



CUSTOMER SATISFACTION STUDY 2010

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

FEBRUARY 2011

TABLE OF CONTENTS

INTRODUCTION	1
OVERVIEW	1
QUANTITATIVE RESEARCH	2
CONTACT INFORMATION.....	15

INTRODUCTION

2010 marks the fifth consecutive year that Navigator has had the privilege to conduct the IESO's annual Customer Satisfaction Survey. Over the course of this time, we believe we have provided some valuable insights into the IESO's customer base and hope that this year our findings will be similarly useful and relevant.

To bolster those insights with numeric data and to revisit the IESO's key indicators for its report card, we again used an online survey, reaching out to 267 of the IESO's customers. This year, the survey was completed by 110 IESO customers, slightly more than in each of the past two years. This year's online survey represents the largest set of data recorded since the survey's inception.

We continued the recent departure from previous IESO research work by shifting the focus of the questions in general from a "what do you think of us" approach to instead exploring "how well do we serve you". We found last year that placing the emphasis on the customer experience resulted in more interesting findings and revealed many opportunities for improvement.

Once again, we found that the IESO continued to perform very well in the eyes of its customers.

OVERVIEW

As in the previous two years' studies, Navigator found that the IESO was praised for its reputation, sector leadership, and quality of employees in our study. We can say with confidence that, on the balance, in 2010 the IESO retains its reputation among customers as being among the "best of the best" in the electricity sector.

A notable accomplishment for the IESO this year was a greatly improved reaction to its stakeholder engagement process. Customers spoke very highly of the process, the transparency of it, and especially the proactivity of the interaction with customers. This was a major area of improvement from previous years' studies and the significant transformation in opinion in just one year is a laudable achievement for the IESO. We also found these improvements to be recognized "across the board," among all customer types.

An area for improvement that we saw this year was with respect to the IESO's ability to facilitate transactions and the flow of information to its customers. We saw customers placing a priority of the delivery of services but in some cases not totally satisfied with the IESO's performance. If last year we heard that the Stakeholder Engagement process was an area for improvement, this would be a similar finding in 2010.

While they highlighted areas for improvement – particularly with respect to facilitating customer needs – customers saw the IESO as a body that was uniquely positioned to help them through this coming year, with credibility and indispensable specialized knowledge.

QUANTITATIVE RESEARCH

Navigator fielded an online survey to measure year-to-year progress on a variety of customer satisfaction indicators.

Some of the questions we asked are components of the IESO's own "report card" performance benchmarking. Still others were questions which asked customers to "dig deeper" on certain topics.

Navigator found that IESO online survey participants this year were, on the whole, less generous in their praise for the key players in the electricity sector than in the past. Survey takers gave more measured, moderate responses to survey questions.

Nevertheless, we found that the IESO continued to perform very well in most indicators, and is still considered by most to be a strong and influential leader in its sector.

QUANTITATIVE FINDINGS

Regarding its product and service offerings, the IESO performed best on the topics that participants deemed most important to them, such as reliability and operating the electricity market. On employee performance and customer service, the IESO customers told us that they were especially impressed with the IESO's accuracy and professionalism, with most customers still very happy with the service they received overall. On the IESO publications and web services, we saw a high degree of satisfaction.

The IESO's greatest year-over-year improvement in the survey came from its stakeholder engagement process scores. Last year, many participants expressed reservations with the process. This year, the improvement was dramatic: participants of all customer types were enthusiastic about it, and the IESO received higher scores in each one of the stakeholder engagement process attributes we tested.

Overall, the IESO can be proud of the strongly positive responses from customers who completed the 2010 online survey. The IESO received high marks in a year in which customers seemed to express a degree of negativity about the sector overall.

SURVEY METHODOLOGY

Navigator invited 282 IESO customers to participate in an online survey research component. Of those, 15 dropped out or asked to be removed from the study, leaving a population of 267 active invitees, very similar to the number of participants invited to take part in our 2009 quantitative survey. The survey ran in the field from Wednesday, October 20 until Friday, November 12, 2010. During that time, 110 participants completed the questionnaire. Once again, we experienced a higher-than-average participation rate than in other membership-style surveys: most typically have participation rates 10-20% lower.

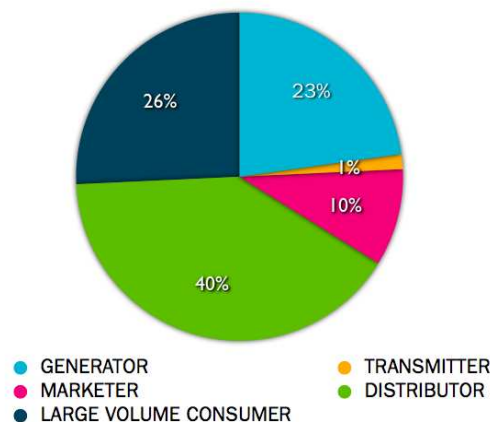
It is worth noting that while participation was more or less consistent with 2009, it has increased significantly since 2008 when just 137 of 431 IESO customers completed the survey (31.8%).

Due to the list-based recruitment method and the relatively small total number of participants, the results of this quantitative research should not be considered statistically replicable to the population at large. Nevertheless, due to the homogeneity

of the individuals taking the survey (similar education, experience, work history etc.), the sample size does not need to be very large for basic analytic purposes. An additional benefit of having a pool of well-informed respondents is that, as with any industry-specific survey, a high rate of issue comprehension leads to thoughtful responses throughout.

The survey participants fell into five major categories according to their role in Ontario's electricity market. The distribution of those participants' roles is illustrated below:

SURVEY DEMOGRAPHICS: ARE YOU A...



Just as in 2009, electricity distributors and large volume consumers comprised the largest portions of the sample of survey participants, making up nearly two-thirds of the responses. Also, as in last year's study, the generators were next most likely to participate, making up a little less than a quarter of respondents.

In the 2010 survey, the average time that participants took to complete the survey jumped from 13 minutes (2009) to 17 minutes. The addition of some new questions explains this increase. We have generally found that participant fatigue begins to set in for later-stage questions when surveys exceed 20 minutes, and we did not find any evidence of a drop-off in response rates in this particular survey.

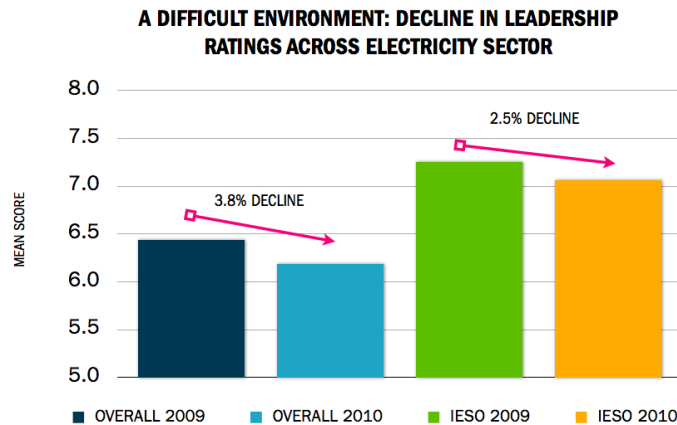
The 2010 online survey followed a very similar order and pattern as last year so that the data could be used as a reliable source of year-over-year comparisons. The survey began with questions about the IESO's roles as a leader in the sector, as well as the leadership record of other players in Ontario's electricity marketplace.

LEADERSHIP AND CREDIBILITY

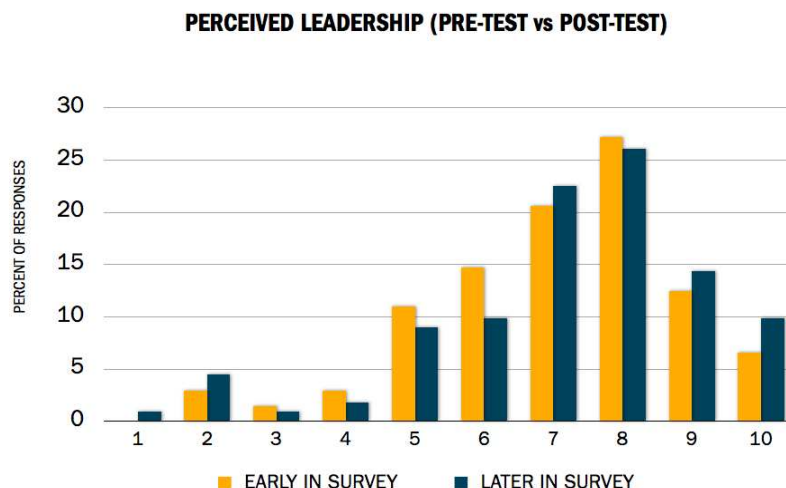
The first question we asked participants was to assess the IESO's role as a leader in the Ontario energy sector. We presented participants with a scale of 1 to 10, with the poles labeled as "not at all a leader" (1) or "very much a leader" (10). In the responses we saw a strong bias toward the upper region of that scale, with nearly half of respondents (46.3%) awarding a score of 8 or above on that question, and fully two-thirds (66.9%) awarding a score of 7 or more. Very few participants used the opportunity to give the IESO very low marks: just 4.4% of survey-takers awarded a score of 3 or less.

We noticed a slight but discernable trend of lowered responses in the 2010 survey as compared to 2009. This was an across-the-board phenomenon, and we feel it is reflective of participant mood about the electricity sector as a whole. An example of this

overall depression in responses can be seen on a question we asked near the beginning of the survey about leadership. While mean scores for leadership across the sector dipped nearly 4% in 2010, the IESO escaped with a much less significant drop of just 2.5%.



At the very end of survey we again asked respondents a very similar question about whether they perceived the IESO to be a leader. This is standard survey practice for Navigator, as it allows respondents an opportunity to contemplate the content of the survey and answer the question again after they have spent several minutes immersed in the topic of electricity. The results came back even more positive for the IESO. In this case, just over half (50.4%) of respondents assigned a score of 8 or higher on a 10-point scale, and nearly three-quarters (73%) assigned a score of 7 or more. The mean score for this question increased to 7.2 (of 10) versus 7.06 in the initial question. We believe this gain is a very positive sign for the IESO in that implies that upon reflection the IESO's leadership is more greatly valued.



IESO PRODUCTS, ROLES AND SERVICES

The next section of the online survey explored the products and services the IESO offers. We assessed the perceived importance of these product offerings as well as whether or

not the IESO was doing a good job in delivering them. The first task was to ask participants to review a list of IESO functions and assign each one a score of 1 to 10 that represents its importance to their company.

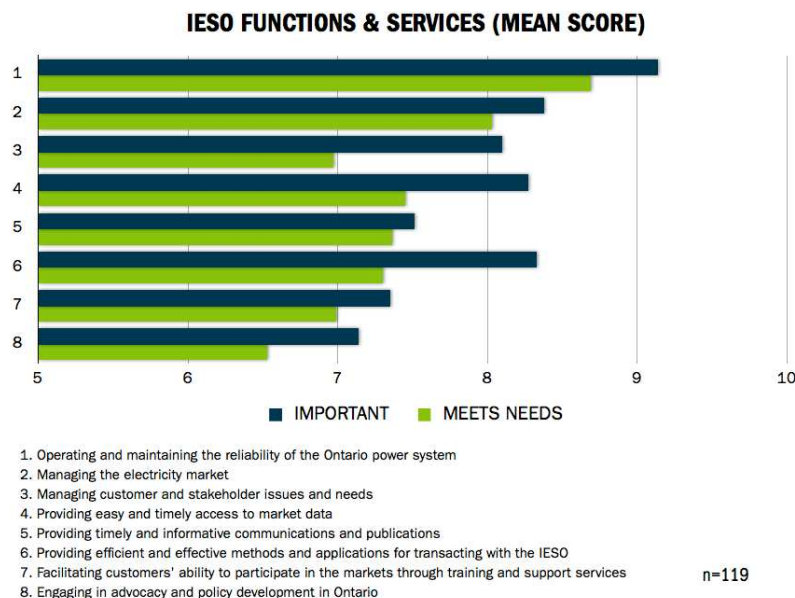
The list of options we presented was:

- Operating and maintaining the reliability of the Ontario power system
- Managing the electricity market
- Addressing customer and stakeholder issues and needs
- Providing easy and timely access to market data
- Providing timely and informative communications and publications
- Providing efficient and effective methods for transacting with the IESO
- Facilitating customers' ability to participate in the markets through training/support
- Engaging in advocacy and policy development

Participants prioritized some IESO services more than others. The functions that elicited the highest mean scores for their importance were “reliability” (mean score of 9.1) and “managing the electricity market” (8.5). These two items received the highest intensity of support as well, with more participants ranking the importance of these functions as a 9 or a 10 than any other question. “Training/support” as well as “advocacy” lagged in this measure of importance, just as they did last year.

Next, we asked questions to assess the IESO's performance in meeting customer needs on this same suite of products and services, using a very similar question format. The IESO generally performed well on this set of questions, with mean scores between 6.5 and 8.7 on a 10-point scale.

Customers told us that in delivering the IESO functions and services that matter most to them, the IESO was performing extremely well. On the issue of ensuring system reliability, over 87% of respondents awarded the IESO a score of 8 or higher. On the question of managing the electricity market, the IESO received similarly high marks, with over 73% awarding scores of 8 or higher. These were the topics ranked highest in terms of importance to customers, and the IESO was said to perform best on those as well. This is an encouraging finding, and performance on both of these indicators was very similar to last year.

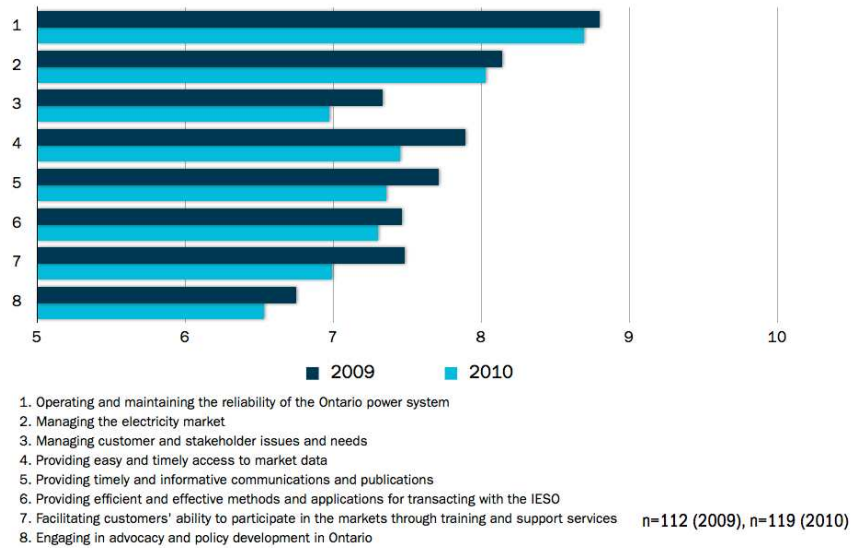


There were areas for improvement, however. The preceding chart displays a gap between customers' stated importance and perceived IESO performance on "addressing customer and stakeholder issues and needs." These gaps were generally most pronounced on IESO functions and services related to service timeliness and efficiency (such as topics 4, 5, and 6 in the chart above), as well as on "managing customer needs."

We believe that these are the areas where the IESO should choose to focus some attention and seek improvement over the next year. Participants told us that they found these functions to be of relatively high importance for them, and it appears from our survey that the IESO could make greater efforts to "bridge the gap" between stated importance and performance, just as it (successfully) did last year with respect to stakeholder engagement.

These service-related topics were also the items in the battery of choices that received a sharpest drop in mean score from 2009 to 2010. In the chart below, please note the year-over-year decline in mean score for items 3 to 7:

IESO FUNCTIONS & SERVICES MEETING NEEDS (MEAN SCORE, 2009 vs 2010)



Interestingly, in 2010 as in 2009, participants assigned low importance scores to the function of “advocacy and policy development.” One possible reason for this is that participants who harbor worries about the political environment might not necessarily know how to express that sentiment within the confines of the survey.

EMPLOYEE PERFORMANCE AND CUSTOMER SERVICE

In the next phase of the survey we asked participants to assess the degree to which they were satisfied with their experiences with IESO employees and customer representatives.

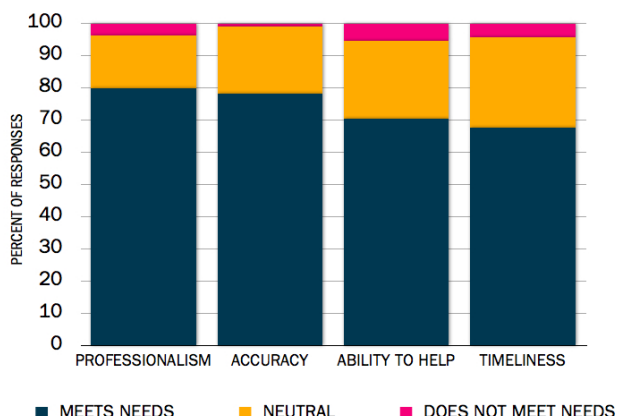
First, we asked survey respondents to indicate their level of satisfaction with the following benchmarks using a scale of 1 to 10. A score of 1 indicated “not at all satisfied” and 10 represented “very satisfied.”

As in previous years’ studies, we explored perceptions of the IESO’s performance across four criteria all in the general sphere of customer service.

Listed in order of IESO performance, the criteria we tested were:

- Professionalism
- Accuracy of advice
- Ability to help with your request
- Timeliness of service

EXPERIENCE WITH THE IESO

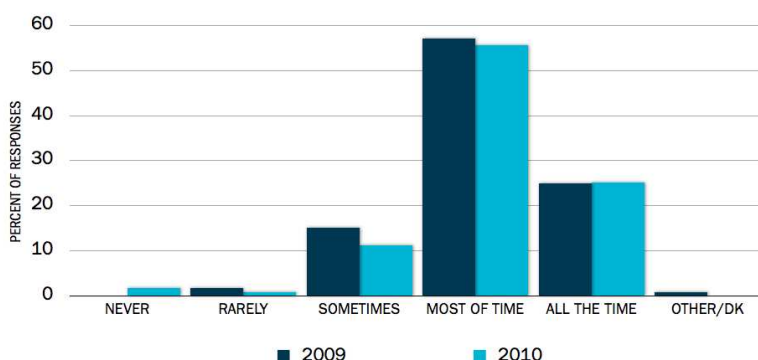


Customers told us that the IESO performed very well in all four tests of whether it “meets their needs.” The IESO received high scores from customers in all of these categories. On the subject of professionalism, over 80 percent of participants awarded a score of 8 or higher on the 10-point scale that was offered. Similarly, the IESO won commendations for the accuracy of its service from participants. Just over 78% of survey participants gave the IESO a score of 8 or more for on the “accuracy of advice.” Notably, in both of these categories only 2% of respondents awarded scores of 5 or less.

In the areas of “ability to help with requests” and “timeliness of service,” the IESO received solid performance scores but still showed an opportunity for improvement. Just over two-thirds (67.2%) awarded a score of 8 or higher on the criterion of timeliness, and only slightly more (70.4%) did the same on the issue of ability to help. These are still respectable scores for customer service benchmarks and are notable achievements for an organization with customer service requests as complex as those faced by the IESO.

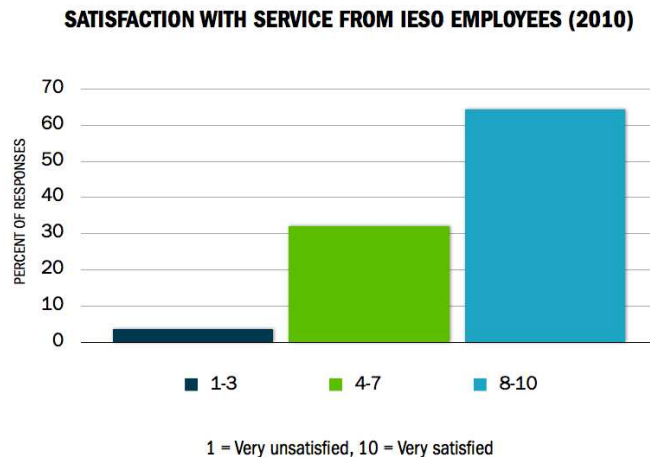
Using another question repeated from past surveys for the IESO, we asked participants if they find that IESO staff “respond adequately” to their needs. Over 80% of participants agreed that the IESO staff responded adequately “most” or “all” of the time. Just 3% of participants chose “rarely,” or “never.”

IESO STAFF RESPONDS ADEQUATELY:

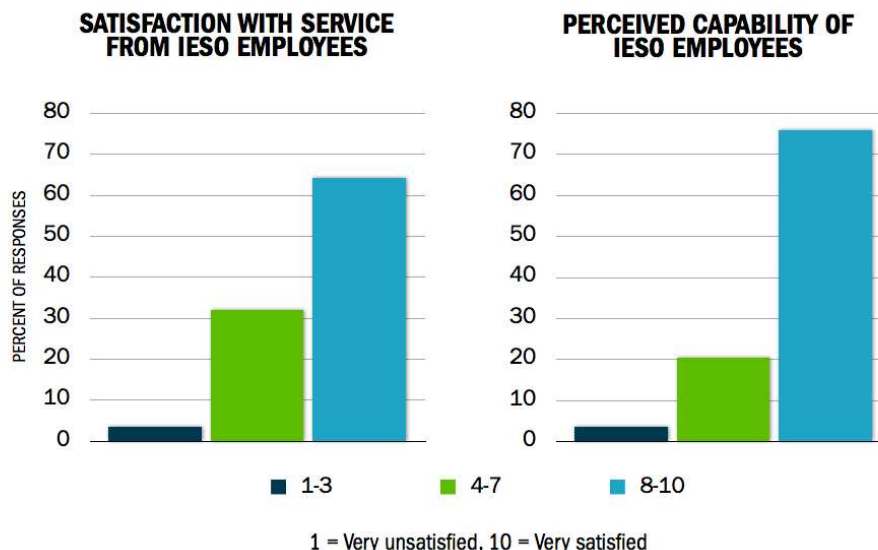


Later in the survey, after asking several questions about IESO’s services, Stakeholder Engagement, and other topics, we asked participants again to consider their overall satisfaction with the service they receive from the IESO. Participants could choose a

response using a 10-point scale, with 1 representing “not satisfied at all” and 10 indicating “very satisfied.” Nearly a quarter of survey respondents (21.4%) gave the IESO the highest possible score for this question. In all, two thirds of respondents (64.3%) indicated their satisfaction with a score of 8 or higher on the 10-point scale. The mean score for the question was 7.88 (out of 10).



A related question asked near the end of the survey dealt with the capability of IESO staff. The question asked participants to assess the capability of the IESO employees that they are in contact with on a 10-point scale, with a score of 1 indicating that they are not capable at all, and a score of 10 indicating that they are “very capable.” Participants awarded the IESO a very strong mean score of 8.22 on this question, with over three-quarters of participants (75.9%) awarding a score of 8 or higher. Just 5.4% of participants awarded a score of 5 or less on the 10-point scale. Once again this is a very strong vote of confidence in the skill and capacity of IESO staff.



IESO PUBLICATIONS

Online survey methodology is superior to phone-based surveying when asking respondents to recall and evaluate IESO publications or documents. One reason for this

advantage is the ability to display a thumbnail image of the IESO's publications to help jog the memory of participants and promote more accurate responses. Using small images as a visual aide, we explored participant reactions to a suite of IESO publications and online tools. We asked participants to indicate their awareness of each of these communications mediums and then asked about their usefulness.

Before going through each publication or web tool, we asked a general question about how well the IESO keeps its customers informed. Specifically, we asked whether participants felt that the IESO clearly articulates new initiatives or changes in advance. We asked participants to choose from a list of options. About three quarters of respondents (76.9%) agreed that the IESO "keeps them informed," with a quarter of all respondents (25.7%) claiming that they felt they were "very" well informed. About 14% selected the option that indicated that while the IESO was doing an "adequate" job, there was still room for improvement.

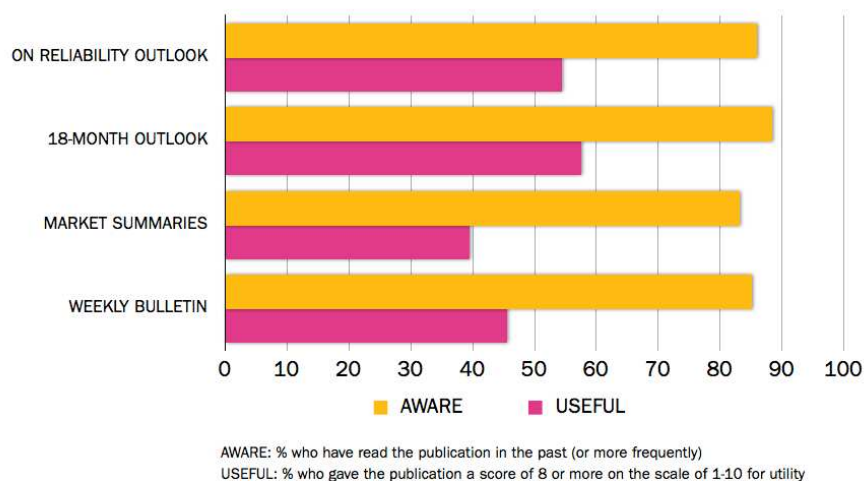
In addition to general questions about the way in which the IESO keeps them informed, we tested customer response to the following four IESO publications:

- Ontario Reliability Outlook
- 18-Month Outlook
- Market Summaries
- Weekly IESO Bulletin

We first probed the level of familiarity that customers had with each publication. For each of the publications, the number of those who claimed to be unaware of the publication ranged from 12 to 17%, with none significantly less well known than the others. As in past years, we presented customers with choices to indicate that they read each publication "all the time," "occasionally," "infrequently," or "never." The publications that respondents were most likely to say they read "all the time" were the Ontario Reliability Outlook and the 18-Month Outlook, with 34.2% and 36.3% of participants choosing that option respectively.

These two publications were also the most frequently cited as valuable. After assessing participants' awareness of the four publications, we asked survey takers to tell us, on a five point scale, the degree to which the publication was considered to be valuable to them. Over half (54.4%) of participants assigned a score of 4 or 5 on the scale to the Ontario Reliability Outlook, and slightly more (57.5%) did the same for the 18-Month Outlook.

AWARENESS AND UTILITY OF IESO PUBLICATIONS



n=113

With respect to the Ontario Reliability Outlook and the quarterly 18-Month Outlook, we asked specifically whether those publications provided a clear assessment of reliability. Over two-thirds of respondents (68.2%) agreed that they did. While under 4% said that these publications did not accomplish that task, a large portion (28.2%) were unsure.

While respondents gave none of the publications a poor overall rating on the question of their value, the IESO Market Summaries were the least likely to earn a score of 4 or 5 (39.5%) and most likely to earn a grade of just 1 or 2 (15.8%).

STAKEHOLDER ENGAGEMENT PROCESS

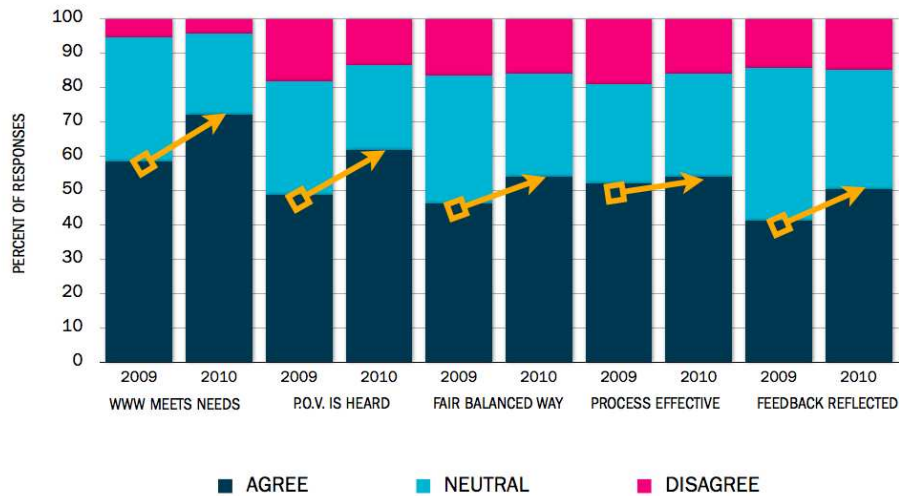
We know that stakeholder engagement is very important to the IESO as a way to understand stakeholder needs and seek ideas and advice for the evolution of the electricity market in Ontario. As in previous surveys, we explored satisfaction with that process.

This year we saw a very positive set of findings for the IESO – it was the section of the survey in which scores improved the most from 2009.

Last year, we found that questions about the Stakeholder Engagement process encountered some mixed reactions from participants. As an example, in 2009, fewer than 40% of respondents agreed that their point of view is heard by the IESO. Only one-third believed the consultations accurately reflected the input received, and just slightly more (39%) were willing to agree that the IESO's decisions are determined in a "fair and balanced" way, with 14% disagreeing with that statement.

In 2010, customers said that, on the whole, they were very satisfied with the Stakeholder Engagement process. Compared to our previous study, far more responses also skewed toward the higher regions of the evaluation scale, indicating greater enthusiasm from participants.

STATEMENTS ON STAKEHOLDER ENGAGEMENT (2009 vs 2010)

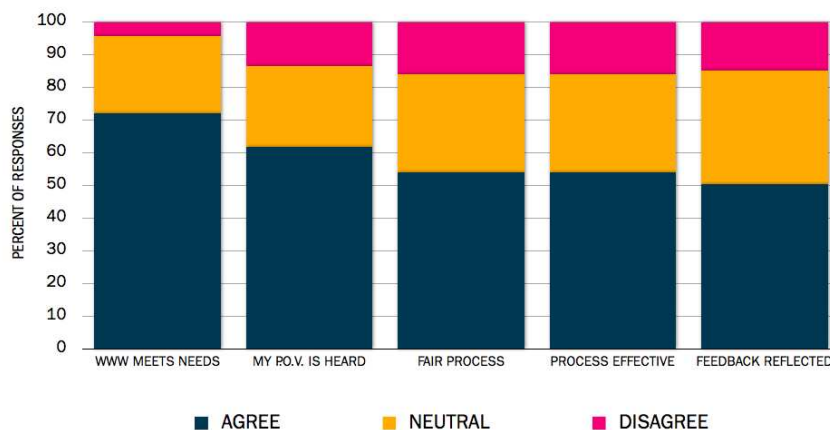


Near the end of our questionnaire, we asked survey respondents to agree or disagree with each of the following statements dealing with the components of the stakeholder engagement (listed in order of performance):

- “Stakeholder Engagement materials posted on the website meet my needs”
- “I feel that my point of view is heard by the IESO”
- “The IESO process ensures decisions are made in a fair and balanced way”
- “While I don’t always get the outcome I want, the process is effective”
- “The outcome of structured consultations reflects the feedback provided to the IESO”

Again in 2010, we offered participants a 5-point scale to register their agreement or disagreement with each component.

STATEMENTS ON STAKEHOLDER ENGAGEMENT



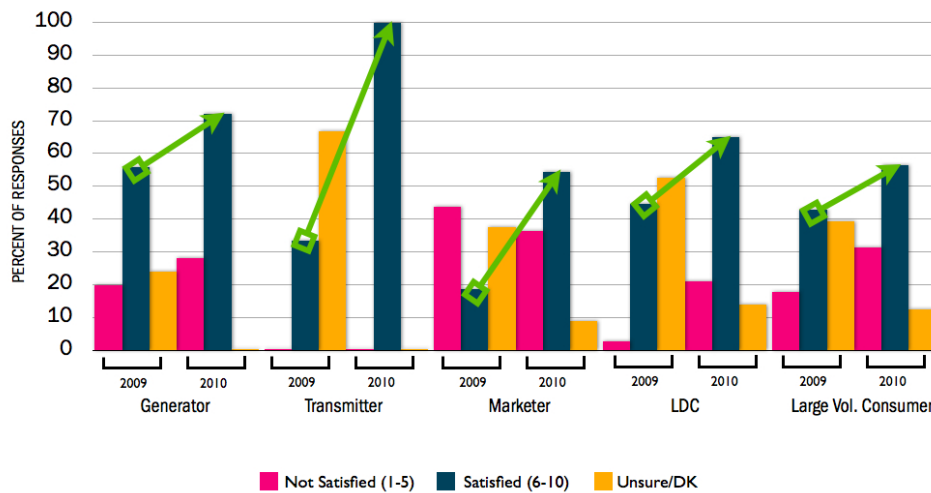
We saw the strongest agreement (and the least disagreement) with the statement that the “stakeholder engagement materials posted on the website meet my needs.” Nearly as strong was respondent agreement with the statement that “I feel that my point of view

is heard by the IESO.” Over half of respondents (52.6%) said they “somewhat” or “strongly” agree with that statement, while only 11.4% disagreed.

The middle three statements (process, outcome reflected feedback, and fair and balanced decisions) still had a 3:1 ratio of participants who agreed to those who disagreed.

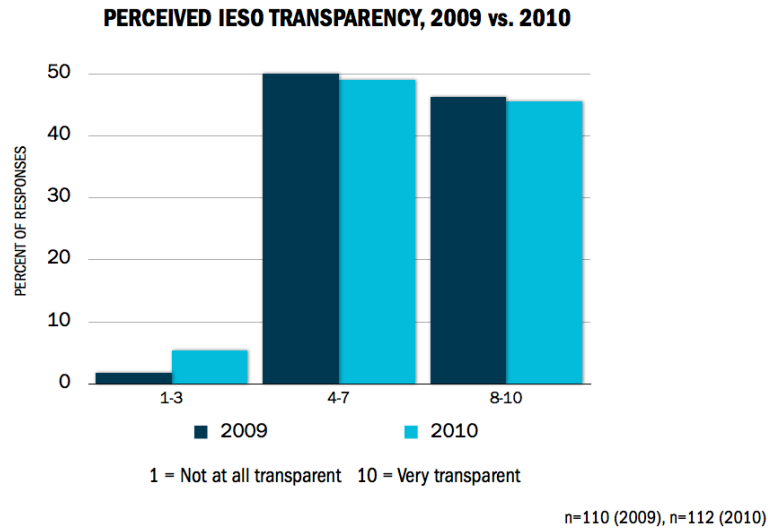
Looking at this Stakeholder Engagement process satisfaction data another way, we found another positive year-over-year indicator. In 2010, every type of IESO customer was more likely to indicate their overall satisfaction with the process versus last year. In each case, we also found fewer participants to say they were unsure or that they could not provide input. We believe that this is a positive development, and shows that customers are familiar with the name and language surrounding the Stakeholder Engagement process, and indeed, may be participating at a greater rate as well.

SATISFACTION WITH STAKEHOLDER ENGAGEMENT PROCESS BY ROLE (2009 vs 2010)

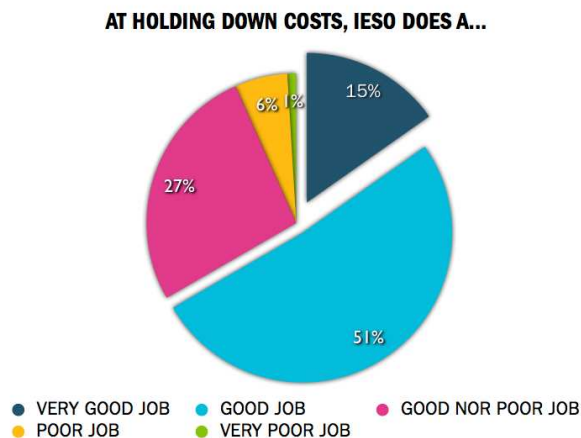


TRANSPARENCY AND VALUE FOR MONEY

In our 2009 report, two areas where the IESO did a very good job was with respect to its perceived transparency. In this year's survey, we posed the same questions to participants, asking them to assess the IESO on a scale of 1 to 10, with 1 indicating "not transparent at all" and 10 indicating "very transparent." The results were virtually identical to last year's with approximately 45% assigning a score of 8 or higher.



Another question we carried over from previous studies had to do with the perceived value for money that participants felt the IESO delivered. We asked how well the IESO did at holding down costs, and presented choices ranging from "very poor" to "very good." 15% of respondents said that the IESO did a very good job at this, while just over half (51%) chose "good." The results, again, were similar to last year, though in 2010 more respondents said "good" while fewer chose the option of "very good."



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