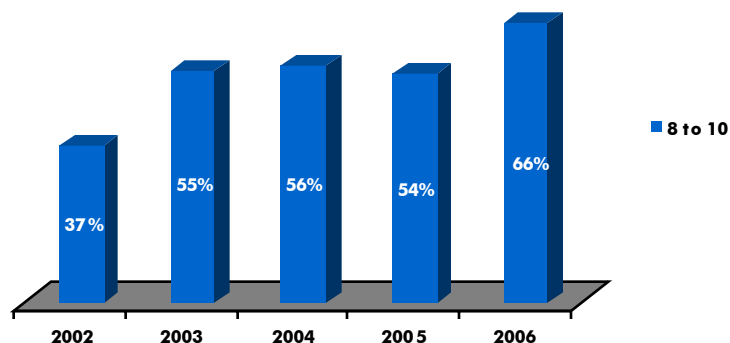
Ranking of the performance on delivering the reliable supply and delivery of electricity is up considerably over previous years. While we are confident in our numbers, it would be irresponsible not to offer some cautions. As we went through the survey we anecdotally heard that the IESO performance was good this year given the tight supply situation. We expect that the focus of the government and the sector on supply issues in the past year has brought increased focus to the shortages Ontario faces.

This, in turn, could have had an impact on the perception of the job the IESO is doing in dealing with that shortage. It is important to note that we asked the question in exactly the same way as it was asked in previous years, so the wording of the question would not have impacted the numbers.

However, given that the thrust of the year's survey was more conversational in nature, previous points the respondents had been asked to comment on may have affected their opinion of the IESO and resulted in a jump in numbers.

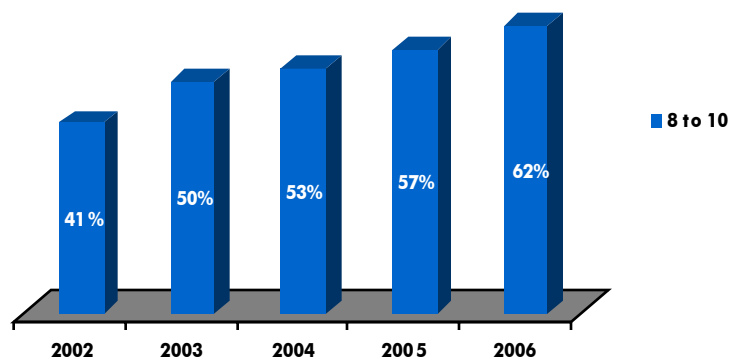
Operating the various IESO markets including determining a market-clearing price and dispatching resources on the 5-minute interval.

The IESO also achieved a very high rating from respondents on their performance in the operation of the various IESO markets. A full two-thirds of those we spoke with gave the IESO a rank of eight or higher. Again, this compares favourably with past years results, showing an increase of 12% in the number of respondents who felt the IESO did a very good job.



Effectively handling billings, settlements, and fund administration with buyers and sellers.

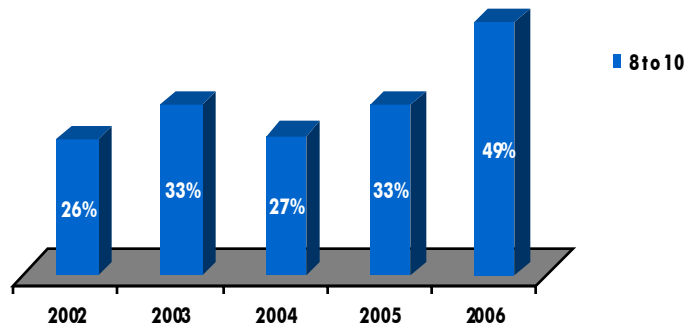
While the IESO's performance in improving market participant transactions was ranked the lowest on this year's survey, we found that the IESO's performance in its handling of billings, settlement and fund administration ranked higher this year than last.



The IESO enjoyed a bump of 5% this year to 62% in the number of respondents who ranked the performance an 8 or higher. This continues a trend, started in 2002, of the steady increase of the IESO rankings from 41% to 62%.

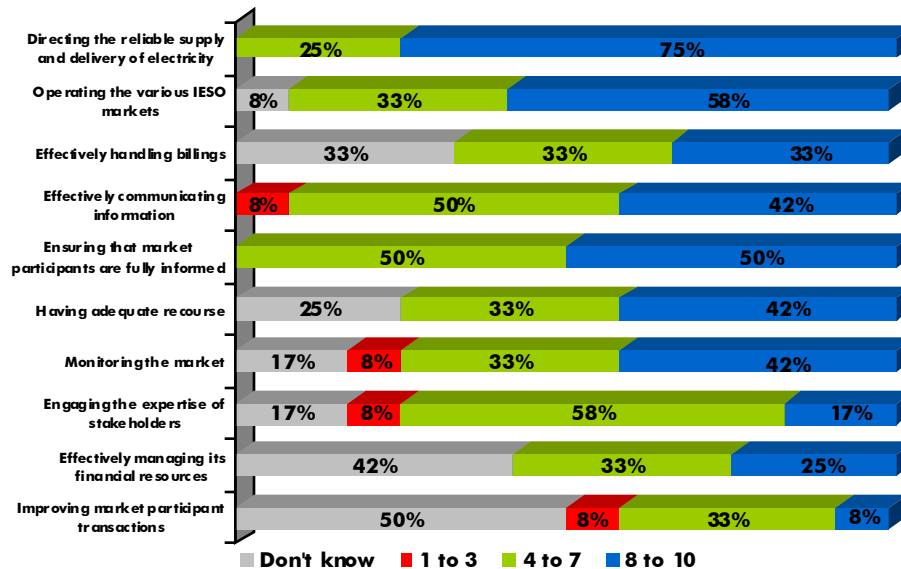
Monitoring the market and carrying out enforcement of compliance with the market rules on a fair, consistent and timely basis with as much transparency as appropriate.

The performance of the IESO in monitoring the market also received an increase in this year's survey over previous years' results moving from 33% of respondents ranking the IESO's performance an eight, nine or 10 last year to about half or 49% ranking their performance in the same band this year.

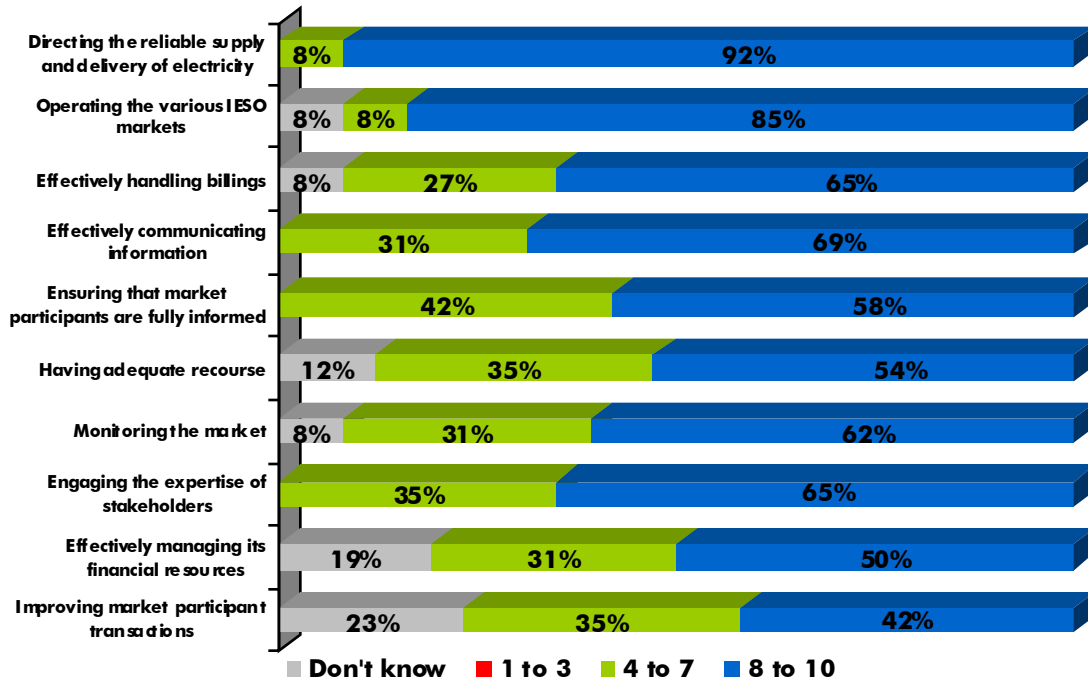


Now that we have discussed the various groups within the IESO, I would now like you to rate the performance on some of the current services provided by the IESO. Again using a 10 point scale, this time one will be poor performance and 10 will be excellent. [Generators only]

When we look further in the results obtained from this question, we find a few other items of note for the IESO. For example, 50% of generators did not have an opinion on the performance of the IESO in improving market participant transactions and only 8% ranked the IESO an eight or higher, the same number who ranked the performance poor or a 1-3.



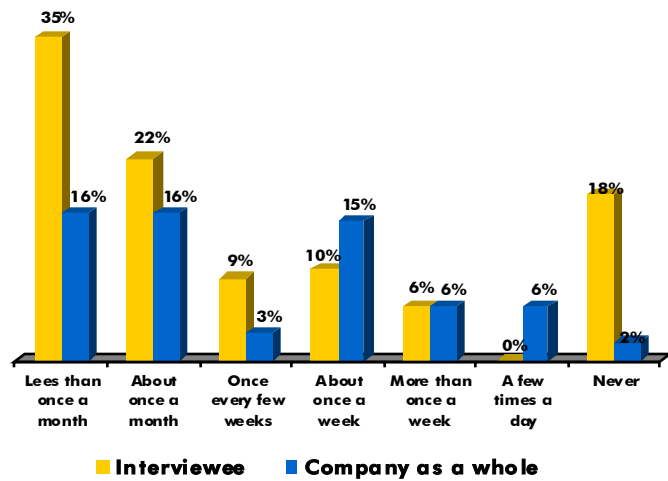
Now that we have discussed the various groups within the IESO, I would now like you to rate the performance on some of the current services provided by the IESO. Again using a 10 point scale, this time one will be poor performance and 10 will be excellent performance. [Distributors only]



Distributors are the biggest supporters of the IESO with half or more of distributor respondents ranking the performance of the IESO in the 8-10 band in each category, with the exception of improving market participant transactions. A full 92% of distributors we spoke with felt that the IESO's performance in directing the reliable supply and delivery of electricity was very good.

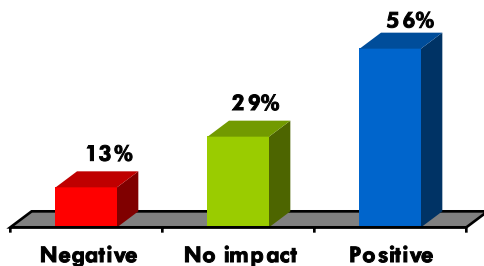
How often are you in direct contact with your account manager at the IESO?

In our survey, we asked respondents to indicate how often they were in direct contact with their account managers at the IESO. While opinion of the account managers is high with 66% (down from 69% last year) of those responding indicating that their relationship would rank as an eight or higher on a scale of 1-10, we found that 57% of those we spoke with were in direct contact with those same account managers once a month or less.

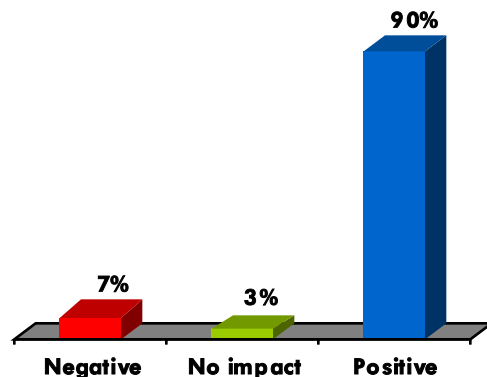


Finally, we asked participants to indicate if the IESO had a positive, negative, or no impact on the business operations of the respondent. This question allowed the respondent to express their opinion of the IESO and gave us an indication of how they felt.

As a customer, do you feel that IESO has a positive, negative, or no impact on your business?



As a final question, would you say your overall opinion of the IESO was positive or negative?



5 RESEARCH RESULTS - QUALITATIVE

In general terms, what is your impression of the electricity sector in Ontario?

Most respondents expressed a high level of frustration with the sector in Ontario, but were still optimistic about the future. As is often the case in this type of industry specific survey, some respondents took the opportunity to disagree with the government. Some individuals expressed concern with the Ontario government's coal policy, smart meters, or market evolution. There was some concern that there was no long-term plan for the sector and no clear goal that everyone should be working toward.

"It has potential, but is stagnated. Too many role changes for the governing bodies, and too much uncertainty on who does what. Static."

- Financial Market Participant

Predictably, different types of customers made comments about their particular part of the electricity sector, with the exception of the LDCs. Distributors made comments ranging from the supply mix, the role of the politicians, interaction with the Ontario Energy Board (OEB), and conservation. The IESO was only mentioned directly by name by a few respondents and those responses were split between positive and negative. Of particular note for the IESO was a comment surrounding how long it has taken for the day ahead market process to be done. The respondent questioned why a model could not just be taken from another Independent System Operator (ISO).

Again in general terms, how do you feel the electricity market in Ontario is doing?

When asked about the market specifically, we found many respondents eager to speak about the shape it is in from their own sector specific point of view. Respondents were not able to move beyond their own scope of business to look at the market structure and operations as a whole. The IESO, however appears to remain in a favourable position as the operator of the market, to the extent that individuals believe there is one at all. Even in finding fault with the market structure, the respondents do not find fault with the IESO.

Of note is that respondents from the financial market category gave largely positive comments about the market. A full 11 of the 15 respondents who identified themselves as marketers, or 73%, viewed the market in a positive light. While not without criticism, the respondents indicated that their business could function and that things were slowly improving.

The distributors we spoke with focused their comments on the regulatory burden of the market and the costs associated with them. One respondent summed up this sentiment well when they said that the new structure, costs, and administrative burden of the market was "The simple made complicated." Conservation programs, smart meters, and the need for a Lost Revenue Adjustment Mechanism (LRAM) also received some mention.

“We can function well, but it is challenging to meet the requirements of all the government agencies. Things are better than before.”

- Distributor

Generators were split on their view of the market and their own ability to function within it. Some respondents cited the transmission constraints and the lack of a true market as prohibitive to future investment. Customers from the load category also expressed a similar view when speaking about their own future investments. These customers are frustrated at the lack of potential for investment. While they have learned to tolerate the current market structure, they see little or no potential in future investments in Ontario.

The electricity sector is made up of political bodies, independent bodies, crown corporations, associations, and private sector companies. In your view, which of those organizations or individuals do you view as leaders in the energy sector?

Amongst those who identified a leader in Ontario’s energy sector, the IESO ranked very high. Close to half of those who could identify a leader mentioned the IESO as their number one pick.

“The IESO is a leader since they administer the market, provide reports, and drive resources where they need to be”

- Financial Market Participant

Further probing revealed that many respondents believed that the OPA was on the rise in terms of their leadership ability and prominence in the electricity sector. In many cases respondents saw the OPA as the new natural leader of the sector. Respondents who did not list the IESO as their number one pick did mention the system operator as a leader in most cases.

What is more interesting is what lies just below these numbers. A full 28% of all respondents could not or would not identify a leader in the energy sector in Ontario. Respondents frequently expressed frustration that there was no real plan to be coordinated by any entity. Also interesting was the sheer number of organizations identified as holding leadership roles in the sector. In all, close to a dozen different organizations were seen as leaders by one or more respondents.

How do you feel the IESO is doing in working with these other bodies?

In general, most respondents from all customer classes seemed to hold the belief that the IESO works well with other bodies. They believe that the IESO’s leadership within its scope was good and should be recognized by counter parts in the sector. While many held this position, it became clear on further probing that their comments were based more on intuition than on first hand accounts. While most respondents did not hesitate to give

comment despite the lack of concrete examples, financial market participants were more likely to outright state that they did not know.

Many respondents, especially those who did not think that the IESO was working well with its counterparts, took the opportunity to express their belief that the IESO and the OPA were experiencing difficulties in conducting their respective business with each other. When pushed to explain what was wrong with the IESO's working relationships, many responded that the OPA and the IESO had some overlapping mandates which was cause for confusion, not only for the IESO and the OPA themselves, but also for the market participant.

“Doing well despite tripping all over each other. Add too much to the regulatory costs, and they don't help the customer.”

- Distributor

When you look at the leadership of the IESO, and by leadership in this case I mean the senior or executive staff and Board of Directors, how do you think they compare with their counterparts in the sector?

The IESO enjoys a high level of approval for the senior and executive level staff as well as the Board of Directors amongst those with whom they have had contact. Respondents' comments were exclusively positive or neutral with only one respondent indicating otherwise. We also received positive comments about the new CEO. It would seem that if personal contact had been made between this group of IESO representatives and the respondent, the respondent views both the IESO and the individual in a positive light.

It was quite clear that those who had the most exposure to the IESO leadership were, on average, distributors and generators. These two groups also had the most positive comments to make.

“Has exceptionally strong leadership. Very strong Board. Their quality of work and quality of presentations are great. New CEO is good”

- Distributor

By contrast, we see that most customers who fall into the load or financial market participant do not hold opinions on the leadership of the IESO. When we dig deeper into their inability to provide comment we find that most do not know much about of the leadership personnel. In the cases where they expressed opinions, they were lukewarm and far less specific than the distributors' and generators' glowing remarks.

I am going to read you the Vision Statement for the IESO. In your opinion, how would you say the IESO is doing in living up to that statement?

For future comparison purposes, the Vision Statement read to customers was:

“A vibrant Ontario economy supported by a reliable and competitive electricity market”

On average, respondents stated a belief that the IESO was doing a good job in living up to their vision statement, even though they take issue with the statement itself. Many individuals we spoke to specifically referenced the good job that the IESO has done in the core business area of reliability as well as supporting the economy of the province, but not having an effect on it. To the extent that respondents felt the IESO was not meeting the statement, they did not place blame with the IESO. Again individuals felt that an inability for the IESO to do something was a result of the policies and processes they have been asked to follow.

“They’re doing fairly well. I have a lot of confidence in them making the system reliable. The competitive aspect of the statement could be challenged. Not sure what they could be doing better. We’re seeing good advances now and there is a good dialogue. Things only seem to be getting better.”

- Generator

While respondents felt that the IESO continued to do a good job, they did not feel that the vision statement adopted accurately reflects the role of the IESO. Most felt that the IESO did not have a role to play in the economy of the province, rather the IESO should play an administrative role. Some of the respondents felt that the vision statement was a good one, but not for the IESO.

It is interesting to note the ways in which different types of market participants view the vision statement and what they commented on. Predictably, wholesale customers felt that the IESO was not living up to the vision statement because it allowed prices to be too high to support a “vibrant Ontario economy” while generators felt that there was not a “competitive electricity market” because prices were held artificially low.

What do you think is the biggest challenge for the IESO?

When we asked respondents to identify the biggest challenge facing the IESO, we received a variety of responses. The number one reply, however, was the supply crunch coupled with the price of electricity, both now and into the future as supply tightens. While this was by far the number one reply, it only represented the 31% of total replies.

“The biggest challenge is ensuring a continual supply at a reasonable price. There needs to be adequate supply for Ontario’s growth.”

- Wholesale Customer

Other responses we received included, in no particular order, an IESO challenge with Smart Meters (or DataCo.), system constraints, interference from another sector entity, administrative burden, or understanding the needs of IESO customers.

It is interesting to note that only one generator responded that price or supply was the number one issue facing the IESO, yet that was still the most frequently mentioned reply. It is also interesting to note that while 50% of responses from financial market participants cited the “market” (lack of a market, hybrid market, moving to a competitive market), no respondent from any other category mentioned it.

Upon further probing, we again found that opinion of the IESO is high despite the challenges identified by the respondent. Frequently we heard that other organizations and entities had an impact on the biggest challenge facing the IESO. In a few cases, the issue of mandate overlap, or specific overlaps with identified entities was listed as the number one issue.

When you think back to your interaction with the IESO which you have had over the past year, what did you value the most?

Customer service is a hallmark of the IESO, according to the responses provided to us. Regardless of the category of market participant, customer service is most often cited the source of greatest value from IESO customers in the past year.

Respondents cited their interaction with their account manager, the control room personnel, or the team at the IESO as being prompt and accurate in dealing with the questions either by phone or e-mail. Of all the questions asked during this year’s survey, the responses here represent the greatest degree of agreement across all customer classes.

“Good service, personal interaction. When we first entered the market we were very happy. Web based training is great.”

- Financial Market Participant.

The second most prevalent response we received when we asked about value from the IESO in the last year was the communications products that the customers received from the IESO. These include the e-mails customer receive, the recently launched Inside the Market section of the new website, and a variety of communications products such as the newsletter and calendar. While somewhat related to overall customer service, we have listed the two separately because responses on customer service generally referred to the IESO being reactive, while the communications products generally referred to proactive service.

In our probing of responses, we did uncover a note of caution for the IESO as it pertained to the e-mail system of delivering news to market participants. We heard that, in some cases, blast e-mails contained far too much information to be of use to the recipient. Some market participants felt that while there was good information in the e-mail, it contained far

too much information that was of no use to their category of market participant. Some respondents indicated a level of frustration with being asked to sift through too much generic or irrelevant information to get at what was important for their operations.

The IESO should note as well that while communications products ranked high overall, no generators mentioned it as something they valued. As well, the IESO's work with LDCs on the wholesale meter change out received a few specific mentions from LDC respondents and should also be considered a success from the past year for the IESO.

At the other end of the spectrum, what service did you find of little or no value to you?

Many respondents could not or would not identify a service in which they found little or no value in through the course of our survey. While complaints did exist, there was not a pronounced problem perceived by a significant number of respondents for any one service in the past year.

Complaints about the value of service did come in two distinct areas, but it is important to note that while these two areas were the most commonly mentioned, there was not a shared experience amongst all participants to point to.

The first area of concern that can be identified relates to the value placed on the e-mail system identified in the previous question. Some participants indicated their displeasure at the sheer number of e-mails which are sent in the course of one business day. When this is coupled with the fact that the e-mails did not always have pertinent information to the type of market participant who received it, we heard that the e-mail system lost some effectiveness.

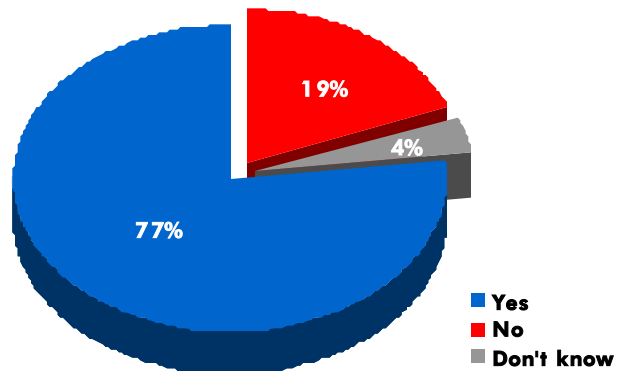
The second area of concern identified by market participants is the amount of administration needed to interact with the IESO. Some identified licensing or market entry processes as being too difficult, others indicated security checks were too cumbersome, and some indicated that the MPI was not as user friendly as it could be. The delays in billings or the amount of administration associated with it was also mentioned as a problem in the past year. Rule making and specific rules were also mentioned as concerns for some, but we perceived that the issue was really with the rule itself, not with the process for creating it.

"Getting licensed was a major hassle. All new generators must feel this way. Much more difficult than in other ISOs."

- Generator

Have you heard that the IESO recently named a new CEO? If you were part of the new leadership at the IESO, what would your vision for the organization be?

Not surprisingly, the announcement of the new CEO at the IESO received considerable attention with more than three quarters of those interviewed having heard the news. While we did not ask a specific question about how participants viewed the choice of the CEO, we did hear many positive comments from participants without prompting. In general, market participants we spoke with seemed to be supportive of the choice of a technical expert for the position.



When we asked about the direction that the IESO should be heading in we found that most respondents generally believed that the IESO was heading in the right direction and should continue. Given the positive ratings the IESO received previously in the survey it is not surprising that respondents want to see the IESO continue with their current focus on reliability and technical expertise.

Many respondents indicated they would like to see a higher level of transparency in IESO operations or a clearly stated rationale for why decisions on rules are made the way they are or why the IESO uses the burdensome administrative processes currently in place.

Respondents also felt that the IESO should become more of an advocate for the sector, but were divided on what the IESO should advocate for. Some felt that the IESO should push for a return to an open market while others felt that the IESO needs to advocate for changes to market rules to get new generation online quicker and easier. Some respondents also thought that the IESO should argue for greater independence from the government in order to pursue some of these other goals. Regardless of the focus of advocacy, the respondents were clear that the IESO should remain primarily focused on the reliability of the system.

The work of the IESO in the past year has really focussed on improving reliability through work on the Day Ahead Commitment Process, Emergency Load Reduction Program and the real-time settlement charge for failed intertie transactions. Have you heard about the work they have done on these fronts?

In general, most of your customers that we spoke with had heard of the Day Ahead Commitment Process (DCAP) and the Emergency Load Reduction Program (ELRP). Significantly fewer customers indicated that they had heard of the real-time settlement

charge for failed intertie transactions. In all 87% of respondents indicated that they had heard of one or more of the initiatives.

The comments from the customers of all types indicated their general approval for each of the initiatives and that these steps would help the IESO maintain reliability. While some had specific concerns with some of the initiatives, they still generally approved of the direction of the IESO on these fronts.

Those who had heard of the work the IESO has been concentrating on say that they had received enough information. More importantly, most respondents knew that if they wanted more information they could simply go the website and read all about the work the system operator was doing. Some individuals took this opportunity to reiterate their previously stated concerns around the amount of e-mail, and the frequency of that e-mail, that they receive.

We heard some concern raised about the stakeholder process on these initiatives with individuals complaining about the lack of time to participate, the IESO not listening to individual customers, and some expressed concern about the outcomes. The number of these types of concerns were limited, however they bear mentioning given the overall findings on the stakeholder and rule making process.

Over the past year, the IESO has also exercised fiscal prudence and they have recently announced that their fee will be reduced by a further 10% along with a \$12 million rebate. Have you heard about these developments?

Respondents to this questions fell into basically three different categories; those who had not heard of the reduction, those who had, but did not care, and those who had who felt that the IESO did not go far enough.

Of those who felt the IESO did not go far enough, most cited their belief that the IESO had been stripped of many of its responsibilities with the emergence of the OPA and that the fee should have gone down, and gone down much more.

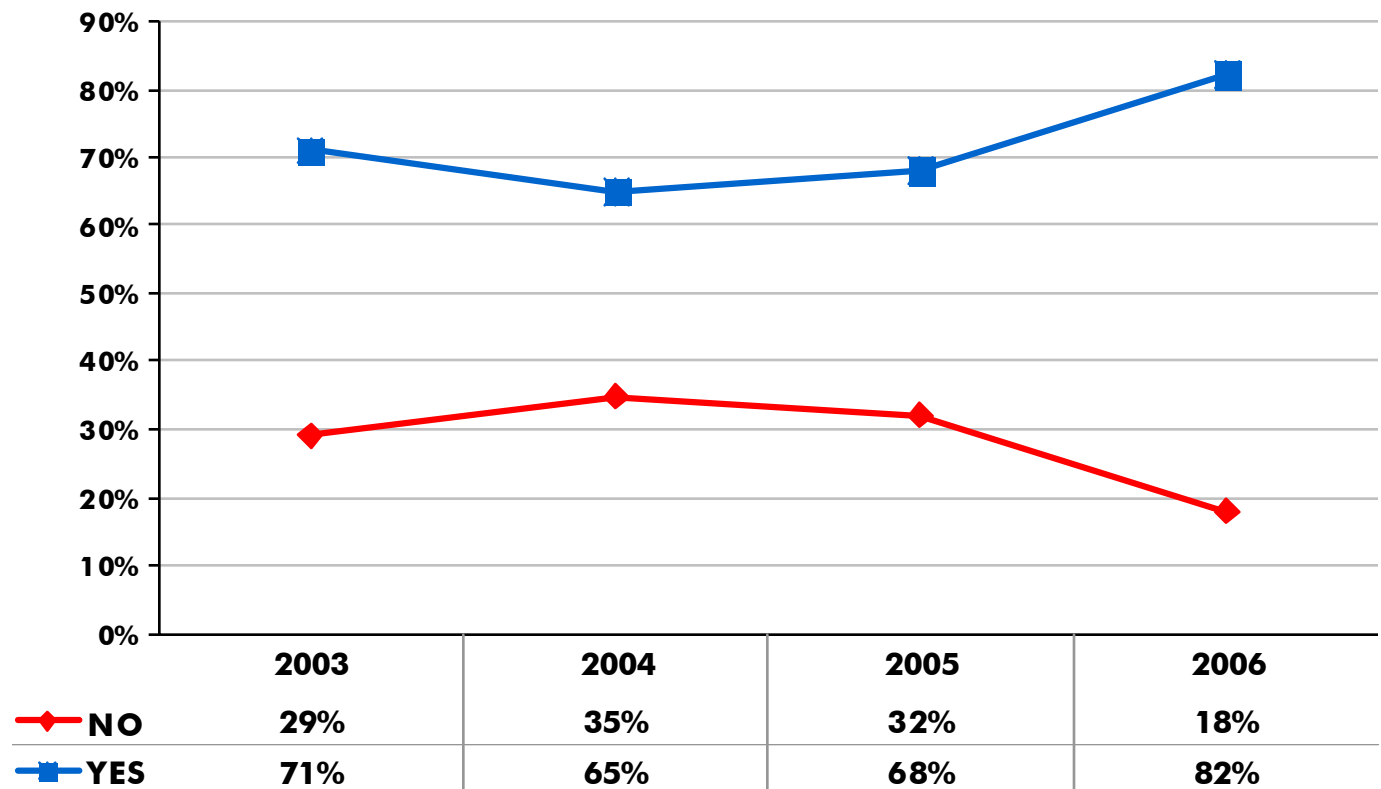
Do you have any other comment you would like me to share with the IESO?

As a final question, we asked respondents if they had any other comments for the IESO that they felt needed to be emphasised more or that were not covered off in the survey. For the most part, respondents gave positive comments about the IESO and the work that it has been doing. Most participants repeated comments previously articulated at various parts of the survey.

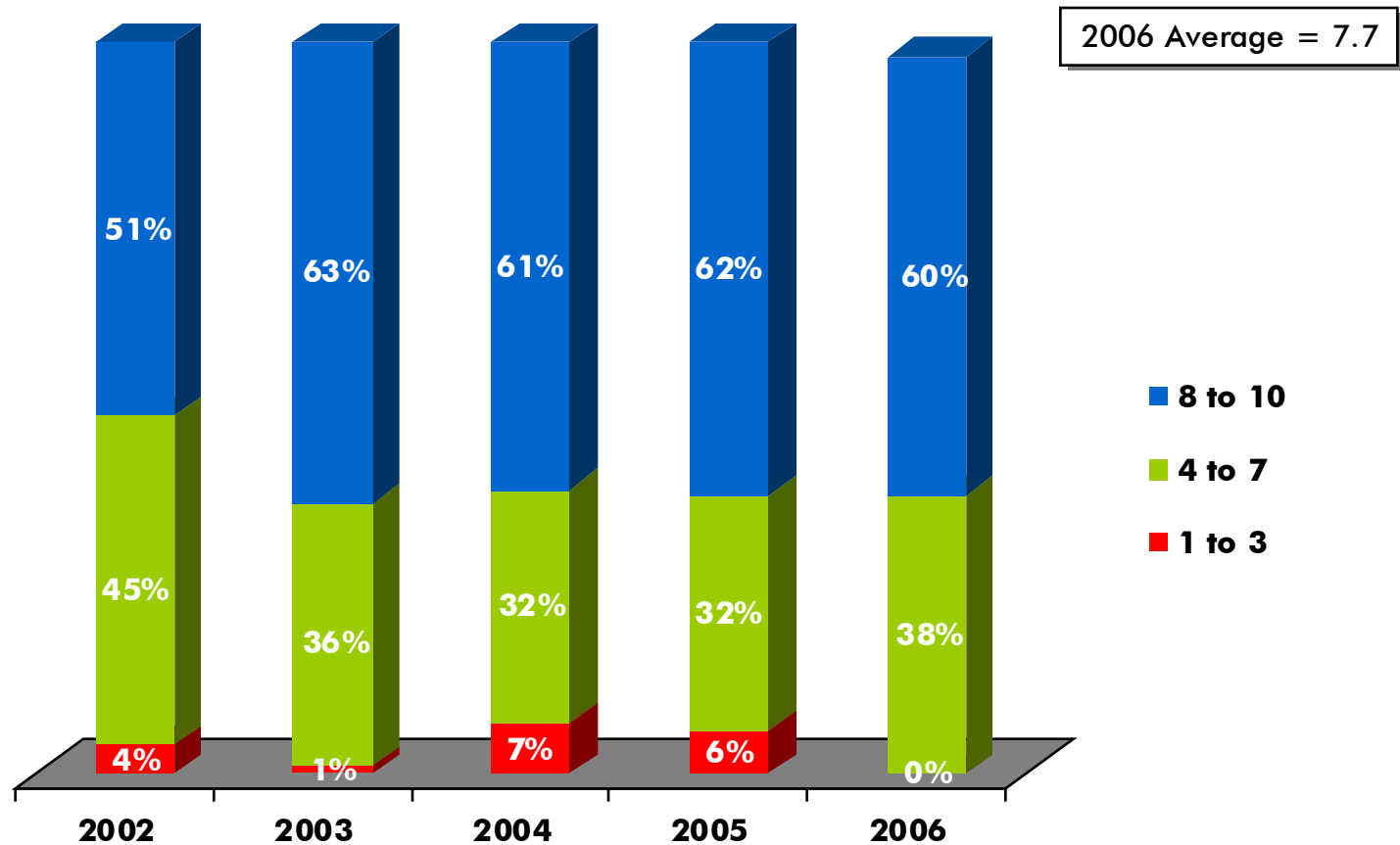
The IESO has a variety of different types of customers. Are you a generator, transmitter, distributor, wholesale customer, retailer, or financial market participant?

Number of Interviews	
Participant Class	2006
Generators	12
Transmitters	1
Distributors	26
Wholesale Consumers	15
Financial Market Participants	14
Total:	68

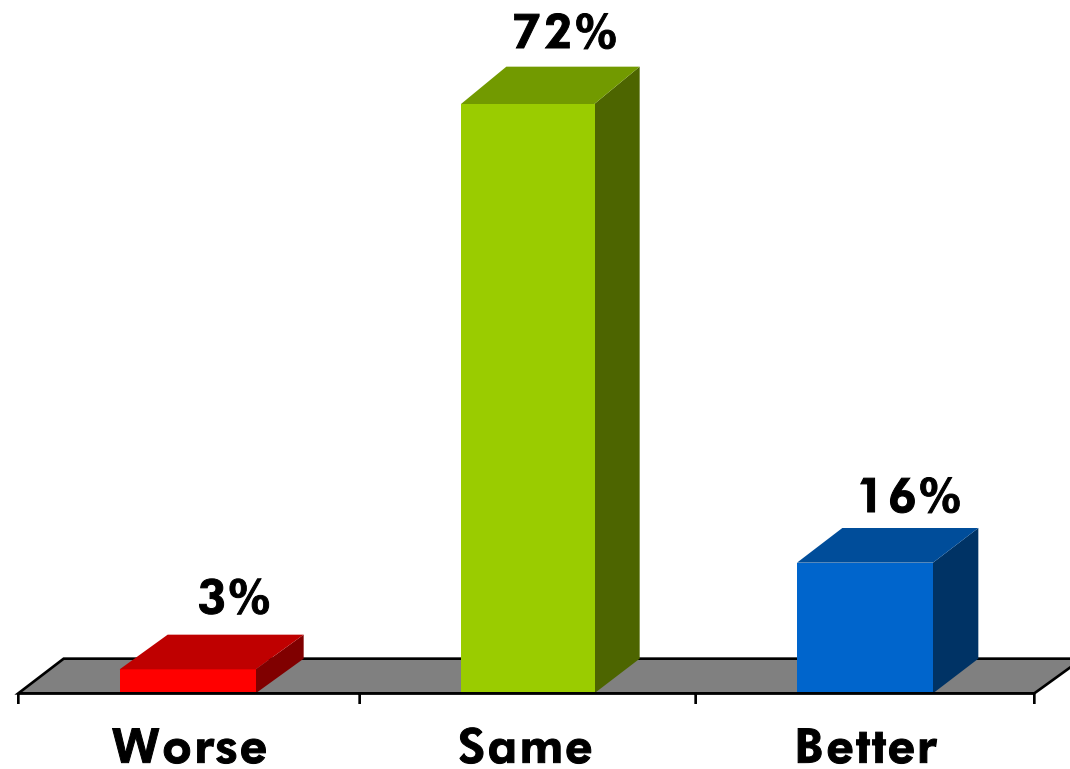
As you know, I'm calling as part of a customer survey for the IESO, do you consider yourself to be a customer of the IESO?



On a scale of 1 – 10, with one being the lowest or very bad and 10 being the highest or very good, how would you rate your overall relationship with the IESO?



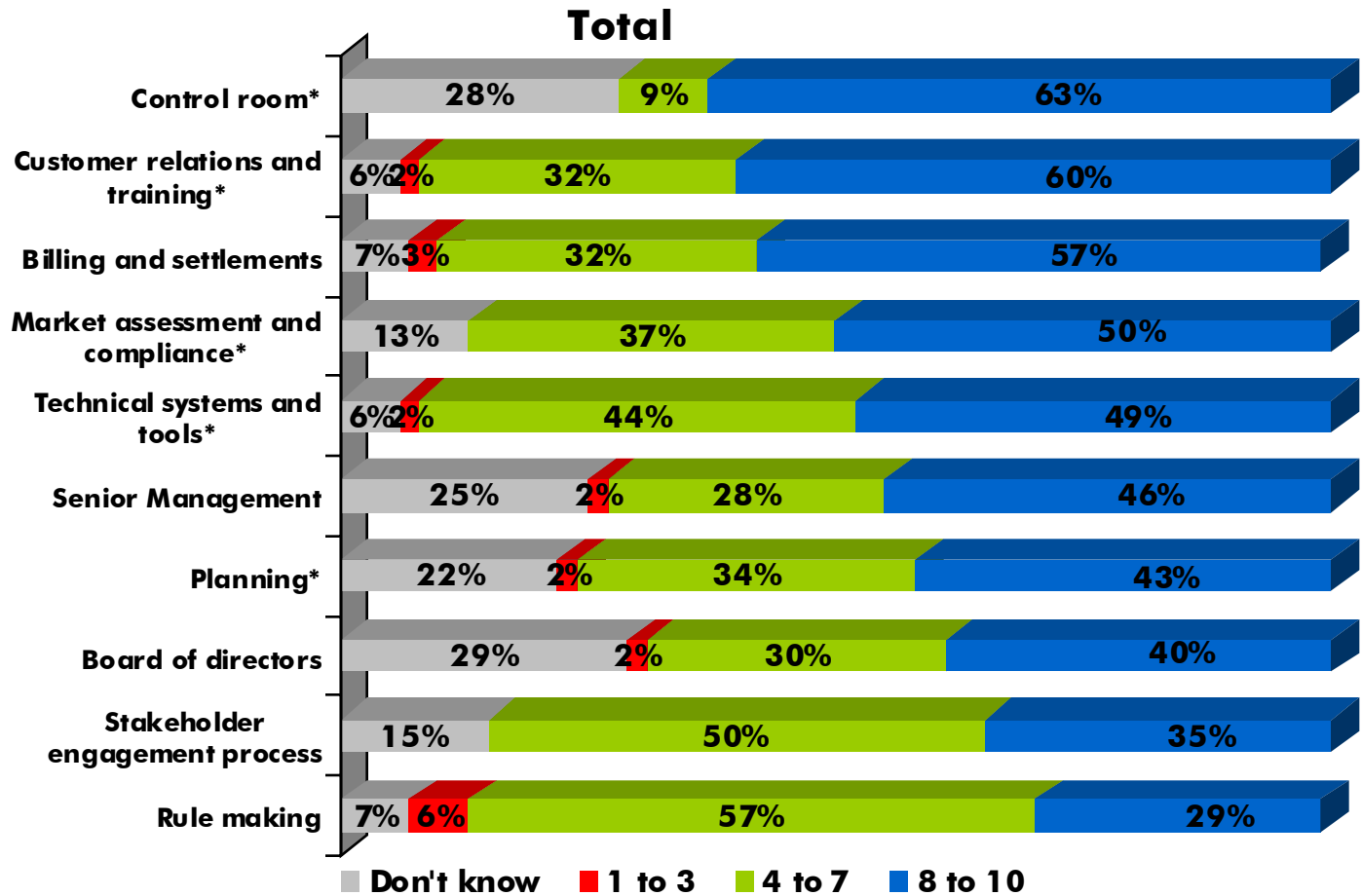
Now, if I asked you to cast your mind forward to this time next year and assume that I am asking you the same question, do you think that your answer will change then?



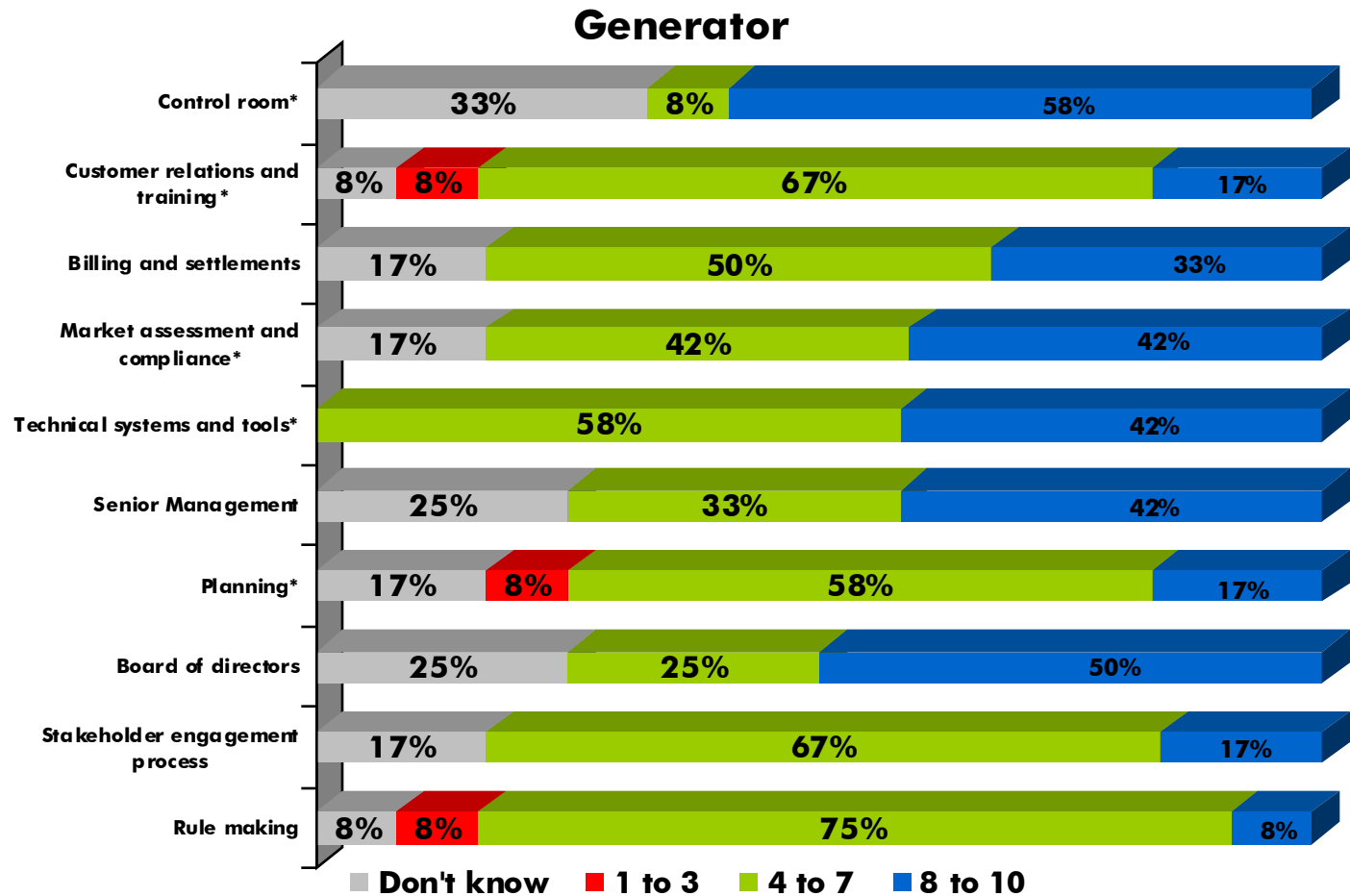
Notes on the following charts

- Navigator, together with the IESO, altered the wording on some of the quantitative questions from the previous surveys.
- The wording of the question was the same as in previous year's surveys with the exception of Customer Relations and Training (previously Market Participant Support) and Market Assessment and Compliance (previously Market Surveillance / Compliance). Additionally, we changed the category from previous years from System and Market Operations to Technical Systems and Tools, Control Room, and Planning to give greater detail.
- On the chart, we have placed an asterisk (*) beside these categories to illustrate changes.

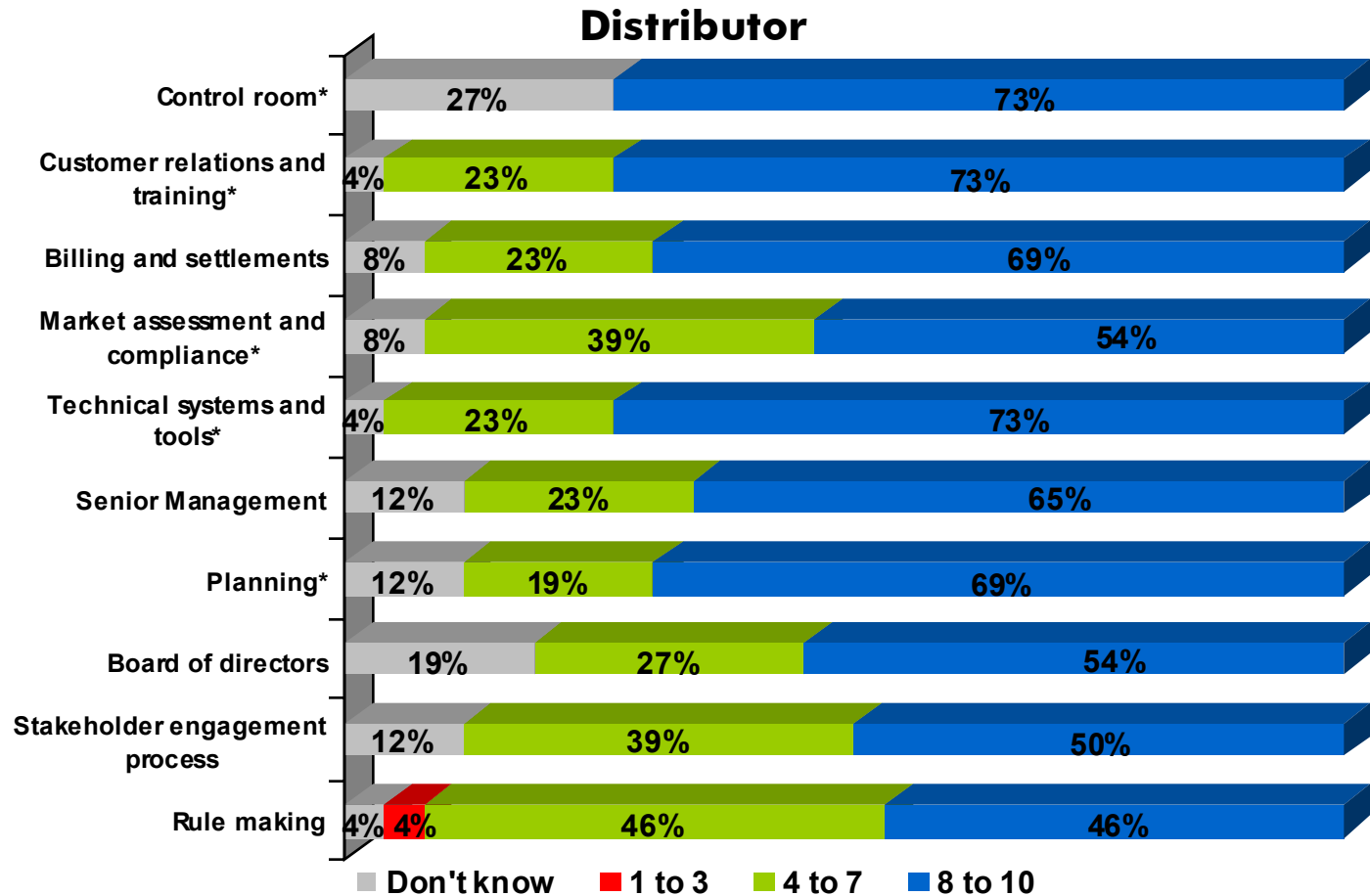
Now, I would like to ask you to again use a 10 point scale to indicate your level of confidence in different groups within the IESO to operate and oversee the market. This time 1 will be not at all confident and 10 will be complete confidence.



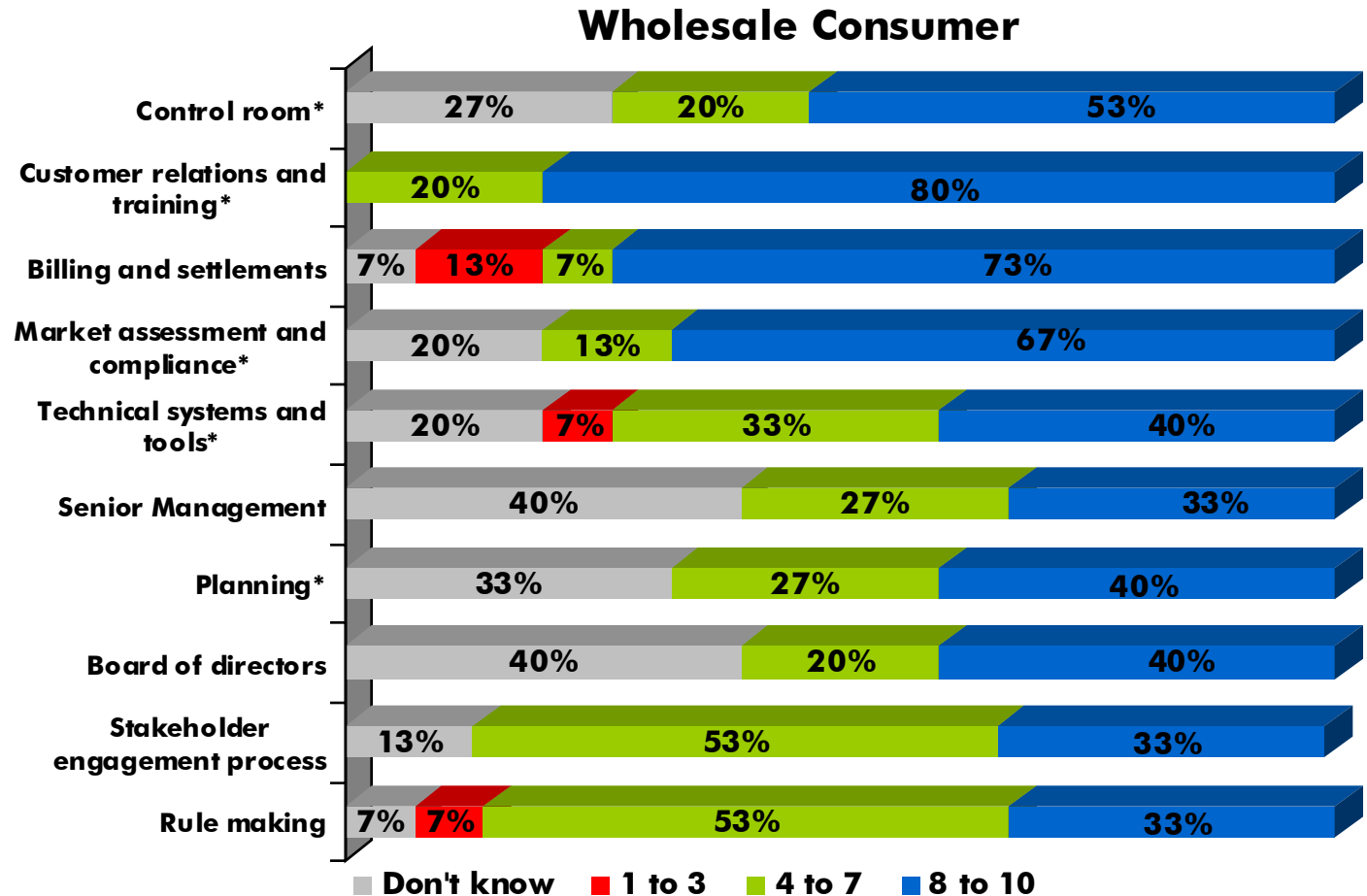
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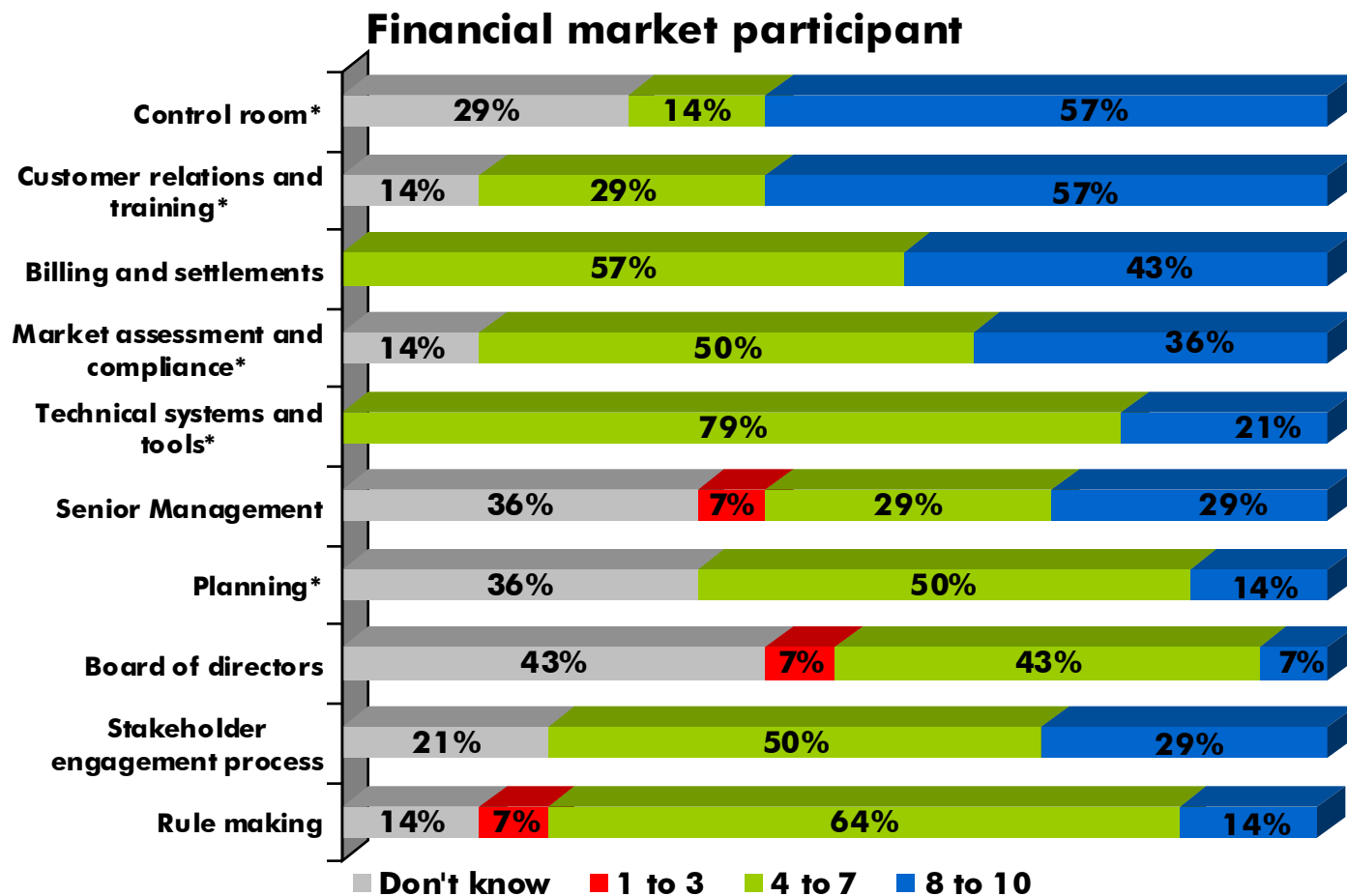
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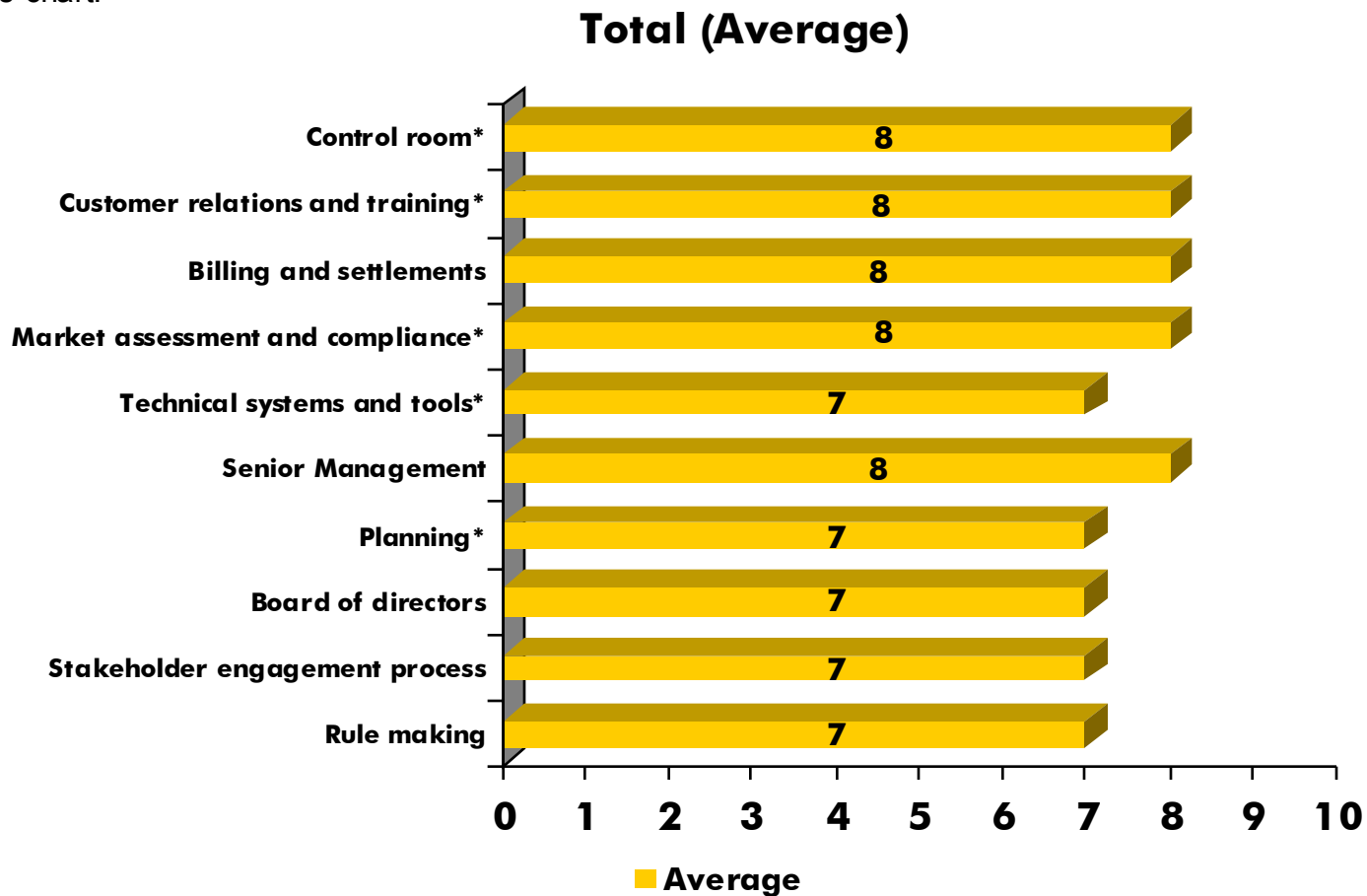
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Now, I would like to ask you to again use a 10 point scale to indicate your level of confidence in different groups within the IESO to operate and oversee the market. This time 1 will be not at all confident and 10 will be complete confidence. Responses indicating 'Don't Know' were removed for this chart.

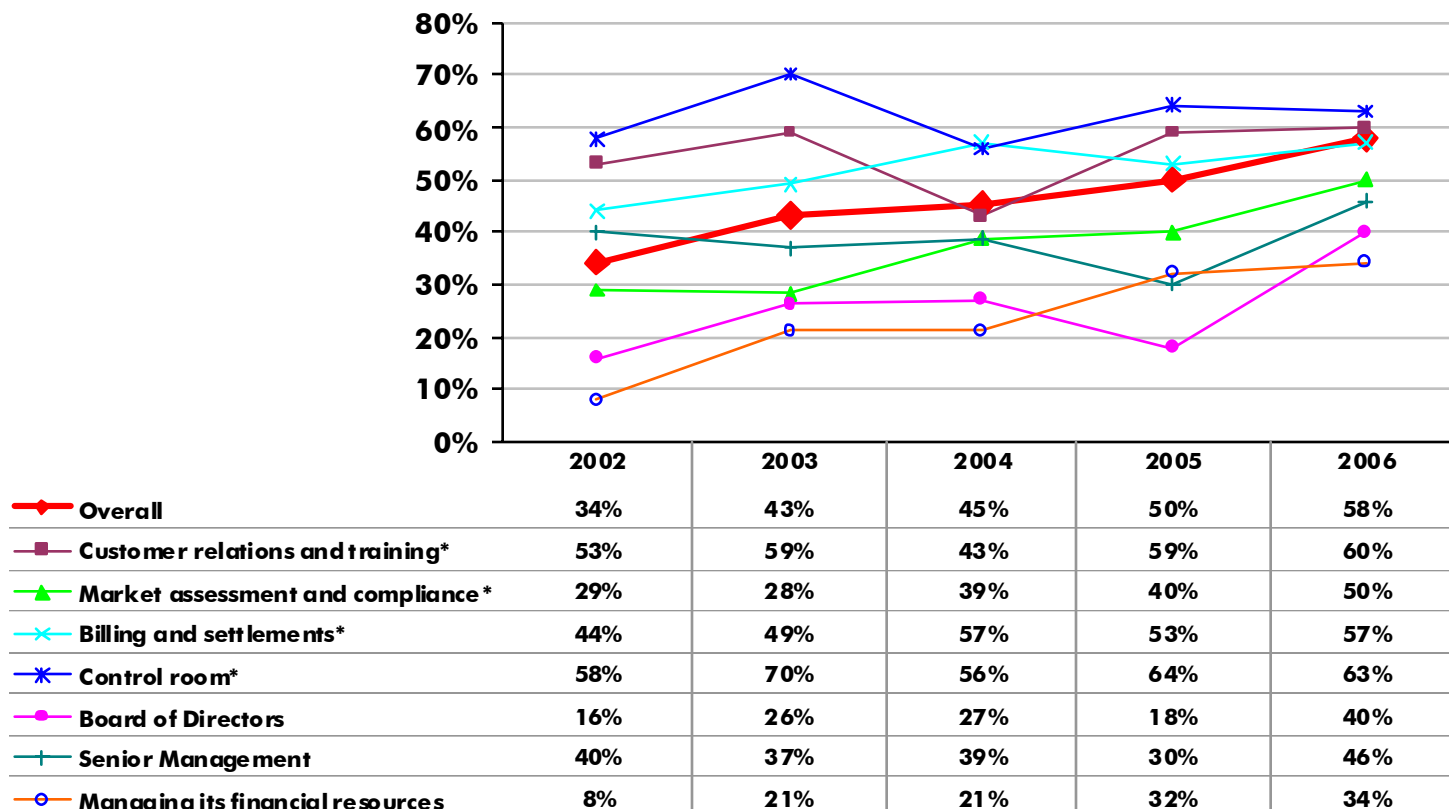


Notes on the following charts

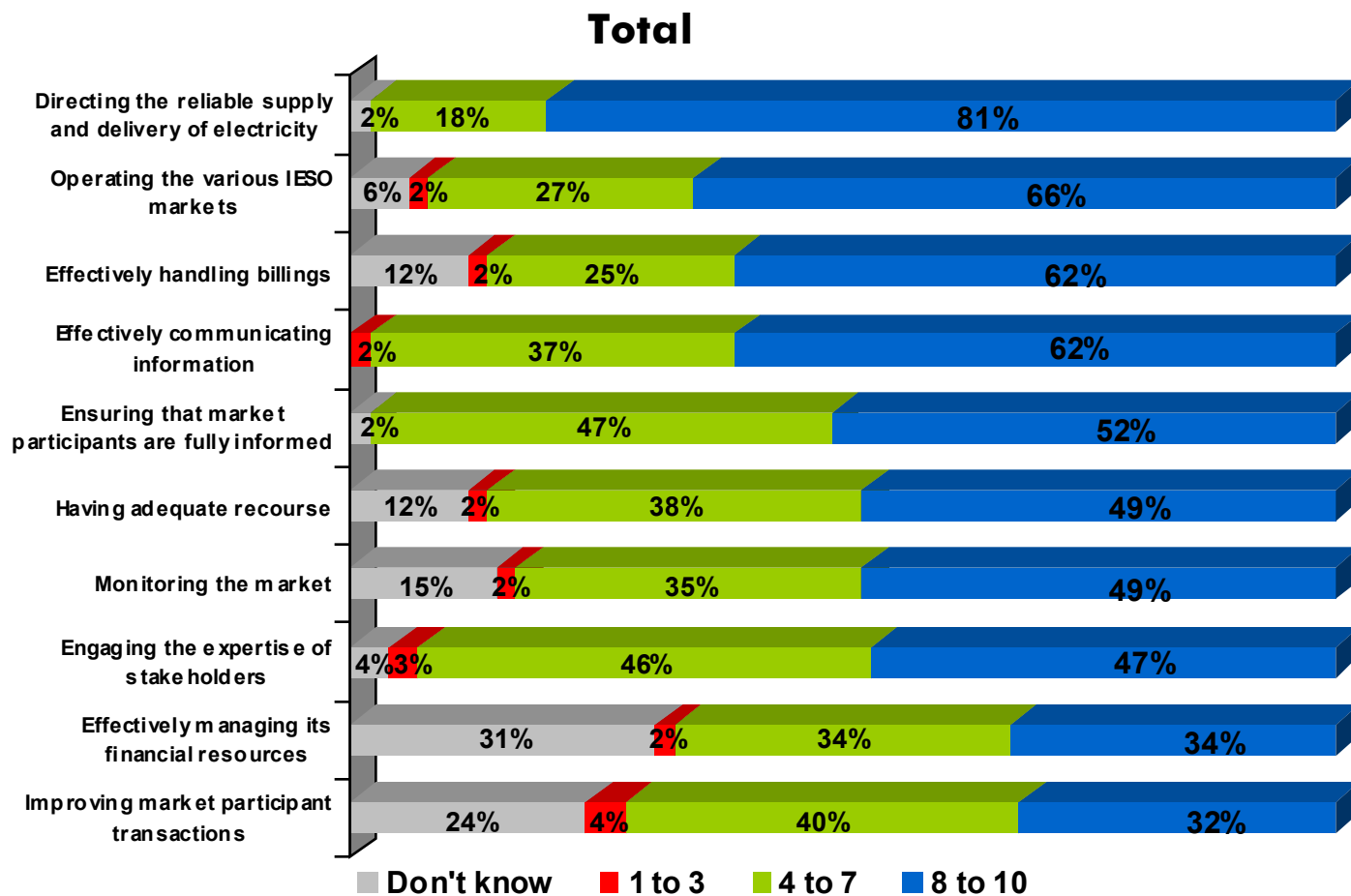
- The titles in the following charts in this section have been abbreviated for space. The full titles are:
 - Directing the reliable supply and delivery of electricity
 - Operating the various IESO markets including determining a market-clearing price and dispatching resources on the 5-minute interval
 - Effectively handling billings, settlements, and fund administration with buyers and sellers
 - Effectively communicating information on all aspects of the IESO-administered market as they pertain to your business operations
 - Ensuring that market participants are fully informed and equipped to fulfill their market obligations
 - Having adequate recourse if you believe a mistake has been made, including access to dispute resolution
 - Monitoring the market and carrying out enforcement of compliance with the market rules on a fair, consistent and timely basis with as much transparency as appropriate
 - Engaging the expertise of stakeholders and considering their recommendations for the improvement of IESO operations and the market
 - Effectively managing its financial resources
 - Improving Market Participant transactions

Now, I would like to ask you to again use a 10 point scale to indicate your level of confidence in different groups within the IESO to operate and oversee the market. This time 1 will be not at all confident and 10 will be complete confidence.

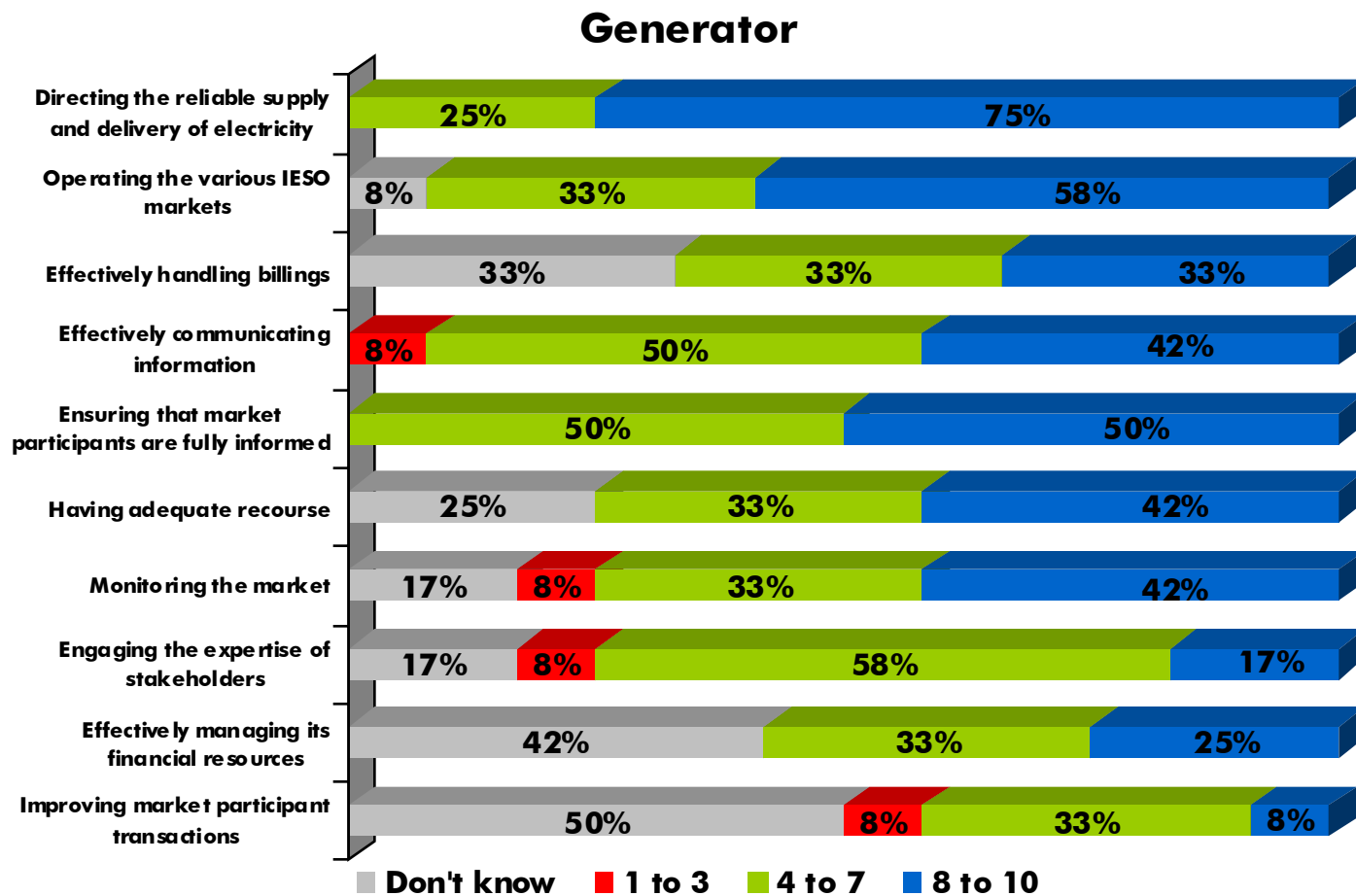
Historical confidence



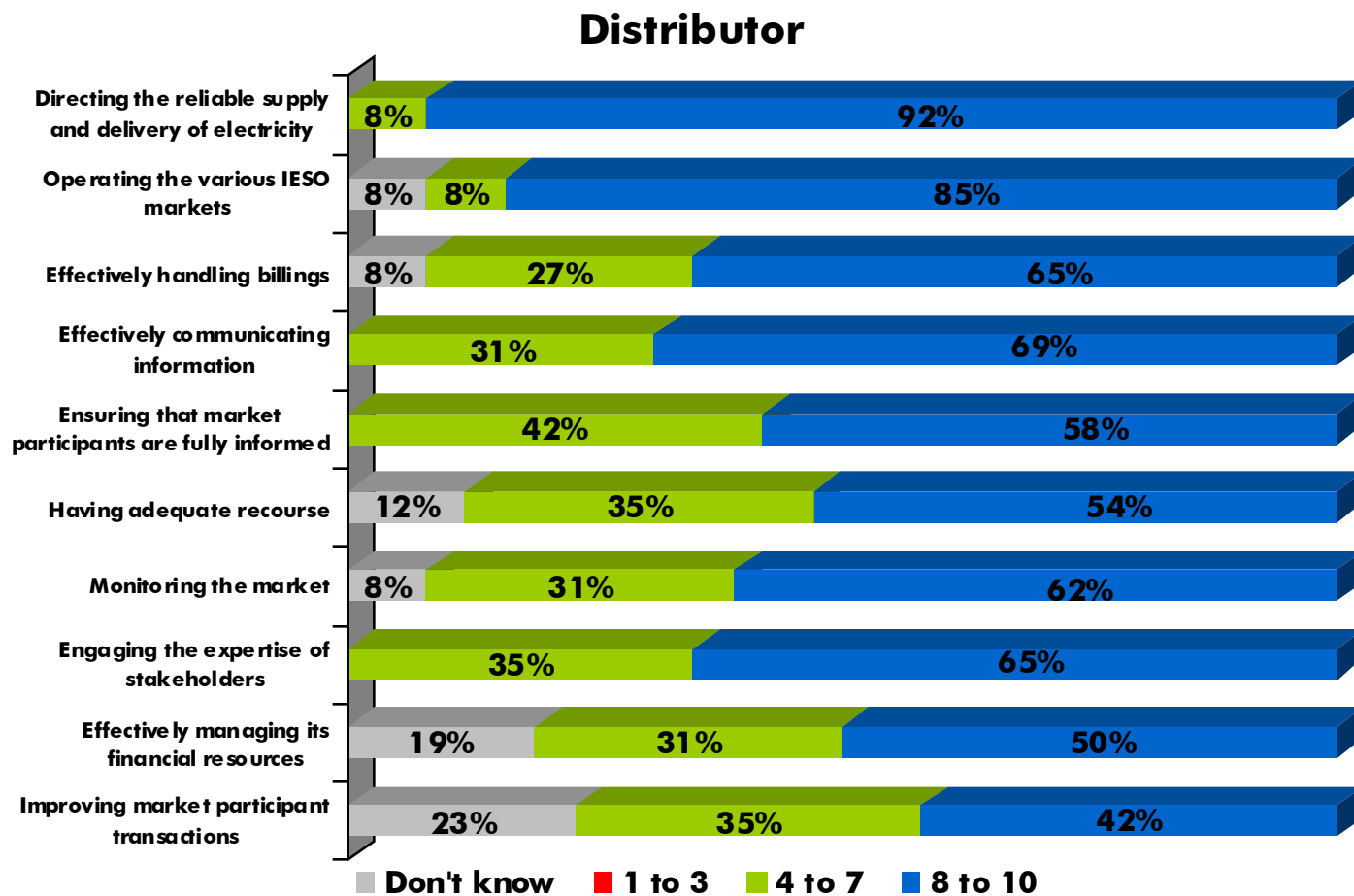
Now that we have discussed the various groups within the IESO, I would now like you to rate the performance on some of the current services provided by the IESO. Again using a 10 point scale, this time 1 will be poor performance and 10 will be excellent performance.



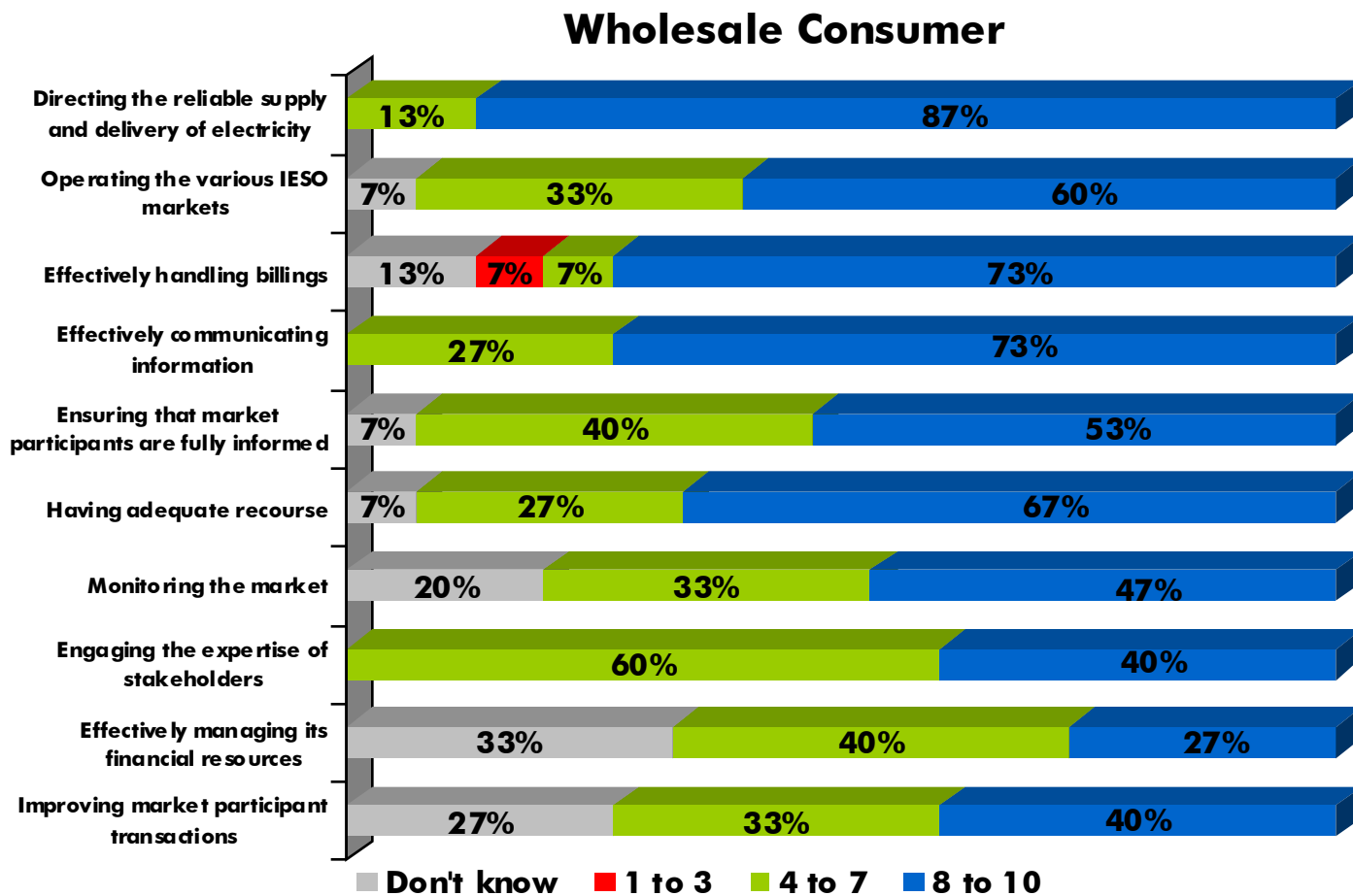
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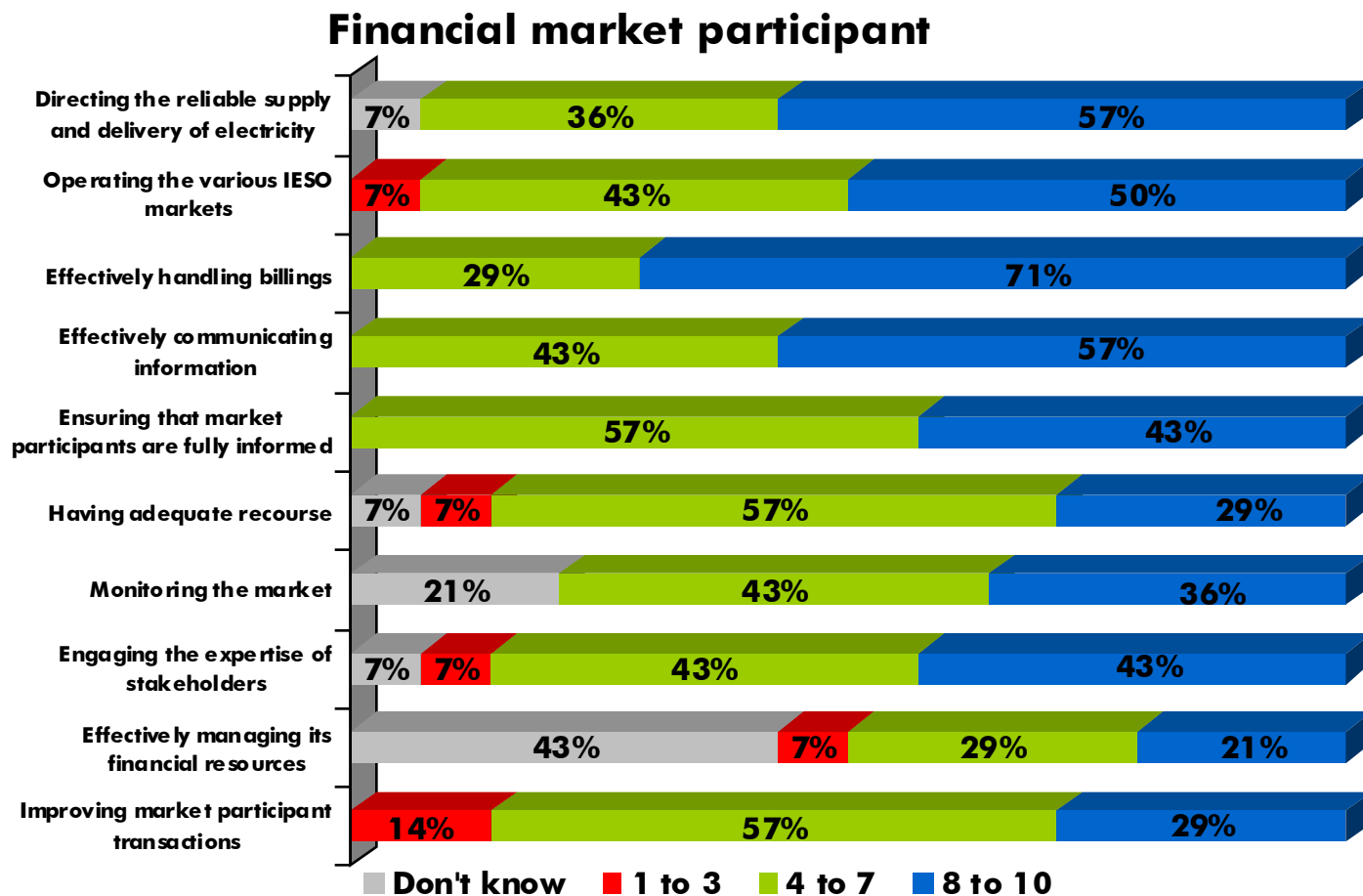
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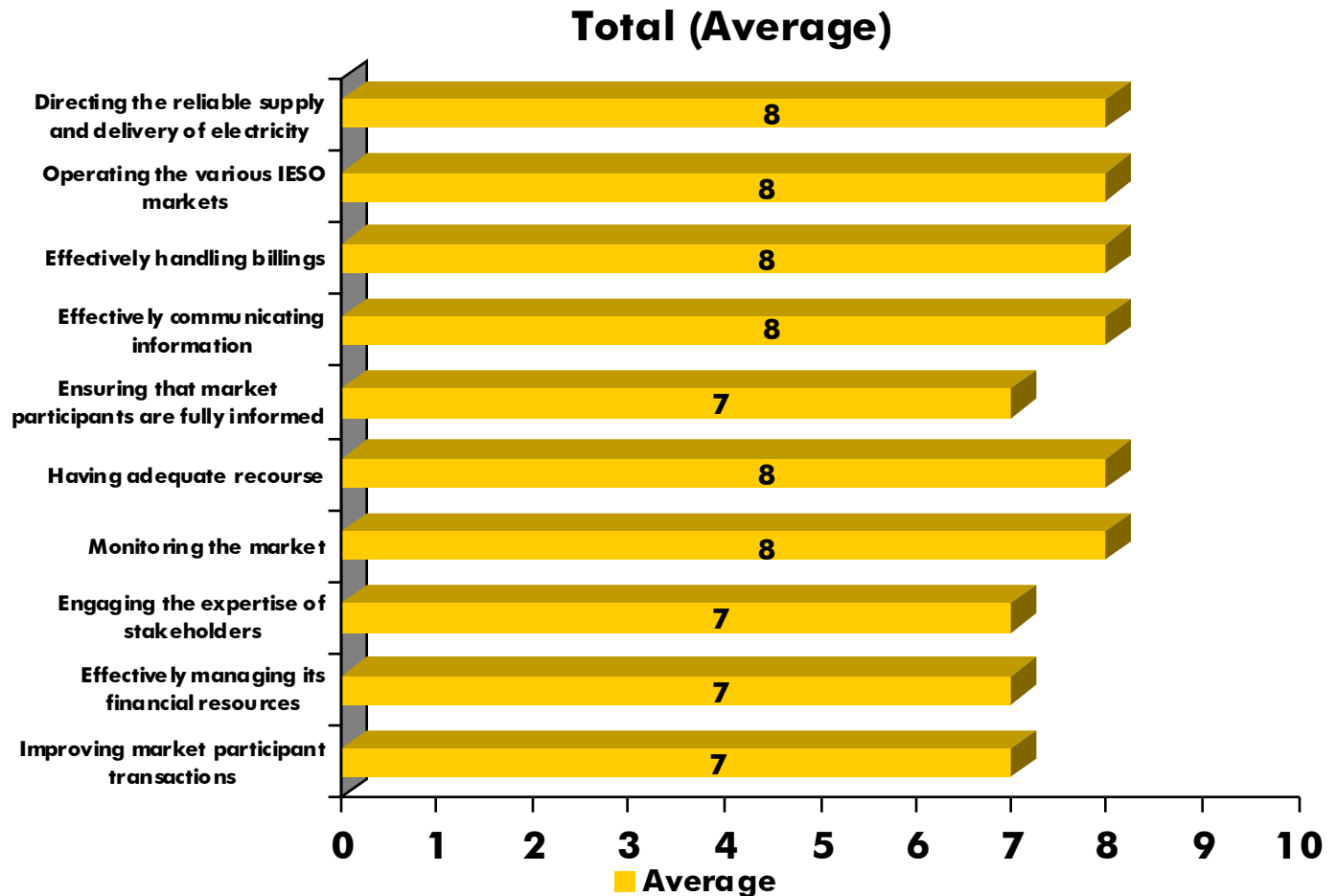
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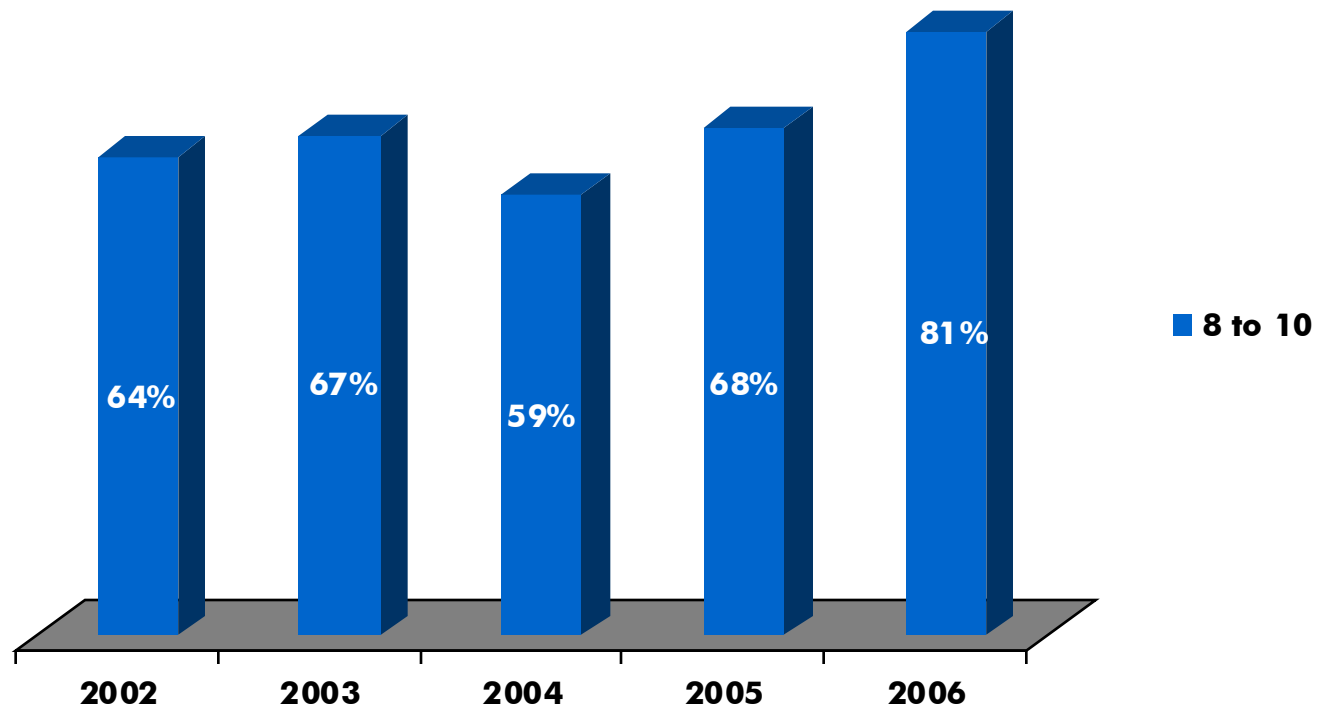
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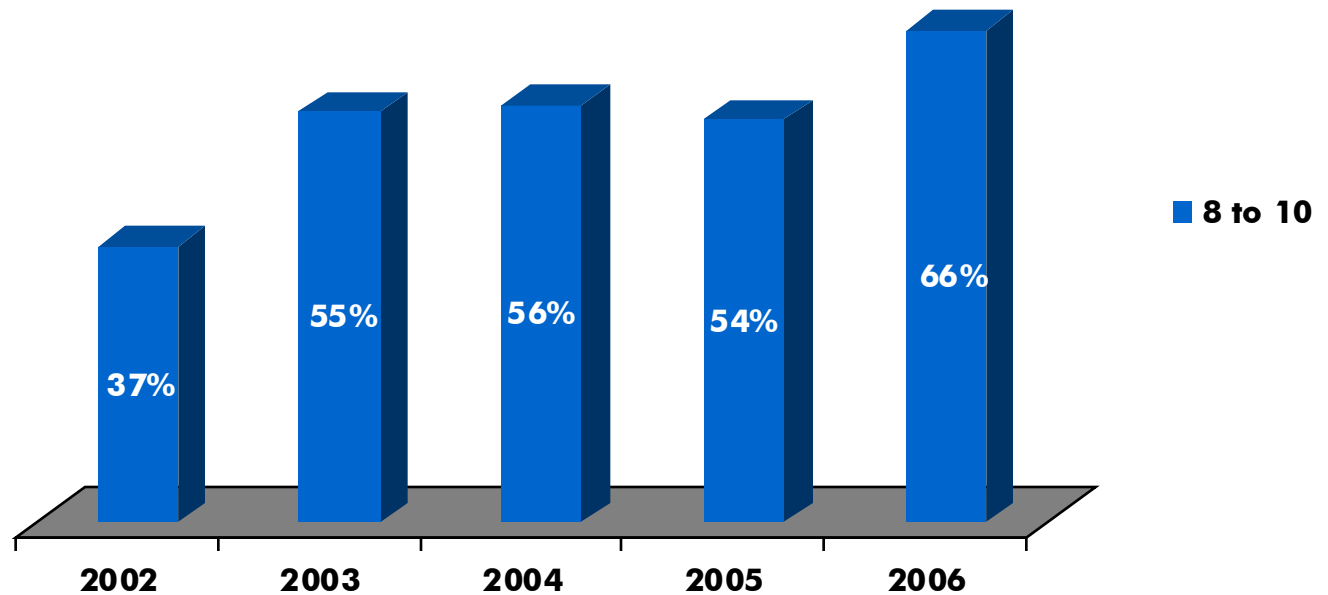
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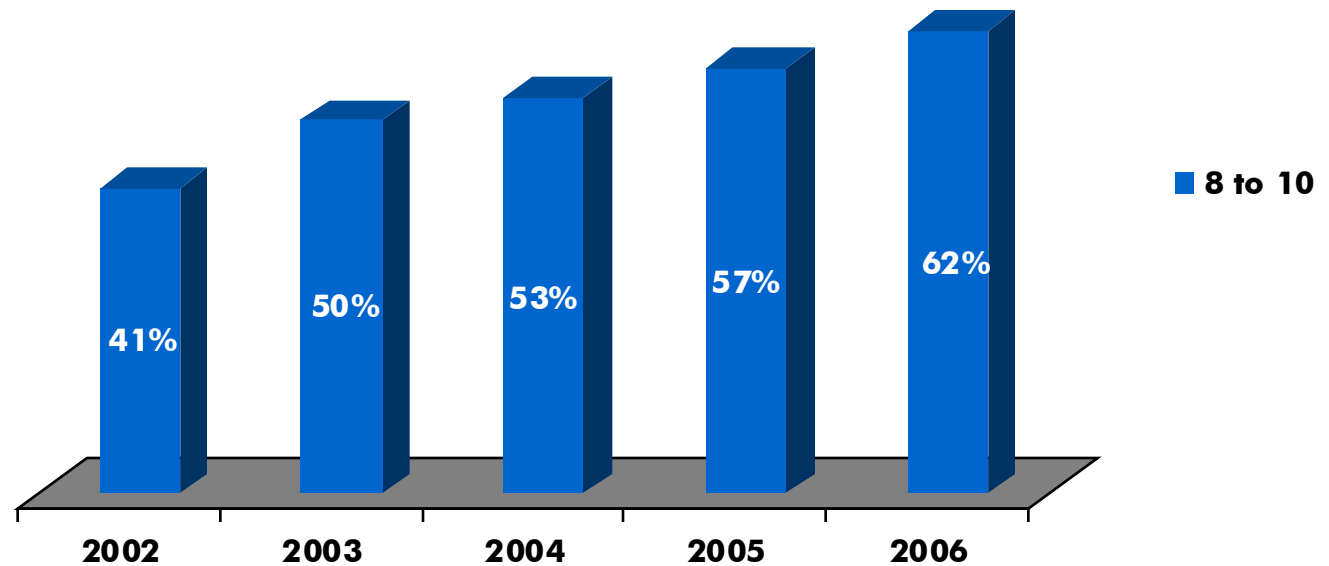
Directing the reliable supply and delivery of electricity.



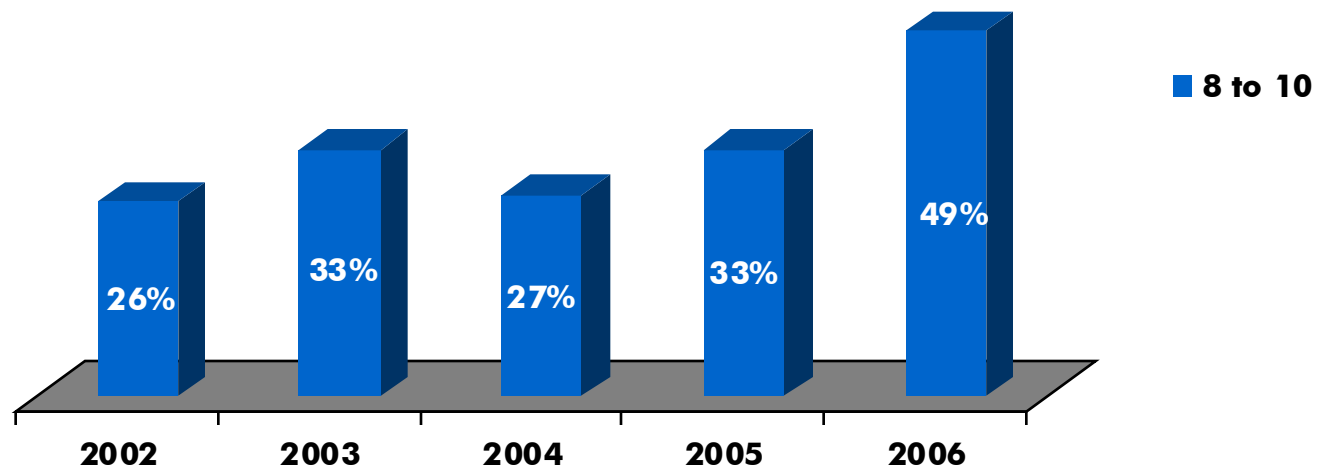
Operating the various IESO markets including determining a market-clearing price and dispatching resources on the 5-minute interval.



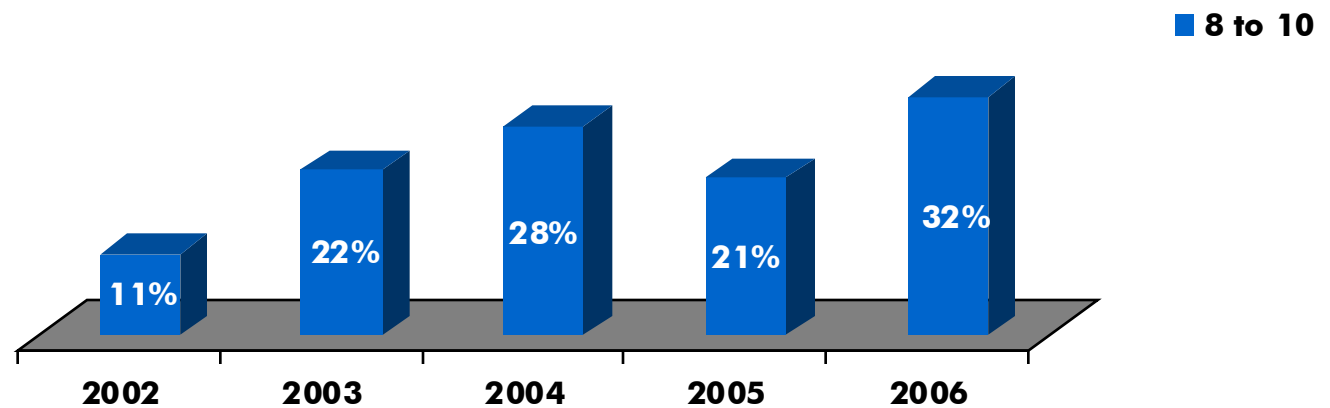
Effectively handling billings, settlements, and fund administration with buyers and sellers.



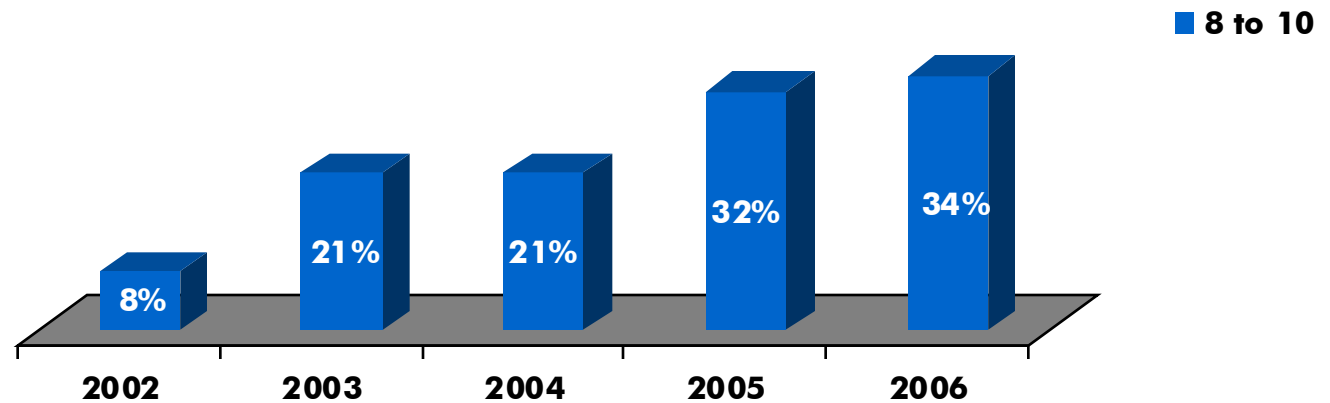
Monitoring the market and carrying out enforcement of compliance with the market rules on a fair, consistent and timely basis with as much transparency as appropriate.



Improving Market Participant transactions.

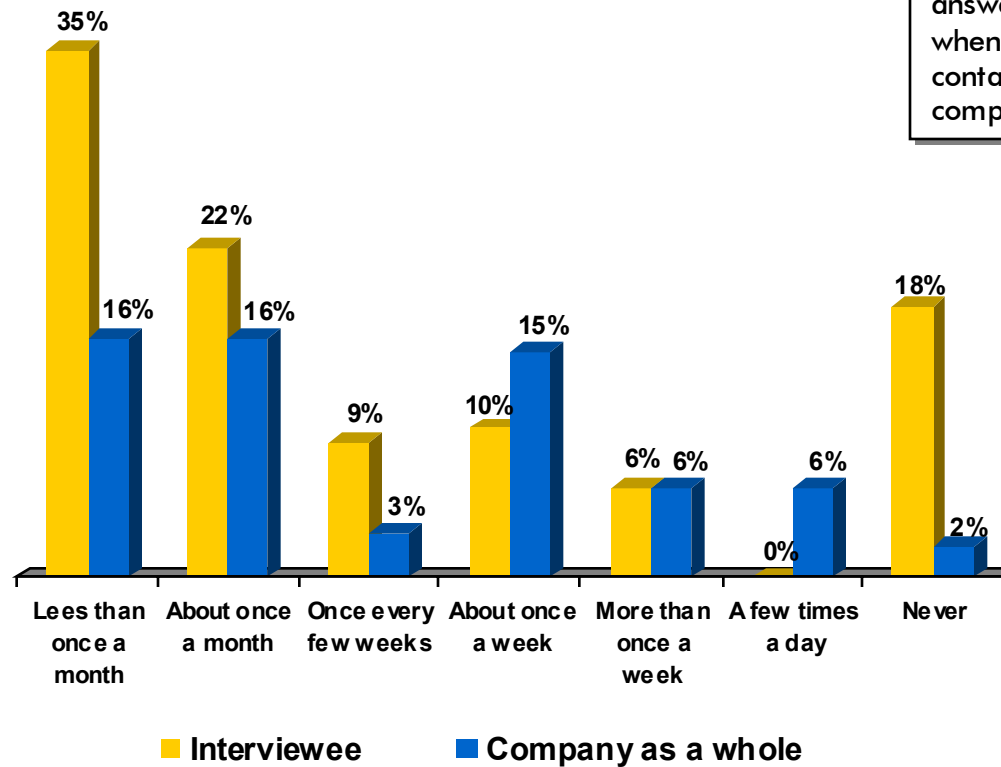


Effectively managing its financial resources



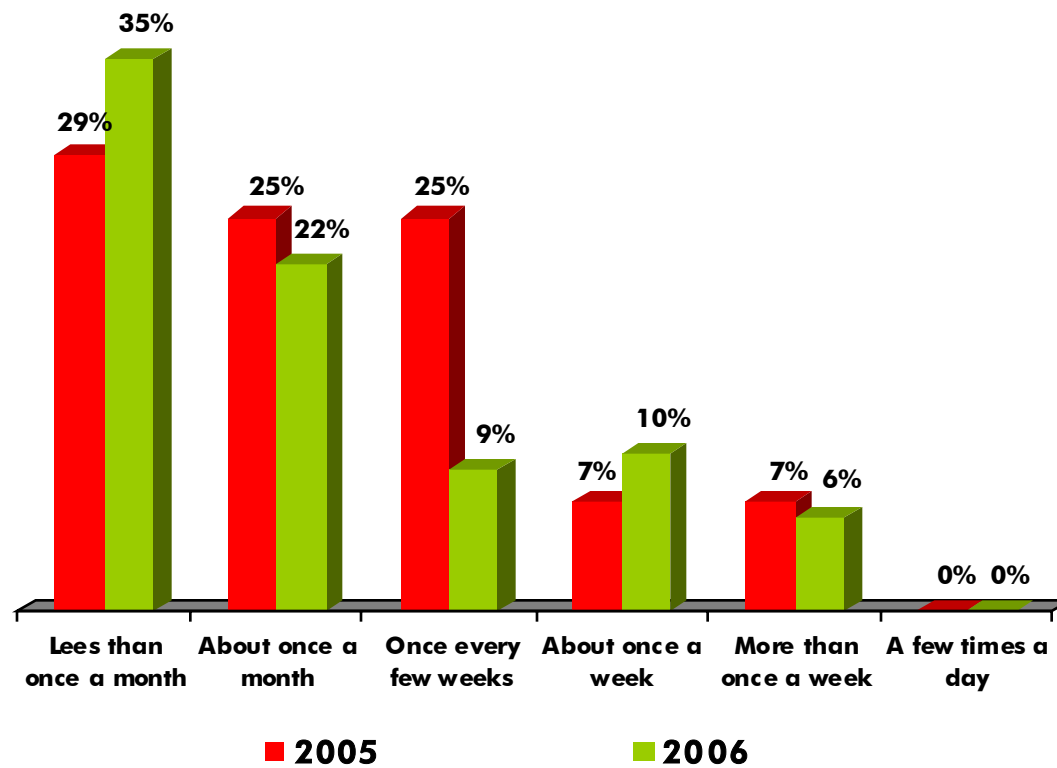
How often are you in direct contact with your account manager at the IESO?

Do you know how that would compare to how often your company as a whole is in direct contact with them?

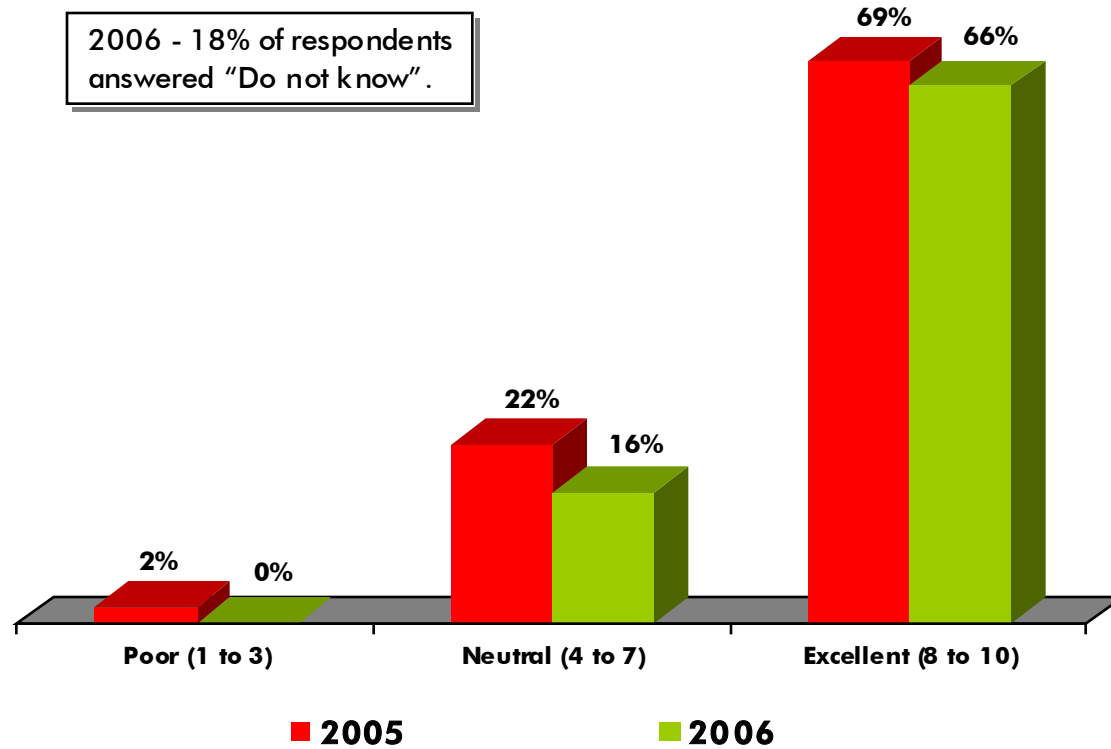


37% of respondents answered "Do not know" when asked how their contact compares to the company as a whole.

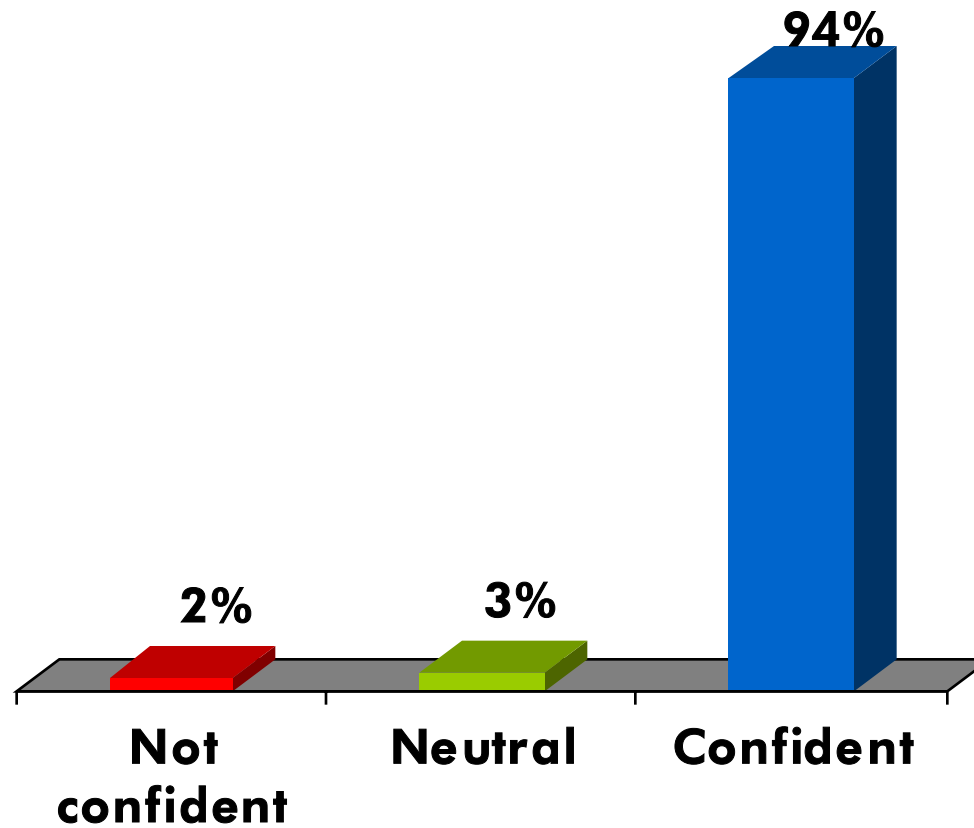
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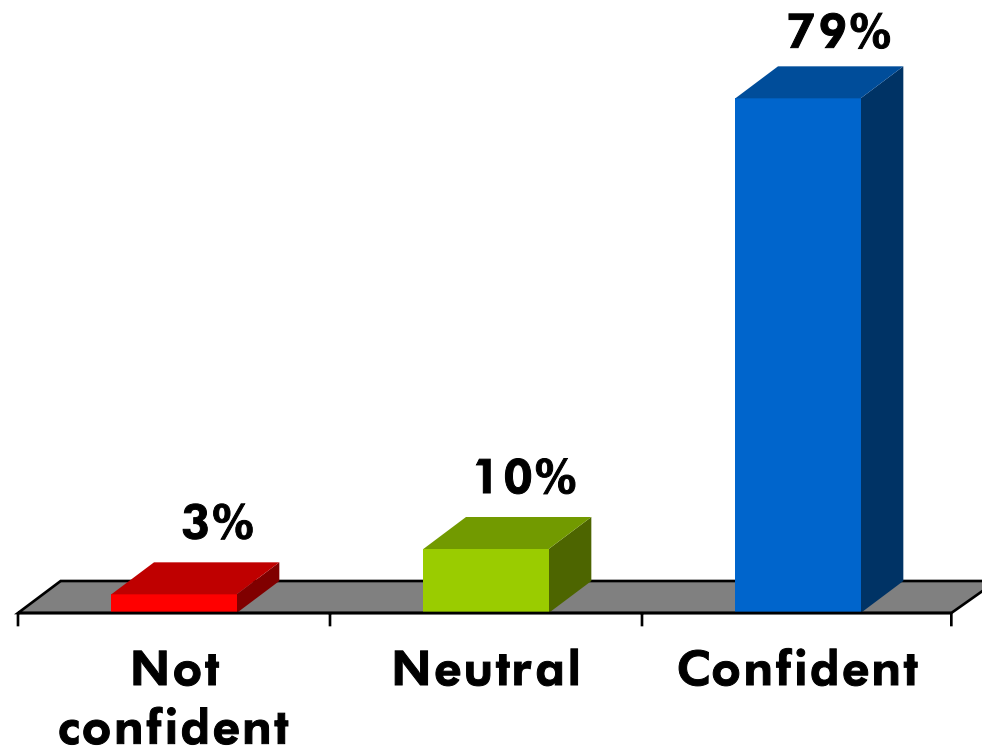
Using the 10 point scale we used earlier, how would you rate your relationship with your account manager?



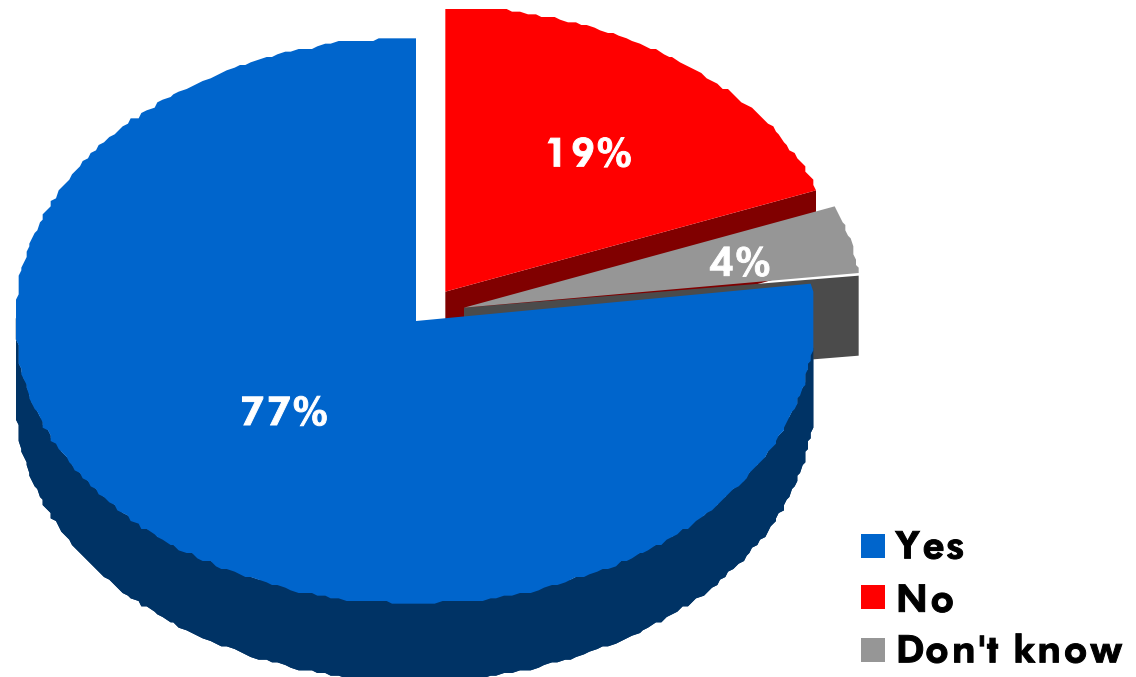
Overall, would you say that you are very confident, somewhat confident, neutral, not very confident, or not at all confident in the IESO's handling of its critical role of reliability?



Overall, would you say that you are very confident, somewhat confident, neutral, not very confident, or not at all confident in the IESO's handling of its critical role of market oversight?



Have you heard that the IESO recently named a new CEO?



As a final question, would you say your overall opinion of the IESO was positive or negative?

