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Independent Electricity System Operator
2011 Customer Satisfaction Study

March 13, 2012

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Introduction and Overview

Angus Reid Public Opinion is pleased to present this report of the 2011 Customer Satisfaction Study to the Independent Electricity System Operator (IESO). This report draws on both the quantitative and qualitative research instruments used as part of the 2011 wave of research.

The quantitative survey was administered online and used the IESO's client list as a sample source. Angus Reid Public Opinion used its proprietary online survey platform Sparq™ to program, deploy and host the survey. The IESO received 93 completes this year, out of a total of 295 customers who were invited. This represents a participation rate of 40 per cent, which is quite strong for surveys of this nature.

As a follow up to the quantitative portion of the study, a senior Angus Reid Public Opinion researcher conducted additional in-depth interviews with 16 IESO customers who had agreed to be contacted post-survey in order to probe more deeply on specific questions about the IESO.

The focus of the survey this year was on identifying the drivers of customer satisfaction with IESO overall as well as the drivers of customer satisfaction within each service offering. While this is obviously an area of critical importance, the survey was also quite clear in demonstrating that while IESO clients have needs and expectations relative to specific services, they also value the IESO's leadership in the electricity sector.

Overall, the research uncovered a number of useful insights in terms of how IESO clients perceive the organization and what the IESO can do to further burnish its image as a leader and improve its clients' satisfaction with the services they receive from the IESO. We summarize a few of the key findings below and discuss each one in more detail further on in the report.

Overall satisfaction is high: The overall findings of the survey remain quite consistent with previous years on key metrics. IESO clients continue to express a high degree of satisfaction with the organization, its leadership and credibility.

Customer service matters: The biggest contributor to this high level of overall satisfaction with the IESO is customer service, which in turn appears to be driven by timely service. On an intuitive level, the strength and clarity of this relationship makes sense; given the real-time nature of Ontario's electricity market it is logical that respondents would expect, and be pleased with, prompt responses to their inquiries.

Timeliness of service and publications is important: The desire for prompt service extends well beyond customer service. The concept of timeliness permeates a range of other areas of customer service, including the quality of services offered, the types of services offered and the information and publications IESO clients expect to receive. As is the case with customer service, this is largely driven by the fact that the IESO operates in an extremely time-sensitive market. Providing services in a timely manner is a consistent driver of overall satisfaction with clear strategic implications in terms of how the IESO understands the needs and expectations of its clients.

Strong desire for leadership: The IESO would already have its hands full if all that was expected of it was to provide timely service, products and information to its clients. While this is undoubtedly a significant piece of the puzzle, the IESO's distinct position of leadership and credibility mean that its clients have expectations vis-à-vis the IESO that extend beyond timeliness.

There is a clear desire for the IESO's vision and policy development efforts to be built in part on the stakeholder engagement process, where respondents' biggest gripe is that the IESO effectively solicits information but is not always clear in how it uses that information. Responding to the strong desire for the IESO to provide more vocal leadership in the electricity sector in a way that incorporates the needs of a diverse set of clients is no doubt challenging.

While the report clearly shows the IESO faces some clear challenges in continuing to meet the needs and expectations of its client base, it is important not to lose sight of the fact that the IESO starts any such process from a considerable position of strength. A very strong majority of IESO clients are already satisfied with the services they receive. In our experience, this "reputation capital" means the IESO can afford to be deliberative in its approach rather than being reactive. This is important to keep in mind. High satisfaction scores should not be an invitation to shift attention elsewhere. Rather it is because of the constant attention on continual improvement in customer service that such high scores are obtained. It is our hope that this year's report on IESO client satisfaction can help provide some insight into how to address opportunities and challenges in the year ahead.

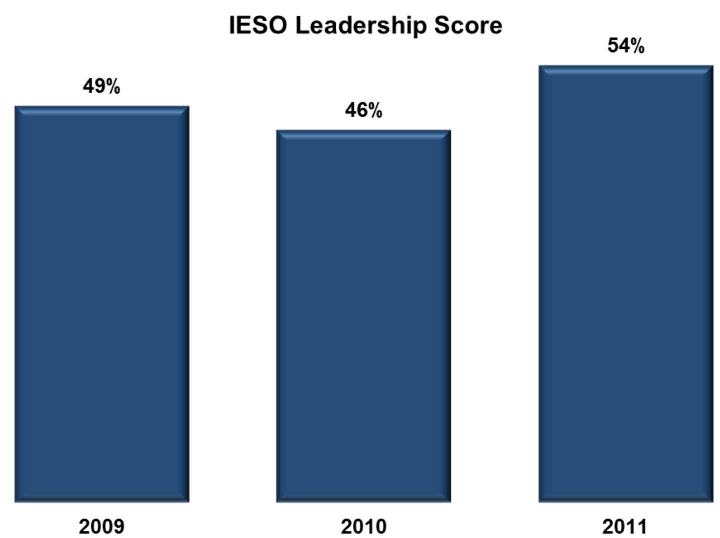
Leadership

One of the IESO's Corporate Performance Targets is for the organization to be regarded as a leader in Ontario's energy market. As has been the case for the past several years, the IESO scores quite well on this measure; a majority of respondents give the IESO high marks on a 1-10 scale where "1" represented "not a leader" and "10" represented "very much a leader." Expressed as a mean score, the IESO's leadership score is 7.1 in 2011, up slightly from 2010 but still somewhat lower than the 7.23 the IESO garnered in 2009.

Mean Score

While the mean score has not changed significantly since 2010, there was a significant increase in the number of respondents who rated the IESO with a score of eight (8) or above. The fact that the mean score remained stable while perceptions of high leadership increased is a reflection of the fact that relatively fewer respondents gave the IESO a middle-of-the-road mark.

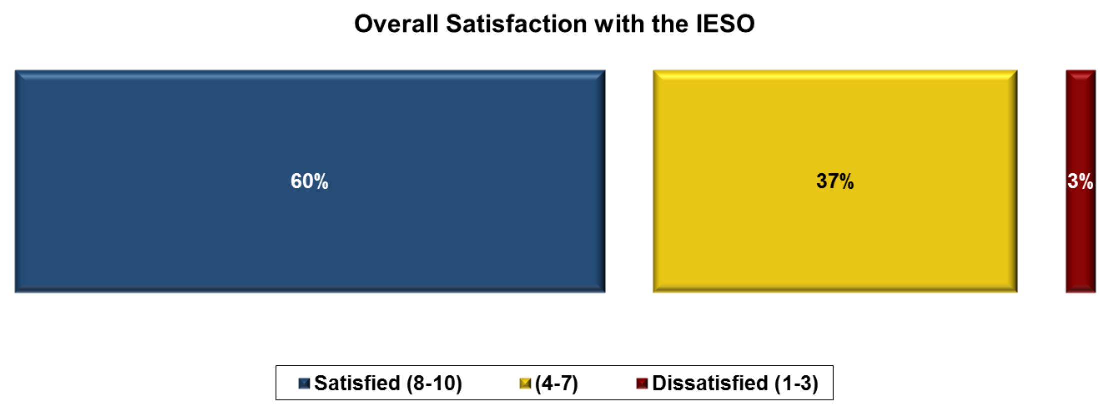
Top 3 Box (8-10): Percentage of Respondents who rated IESO ≥ 8



Overall Satisfaction

One of the modifications made to the survey this year was to include a question that allowed respondents to rate their overall level of satisfaction with the IESO. It is our experience that an overall measure of satisfaction is useful in a number of ways. First, it provides a broad metric to track over time. Second, establishing an overall level of satisfaction provides us with a starting point from which to determine which specific aspects of the IESO's operations tend to drive that general sense of satisfaction. We address this second aspect more thoroughly in the subsequent sections of this report but begin with a more general discussion on overall satisfaction with the IESO.

The mean satisfaction score for this general measure is 7.5, just a few decimal points shy of what we consider to be a "very satisfied" score (of 8 or more). A large majority of the IESO's clients (60%) in fact did indicate they were generally very satisfied with the IESO, while only 3 per cent reported being very dissatisfied (in this case a score of 3 or below).



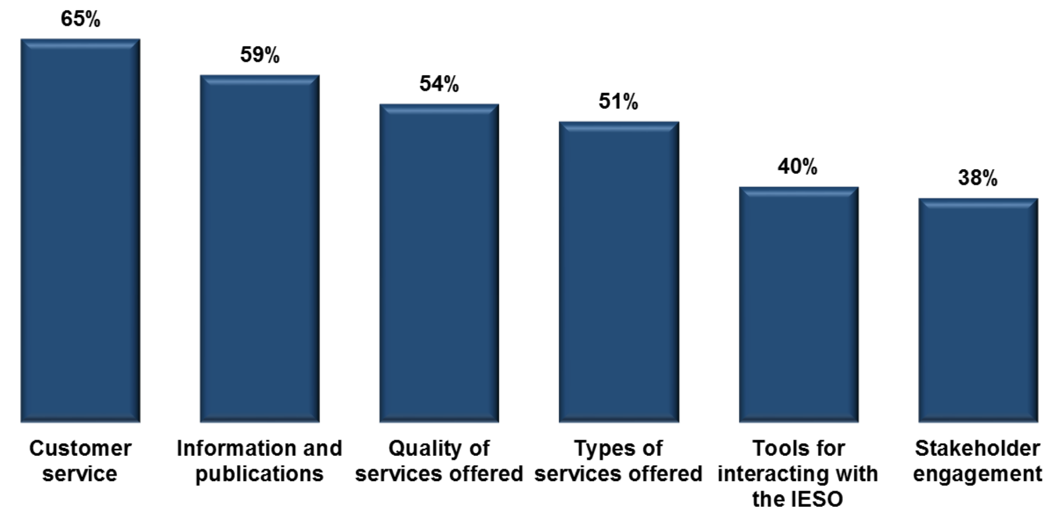
Satisfaction with the IESO is constant across a number of categories including size of the company and length of association with the IESO, the latter of which is an important finding as satisfaction rates sometimes dip over time in organizations where long-term loyalty is an issue. As was the case with credibility and leadership, generators and distributors tend to be more satisfied with the IESO overall, compared to large volume consumers (though small base sizes mean comparisons between groups should be done cautiously).

Once a global read on overall satisfaction was established, respondents were then asked to rate their levels of satisfaction with six specific aspects of the IESO's work.

- Customer Service
- Types of Services Offered
- Quality of Services Offered
- Stakeholder Engagement
- Information and Publications
- Tools

For the most part, these six categories are fairly similar to ones captured in previous waves of research, with a few modifications. We feel they represent distinct categories of services the IESO provides and so getting an overall read on satisfaction with each is important. The chart below outlines the percentage of IESO clients who are very satisfied with each of the six (6) categories. A customer is deemed very satisfied if they reported a satisfaction score between eight (8) and ten (10) points.

Very Satisfied (8-10): IESO Categories: Percentage of IESO clients who are very satisfied with…



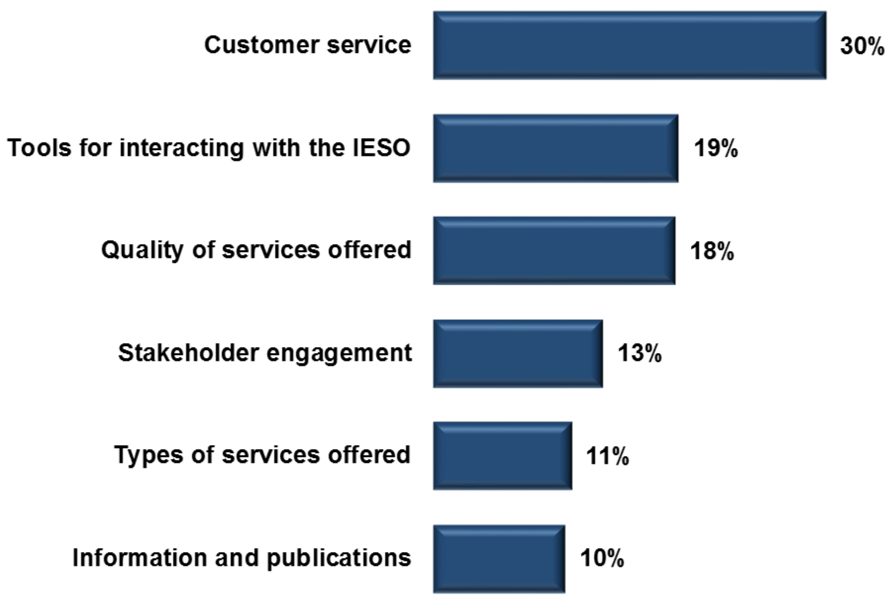
There is a fair bit of variability with overall satisfaction between these categories, though a majority of respondents reported being very satisfied with customer service, information and publications, quality of services offered, and types of services offered.

While knowing the overall satisfaction levels with each of these categories is instructive, it does not provide an entirely clear picture of where the IESO should focus its efforts in improving its service delivery. What is the relationship between these distinct categories of service and overall satisfaction with the IESO? Which of these categories has a more profound impact on overall satisfaction with the IESO? Put another way, which of these categories should the IESO prioritize from a service delivery improvement perspective?

One common approach of discerning priority areas of service is to ask respondents which services are most important to them. The logic is simple and valid; the more important the service, the more an organization should focus on making sure its clients are satisfied with it. But it does have limitations. In a first instance, clients will often have a hard time differentiating which service is truly important to them and which is not. More often than not, the end result is the fact that respondents rate every service as important, which makes prioritization difficult. Secondly, clients will often give a socially constructed answer when prioritizing areas of service delivery; their answers can be influenced by what they expect the IESO wants to see or be based on an after-the-fact rationalization.

To address this, Angus Reid Public Opinion has developed a set of analytical techniques that relies on derived importance rather than stated importance. In other words, we employ multivariate regressions to help us map the strength of relationships between various aspects of satisfaction as a way of determining what is important instead of asking respondents to tell us themselves. We describe the process in appendix 1. The technique itself can at times sound complex, but luckily its interpretation is quite straightforward. The first step is to look at the overall output.

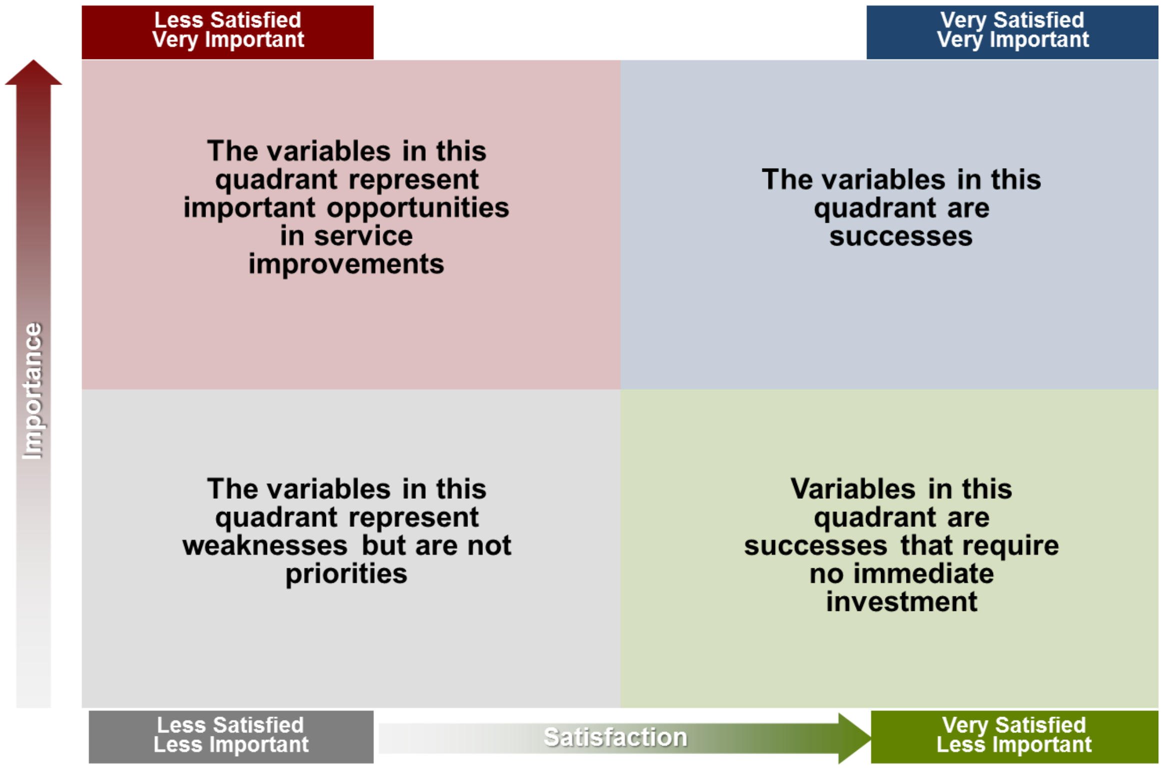
Relative Importance: Overall Satisfaction



The chart above illustrates the relative importance of each of each of these 6 categories in driving overall satisfaction with the IESO. In other words, 30 per cent of the overall satisfaction with the IESO is driven by satisfaction with customer service. This means that customer service is three times more important than, say, information and publications in driving overall satisfaction (whose relative importance is 10%). This kind of ranking can make determining priorities much easier – as we demonstrate in subsequent sections, customer service is a clear area of importance.

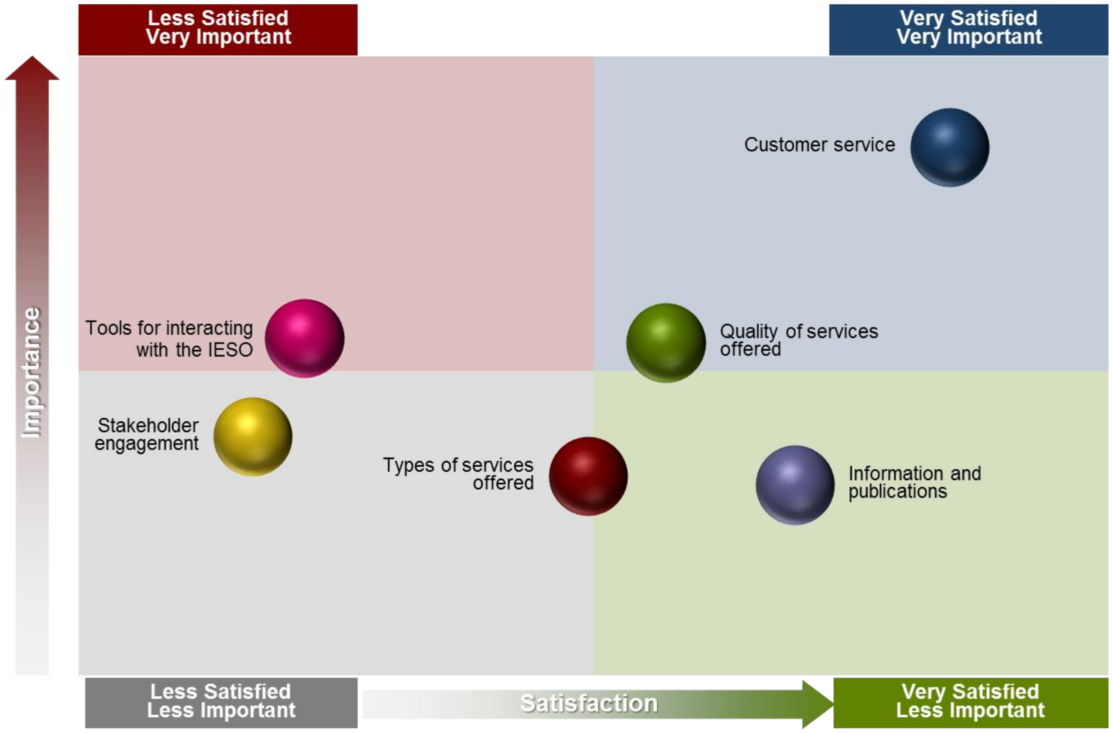
A secondary output of the regression is the R^2. This essentially measures the extent to which these 6 variables capture the total variation in overall satisfaction with the IESO. The lower the R^2 the less instructive the model is. In this instance however the R^2 is well above 70 per cent meaning that these 6 categories, between them, capture the vast majority of what drives overall satisfaction with the IESO.

While the overall ranking above is useful, it still does not provide a full picture of what areas the IESO may wish to improve on. We therefore cross-reference these relative importance scores and plot them against the actual satisfaction with each of these categories. This creates a chart where anything on the right hand of the graph are areas of service that score above average levels of satisfaction and anything in the upper half of the graph is an area of service that has above average importance in driving overall satisfaction with the IESO.



When we use satisfaction and relative importance data from the 6 categories we come up with the following chart.

Driver Analysis: Total



Customer service: This is an important success story for the IESO. More than any other category, it is customer service that has the biggest impact on overall satisfaction with the IESO, and also happens to be an area where the IESO registers very high levels of satisfaction. We delve into this in more depth in the next section of this report but the overall finding here is that customer service matters more than any other service provided by the IESO. This is an important consideration moving forward.

Quality of services offered: More than the variety of services offered, it is the quality of these services that matters more to respondents. As is the case with customer service, this seems to be an area of success for the IESO, with quality of service generating above average levels of satisfaction.

Tools for interacting with the IESO: This is an area for improvement by the IESO. It is on par in terms of relative importance with quality of services offered but scores substantially below average in terms of satisfaction.

Stakeholder engagement: Though satisfaction with stakeholder engagement is the lowest of all six categories, it is not of great relative importance in driving overall satisfaction. However, it would be simplistic to say that stakeholder engagement does not matter; our in-depth interviews help illustrate that stakeholder engagement is best regarded as a means to an end in generating greater satisfaction, rather than an outcome in and of itself.

Types of services offered: This category of service scores average levels of satisfaction but is of slightly lower than average importance. As we detail later in this report, IESO clients nevertheless have some pretty large expectations in terms of what they want the IESO to be providing them with.

Information and publications: Though there are high levels of satisfaction with the information and publications provided by the IESO they do not appear to have a tremendous impact on overall satisfaction. This does not suggest publications are not important – indeed, there is a great desire for the IESO to disseminate information. Rather, the findings suggest the link between overall satisfaction and information and publications is relatively weak.

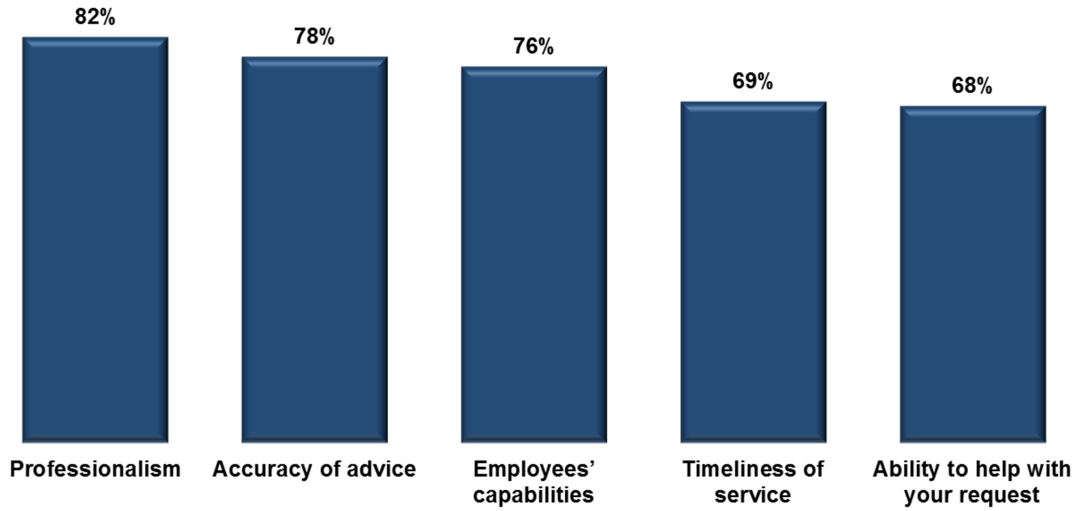
While the summary above is quite useful in establishing relative importance and areas of improvement, the six categories in and of themselves are broad. Knowing that customer service is of great importance to IESO clients is clearly valuable, but customer service itself is a multi-faceted experience. We therefore went one step further and turned each of the six categories into dependent variables in their own right. In other words, we wanted to see what drives satisfaction with customer service for instance and asked a series of follow-up questions to that effect with a new set of independent variables. Given its considerable importance, the next section of this report explores customer service in greater detail.

Customer Service

As mentioned, the regression output clearly demonstrates that customer service is of significant importance in driving overall satisfaction with the IESO and it is an area of service delivery in which the IESO excels. Indeed, respondents in the in-depth interviews made a point of highlighting the quality of IESO staff in their comments to us. Some mentioned that they felt that IESO employees not only had a strong background, but also had ample experience to be successful in their jobs.

While overall satisfaction with customer service is high, this is an area of service delivery that is multi-faceted and so we asked respondents to rate five specific categories of customer service on the same 1-10 scale used elsewhere in the survey. The results show high levels of satisfaction, with every aspect of the customer service experience garnering high levels of “very satisfied” (8-10 on the scale).

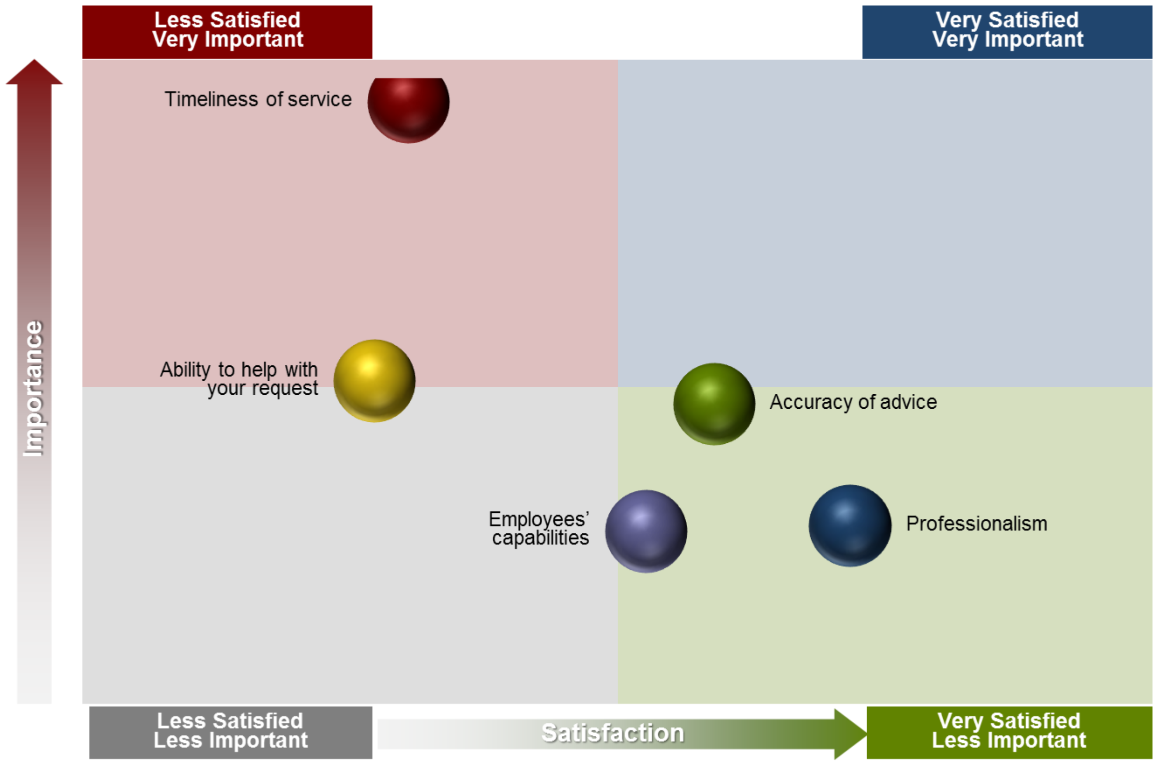
Very Satisfied (8-10): Percentage of respondents who are very satisfied with specific aspects of customer service



In no other category of service did we see such consistently high levels of satisfaction. During the in-depth interviews this sentiment was clear. Respondents pointed to the IESO's good service and specifically the ease of accessibility, in terms of being able to speak to someone when need be. Others mentioned that the IESO has improved year-over-year and that that they enjoyed the face-to-face contact with the IESO.

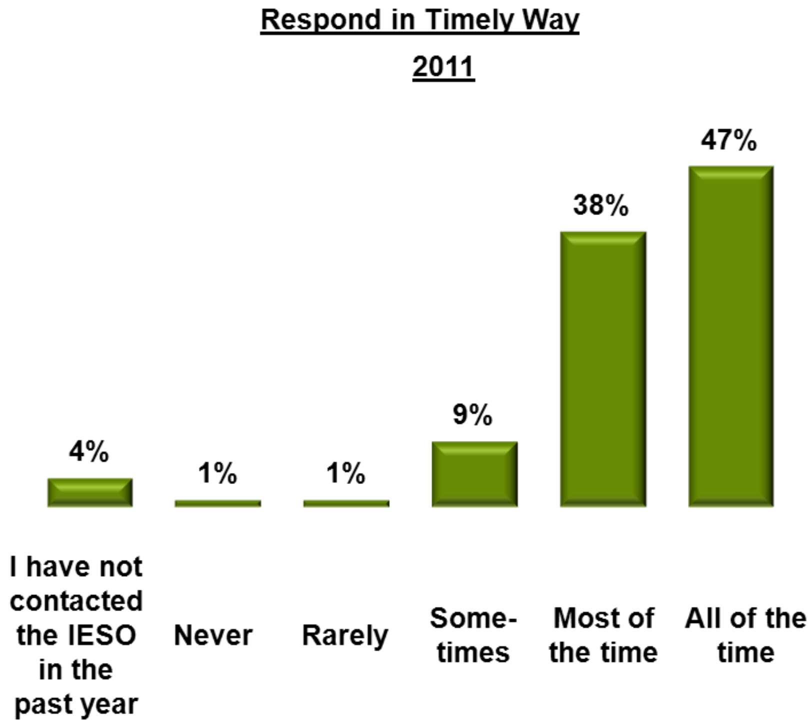
As was the case with the overall drivers of satisfaction, we ran a driver analysis to determine which of these aspects of customer service were the most important in driving overall satisfaction with customer service.

Driver Analysis: Customer Service

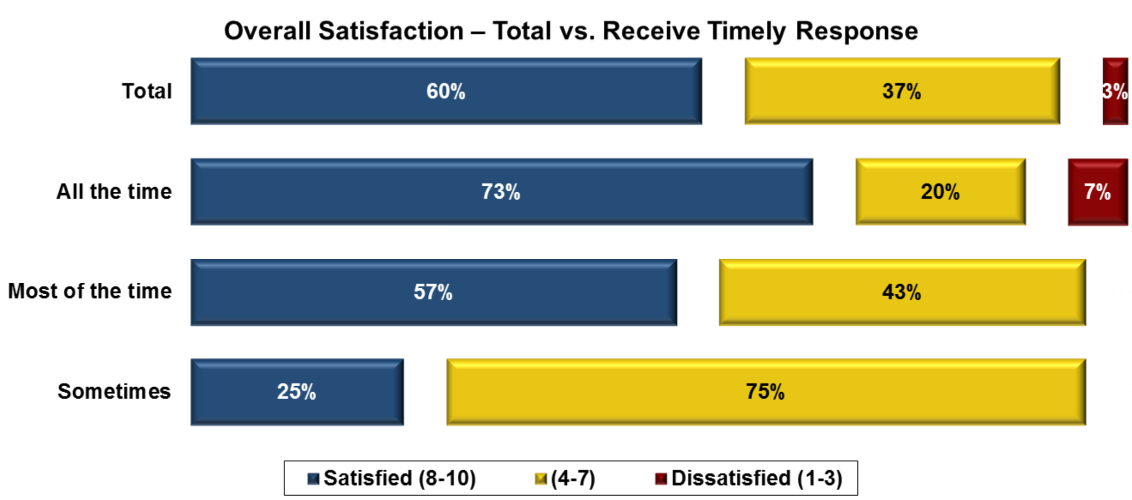


The results indicate that timeliness is the most important driver of satisfaction with customer service. With a 69 per cent satisfaction score, timeliness of service is still ranked highly, yet it scores below average in comparison to other facets of customer service, hence why it is plotted in the red quadrant. What the analysis shows is that even small delays in getting back to clients can have important consequences in overall perceptions of customer service.

Several metrics outside the scope of the driver analysis also illustrate the depth of the relationship between timeliness and overall satisfaction. A near majority of respondents for instance indicate that the IESO responds to their requests in a timely manner all the time.



While these numbers are quite strong overall, a comparison of satisfaction by the IESO's ability to serve its clients quickly shows a linear relationship between those who feel that they are always dealt with in a timely manner and overall satisfaction.



More than the other categories of services we tested, customer service seems to be heavily reliant on a single factor – timely responses. As mentioned, the few complaints the IESO did receive in the in-depth interviews related to lack of responsiveness from the IESO on pieces of information they were looking for or not being able to reach someone directly.

Timeliness of service is also a dimension of customer service that is often relatively straightforward to improve. Knowing that your clients value the ability to get someone on the phone when they call or getting a quick email response to their queries can help in allocating resources in a way that facilitates this.

The in-depth interviews also show that not everyone is a frequent user of the online tools and the types of tools used vary with the sector of activity and the respondents' positions within their companies. Those in upper management positions especially appreciated the guidance offered from the reports but some also remarked that when they need help or guidance they usually call the IESO directly rather than go online. Generally the online tools were viewed positively but some did outline areas of improvement. Some respondents say the website itself should use more "laymen's" language to make it easier to understand. Others have issues with specific forms that are accessible on the website, such as asking for too much information, having to submit physical forms, and questioning the purpose of some of them.

Timeliness of Information and Services

It was clear in the previous section that timeliness was an area of importance with respect to customer service. However, timeliness also crops up as an important dimension of several other aspects of the IESO's services. We illustrate below the driver outputs for several other categories including information and publications, quality of services and types of services, and highlight the extent to which timeliness drives satisfaction in each of these categories.

DRIVER ANALYSIS: INFORMATION AND PUBLICATIONS	
Aspect	**Relative importance**
The timeliness of information put out by the IESO	28%
The ability of IESO to give me a deeper understanding of how the electricity market in Ontario works	26%
The ability of IESO to keep me up to date on developments in the electricity market	25%
The ability of IESO to give me the information I need to make business decisions	20%

DRIVER ANALYSIS: TYPES OF SERVICES OFFERED	
Aspect	**Relative importance**
Engaging in advocacy and policy development in Ontario	35%
Providing easy and timely access to market data	24%
Managing the electricity market	15%
Facilitating customers' ability to participate in the markets through training and support services	15%
Operating and maintaining the reliability of the Ontario power system	11%

DRIVER ANALYSIS: QUALITY SERVICES OFFERED	
Aspect	**Relative importance**
Services are delivered in a timely way	30%
Services provide good value for money	25%
Services meet my needs	25%
Services offered evolve to meet the changing needs of the electricity sector	21%

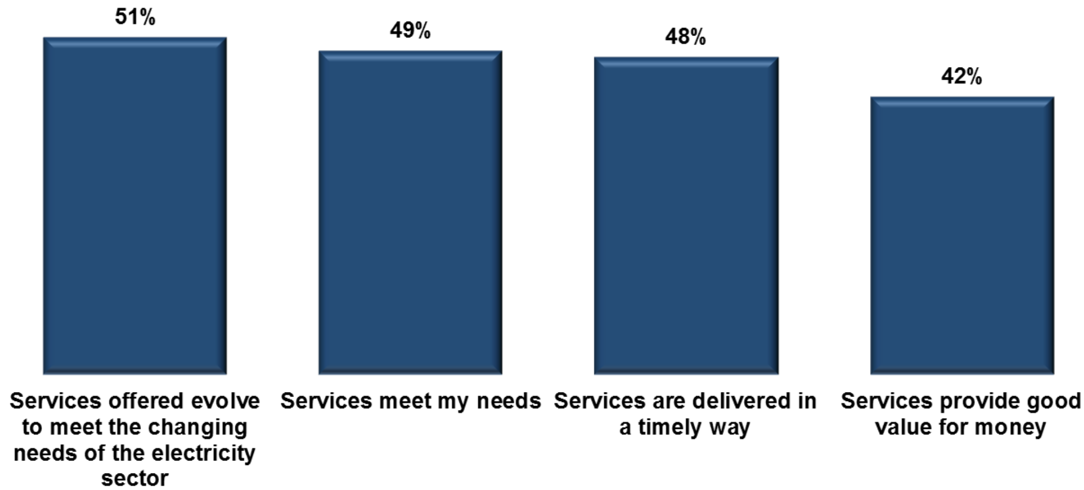
On the one hand this is a fairly intuitive finding – the in-depth interviews in particular paint a picture of a sector that is in a constant state of flux. Generators, distributors, and consumers alike depend on access to timely, accurate information and the importance timeliness has on overall satisfaction should come as no great surprise.

On the other hand, seeing timeliness permeate so many different aspects of the IESO's operations is useful from a planning perspective and we use this section to unpack the expectations your clients have in relation to this.

Quality of Services

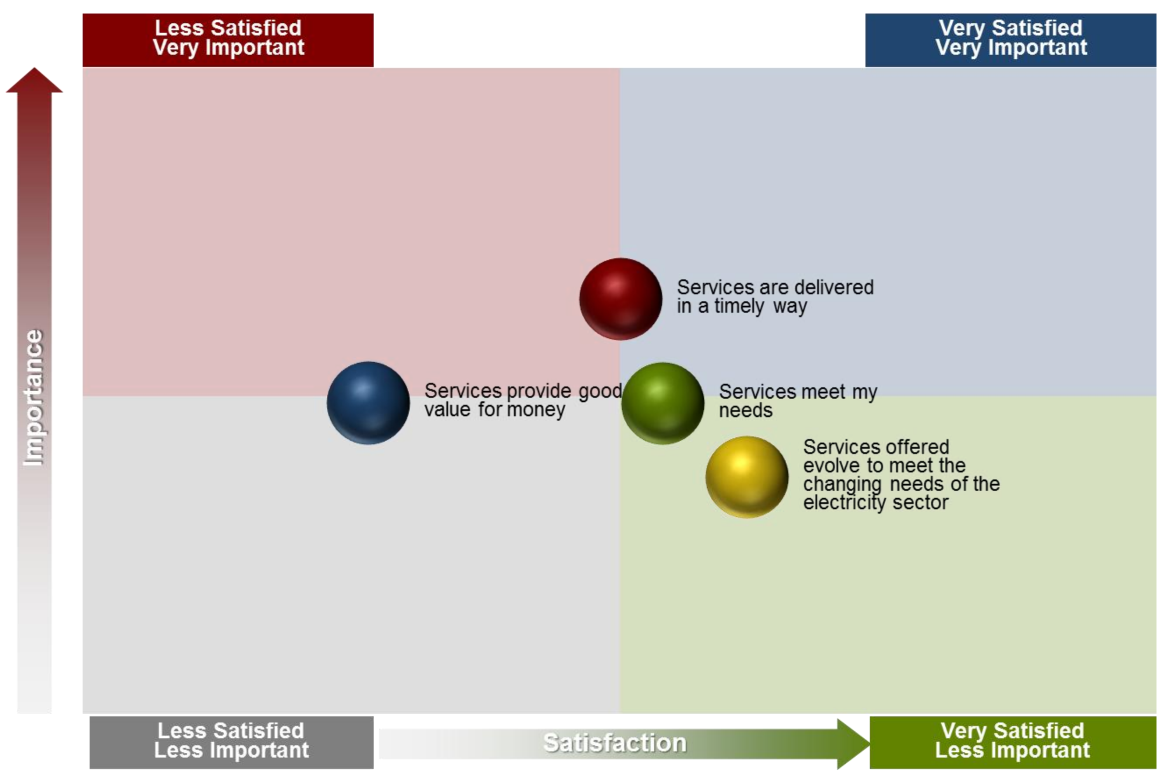
Taking a step back from the driver analysis we see that satisfaction with the quality of services offered by the IESO is broadly based but not especially intense compared to certain other areas of service provision. Whereas some IESO services garner over two thirds saying they are "very satisfied", the highest level of "very satisfied" when it comes to quality of services is "*services offered evolve to meet the changing needs of the electricity sector*." Just under half seem to be strongly satisfied with the IESO's ability to provide services in a timely way.

Very Satisfied (8-10): Percentage of respondents who are very satisfied with quality of service



The driver analysis however, where *quality of services* is the dependent variable, illustrates the extent to which providing services in a timely way is important.

Driver Analysis: Quality of Service



Unlike some of the other driver analyses in this report, quality of service seems to have relatively little variation both in terms of relative importance and with satisfaction. The one area of lower-than-average satisfaction is *value for money*. While it is not of great importance overall, it was our sense from the quantitative survey and the in-depth interviews that some large volume consumers felt this was more important than did other client types. In the quantitative survey, large volume consumers give *value for money* its lowest rating, garnering a mean score of only 5.8 and only 35% landing in the top 3 box.

There was also a fair amount of antipathy towards the billing process with several respondents complaining of new charges that appear on their bill or a complex array of line items that are difficult for them to decipher. We believe this frustration may be contributing to the slightly lower than average scores on *value for money*. It is worth pointing out though that in our experience it is very difficult to over-perform in value for money; our sense from the in-depth interviews wasn't so much that the IESO's clients feel they are paying too much for the services they receive, but rather that they would like to receive more on the value side of the equation. One respondent in particular said that he would be willing to pay more in order to get more value.

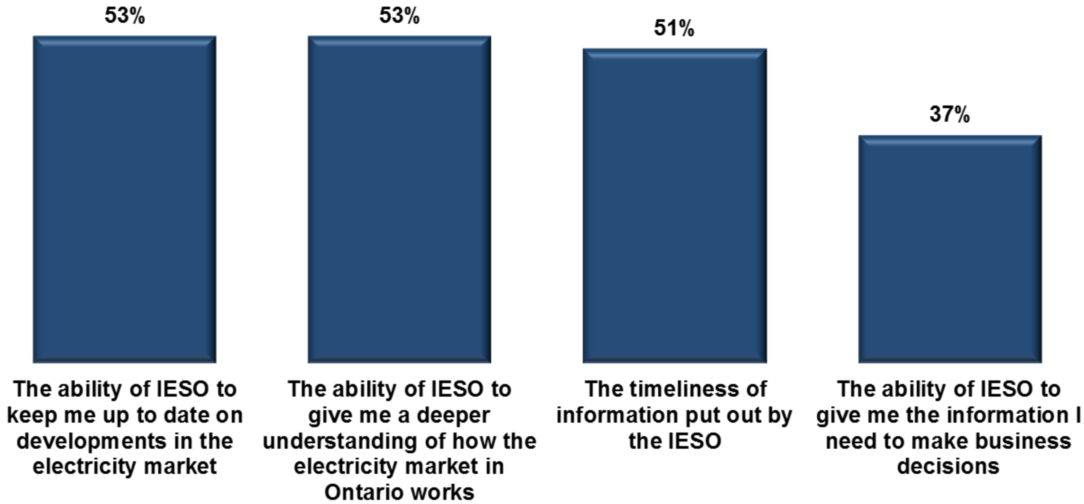
One often mentioned area where added value would be appreciated is within billing. Some customers are frustrated not only with the high cost of electricity due to the Global Adjustment, but they are also frustrated with the lack of transparency around what they are being billed.

Information and Publications

Information and publications are a critical component of the IESO's mission and our survey sought to explore satisfaction around these services in two distinct ways. The first was with respect to the *overall delivery* of information and publications and the other was with respect to judging the utility and quality of *specific publications*.

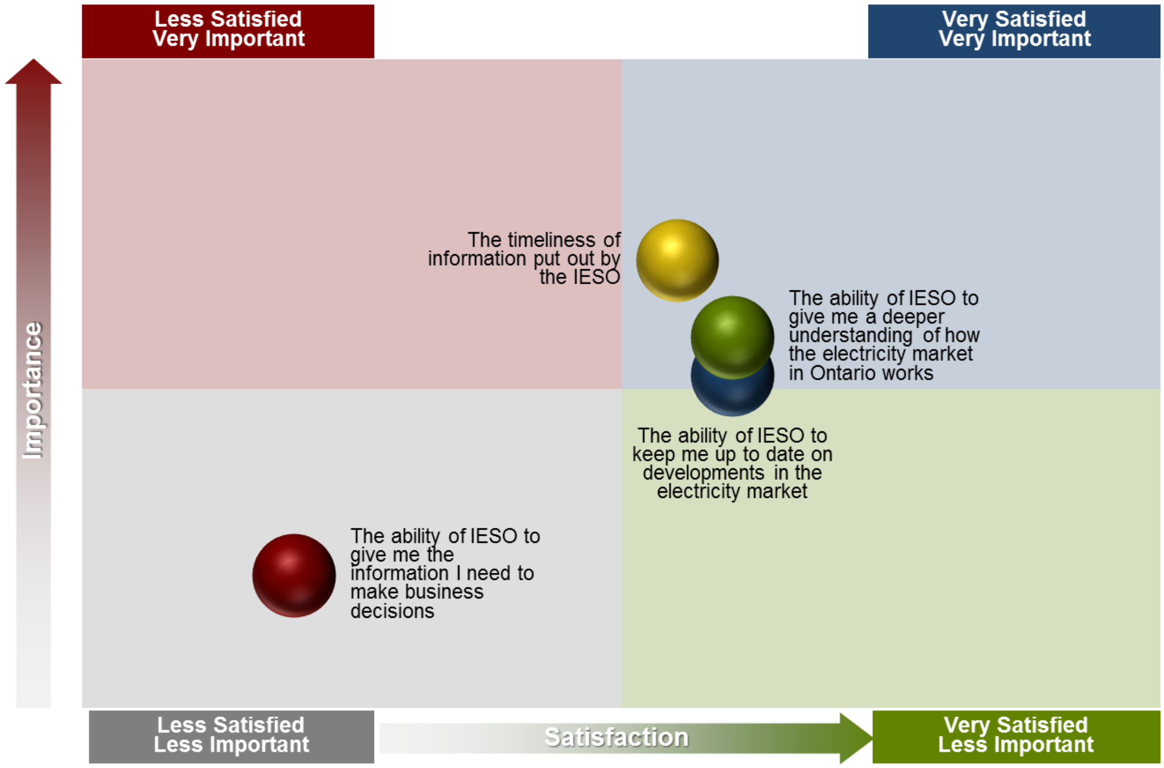
With respect to overall delivery, satisfaction is fairly strong for the most part.

Very Satisfied (8-10): Percentage of respondents who are very satisfied with overall delivery of information and publications



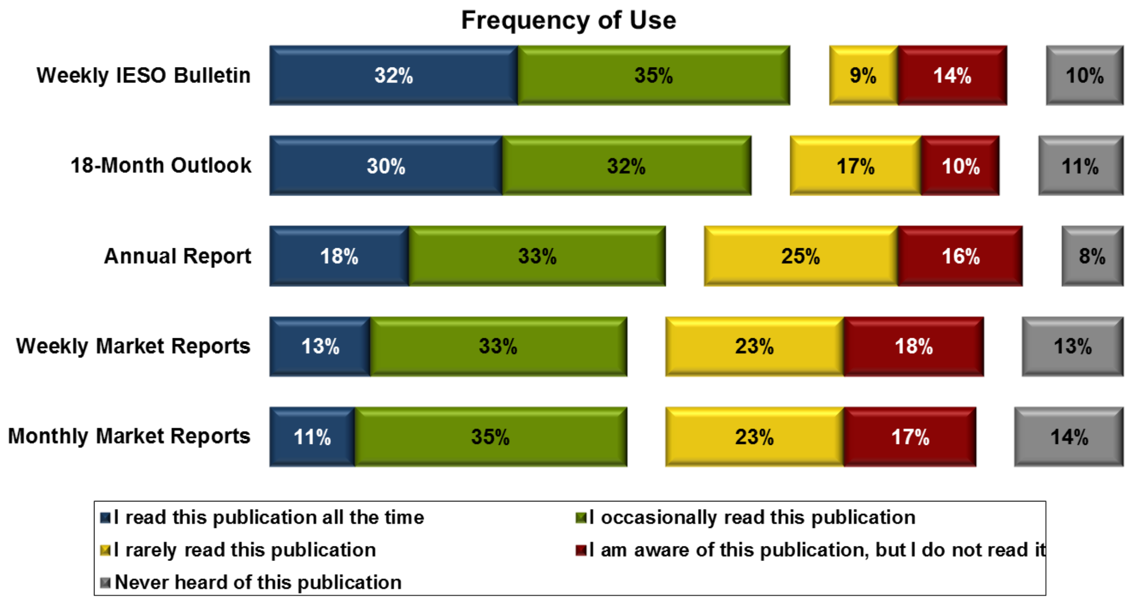
When plotted out against the relative importance of each of these aspects in driving overall satisfaction with information and publications, timeliness of information is again a top driver. However, more than the previous categories where timeliness truly dominated the regression, other aspects, notably *the ability of the IESO to give me a deeper understanding of how the electricity market in Ontario works,* are also quite important. The next section of the report explores how the quality and the relevance of the information disseminated by the IESO are also quite important to IESO clients.

Driver Analysis: Information and Publications



With a hierarchy of needs established in terms of what the IESO's clients are looking for in terms of the *overall delivery* of publications and information, we then used the survey to probe more deeply on the specific kinds of publications the IESO offers. We outline below the frequency of use for six (6) of the IESO's publications. The Weekly IESO Bulletin takes the top spot as the most frequently read publication (67%), while the Weekly Market Report falls as a distant fourth most often read, with only 46% reading this publication all the time or occasionally.

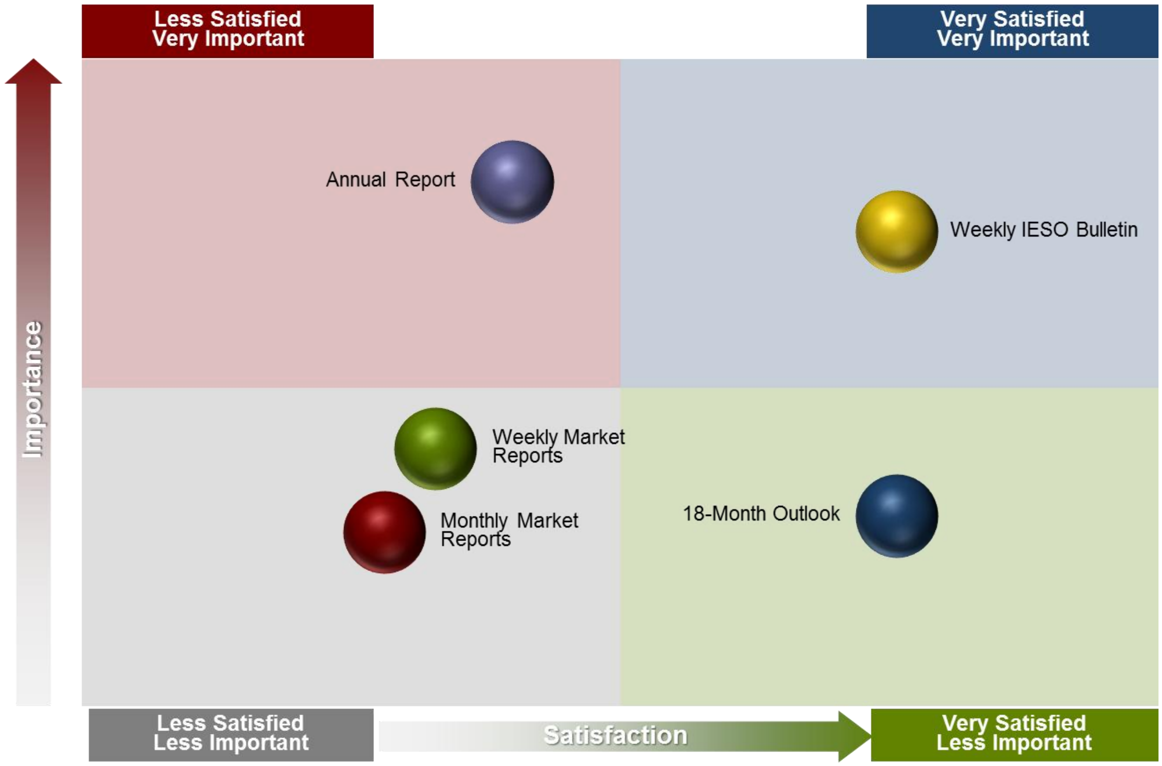
Information and Publication Usage



Unlike previous iterations of this study, we only asked respondents who were aware of a given publication to rate their levels of satisfaction with it. This tended to increase the overall satisfaction with specific publications compared to previous years but we felt this modification was useful in allowing us a more credible read on how much satisfaction these publications actually generate since someone who has not read it would be ill suited to rate it.

The Weekly IESO Bulletin scores well on satisfaction and is also important to IESO customers. The 18-Month Outlook also received high satisfaction scores but ranked below average in terms of driving satisfaction with information and publications. The Annual Report on the onset shows signs for needed improvement yet further analysis is required as discussion with the IESO shows that respondents may be referring to multiple annual reports rather than the financial Annual Report. Clarity on this issue will be provided in next year's iteration.

Driver Analysis: Information and Publications



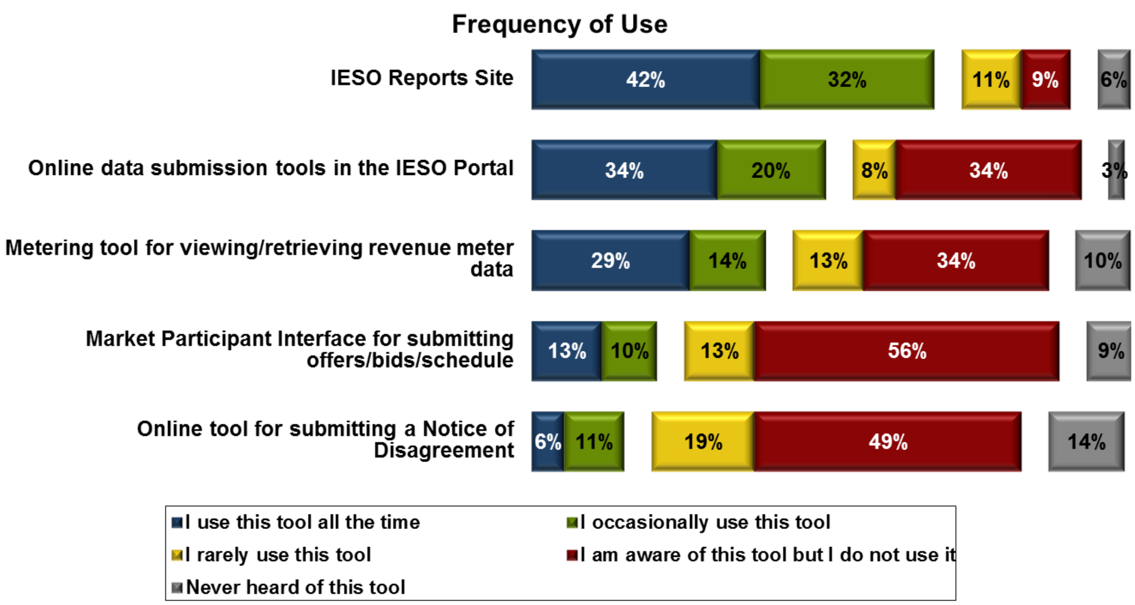
The in-depth interviews revealed that the reports valued by customers were those that provided market data especially regarding future and anticipated movements, and resources that can provide guidance in terms of budgeting. In respects to the online reports and their portal, a frequently heard comment was that these needed to be more in “laymen” terms or provide more data in terms of future market movements. In terms of publications, respondents in the in-depth interviews who offer views on them generally find the reports valuable for budgeting and forecasting. Some would like to see more insight into future price movements related back to the Global Adjustment.

The last section of the information and publications category surveyed only distributors of electricity about specific items that are meant to help them with their communications. The 10 Smart Meter Lane boasted the highest scores, with three-in-five (60%) of distributors finding it very helpful (8-10) in their communications programs. Additionally, a majority (53%) found Time of Use Rates at Work very helpful (8-10). In fact, this tool finished with the highest mean score of all four (4) tools (8.1). The IESO Wall Calendar and the Electricity Insider hover around two-in-five distributors finding them very helpful (40% and 37% respectively). Overall, the four (4) information pieces that the IESO provides to distributors received positive mean scores, ranging from 7.1 to 8.1.

Tools for Interacting with the IESO

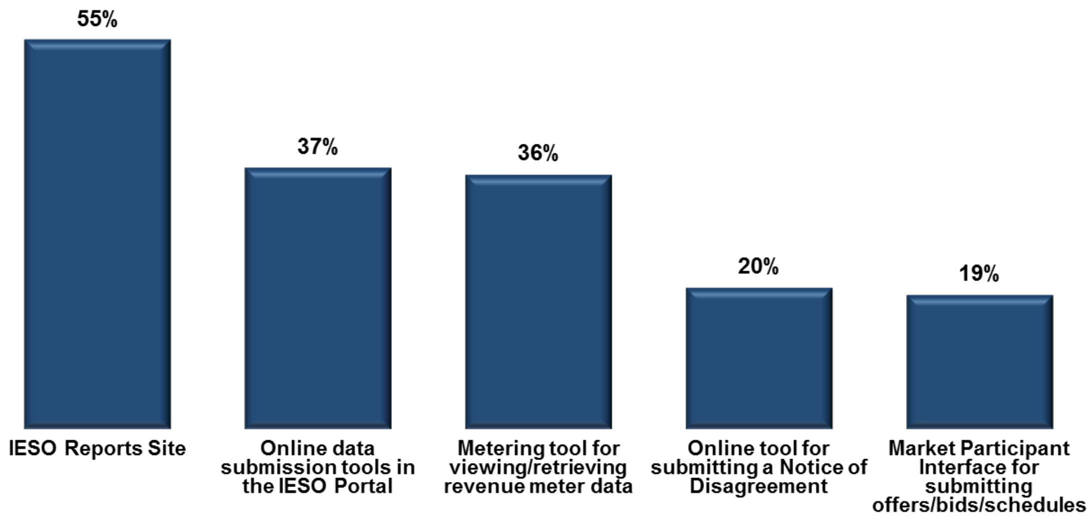
In addition to producing an array of publications the IESO also provides its clients with a set of online tools. The data from the survey shows that there is not an entirely linear relationship between familiarity with a tool and frequency of use; for instance, while the online data submission in the IESO Portal has a slightly higher level of overall awareness, the IESO Reports Site takes the top spot in terms of actual usage, with 42 per cent of respondents saying they use the tool all the time.

Tools for Interacting with the IESO Usage



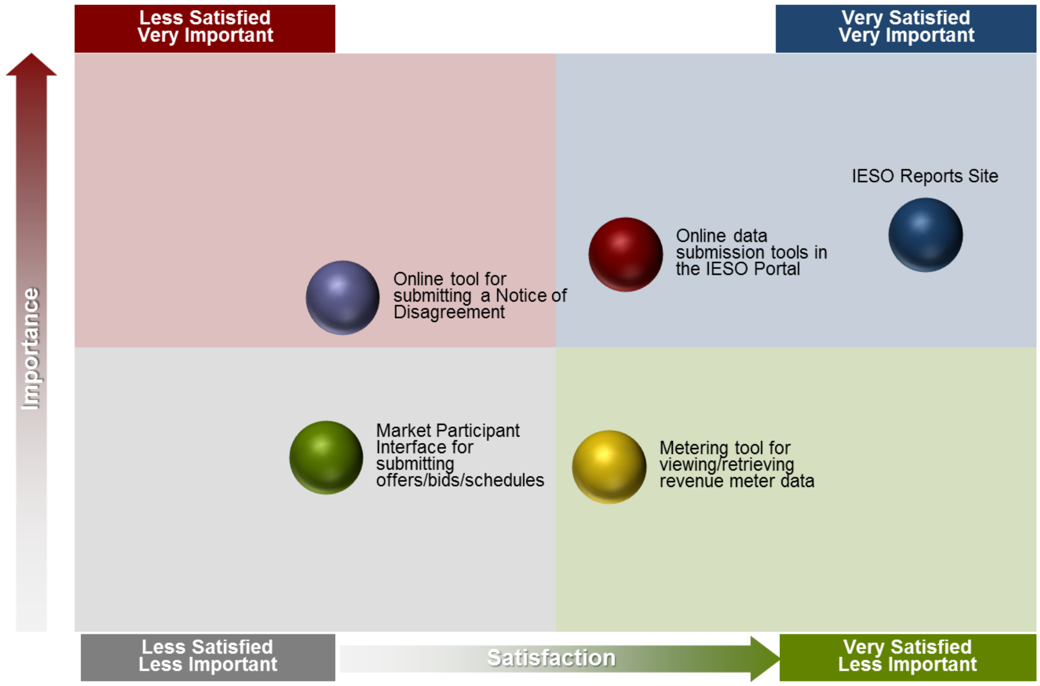
The next step of our evaluation of IESO tools was to gauge client satisfaction with each of the tools they had heard of before. As was the case with information and publications we felt this approach would yield a truer sense of actual satisfaction with each tool than having respondents who had never used a given tool offer their level of satisfaction with it. The IESO Reports Site garners the most satisfaction, with a majority giving it a rating of eight (8) or higher out of ten (10).

Very Satisfied (8-10): Percentage of respondents who are very satisfied with online tools



We then ran a Shapley Value Regression to see whether specific tools were bigger drivers of satisfaction than others. In this instance our model was not a very good fit, implying that we did not capture all of the facets that drive satisfaction within the tools category itself. While we were able to create a relative ranking that shows the IESO Reports Site, online data submission tools and metering tools are all of above average importance, the overall explanatory power of this particular regression is low. The R^2 is only 25% suggesting that the tools themselves do not seem to drive overall satisfaction with the tools offered by the IESO. Much like information and publications, it may be that it is how the tools are delivered and what they offer as a whole that matters more than the actual functionality of any specific tool.

Driver Analysis: Tools

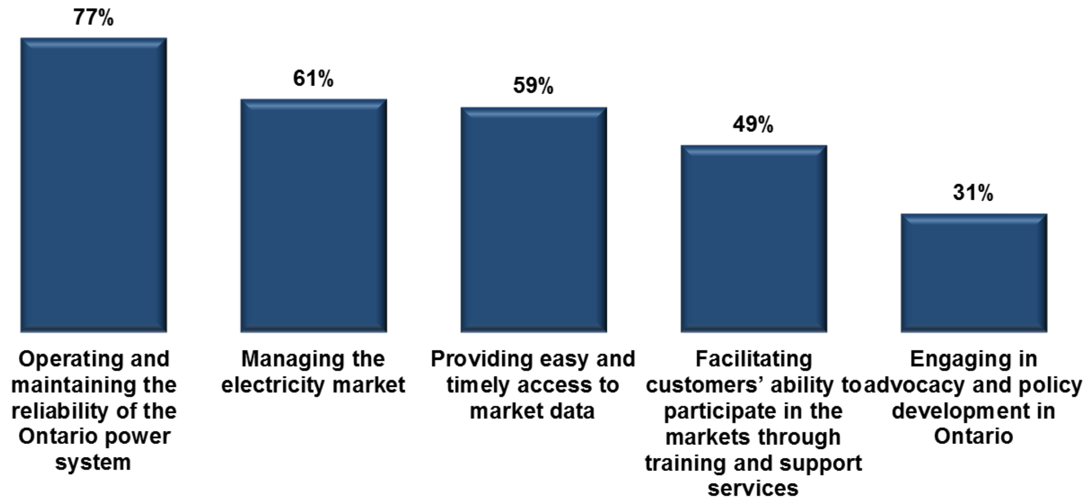


Leadership in the Electricity Market

Types of Services

As a general category, *types of services* do not have as big an impact on overall satisfaction as other categories such as *customer service* and *quality of services.* This does not mean that there are no valuable insights to be gained in looking more carefully at satisfaction with these services nor does it mean the IESO can't improve in some aspects of this category. As a starting point, respondents were asked to rate their satisfaction with five different services offered by the IESO.

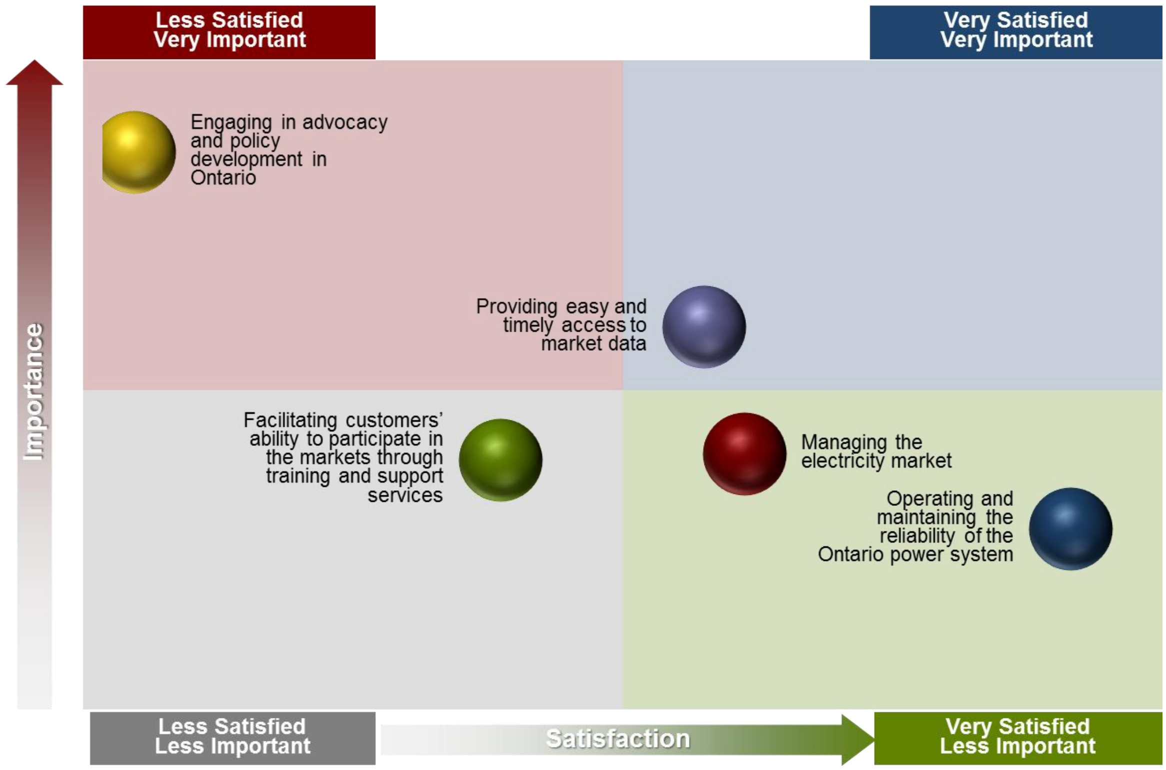
Very Satisfied (8-10): Percentage of respondents who are very satisfied with types of services



What is interesting about this category is that compared to other areas of satisfaction we delved into there is considerable variability in terms of straightforward satisfaction levels with each service but also in terms of their relative importance in the regression.

For example, managing the electricity market, the IESO's central role, rates second highest in satisfaction scores yet it ranks below average in terms of relative importance. In this instance, the electricity market is probably still very important to IESO clients. It's simply perhaps the fact that after years of continual reliable service, the IESO's central role as a market operator is almost taken as a given. Clients have come to expect reliable supply and have no reason to think that this will change. In this context managing the electricity market, while still essential, is not something that can necessarily be leveraged to increase overall satisfaction with the IESO. Indeed, interviewees in the in-depth interviews echoed this point in their comments to us.

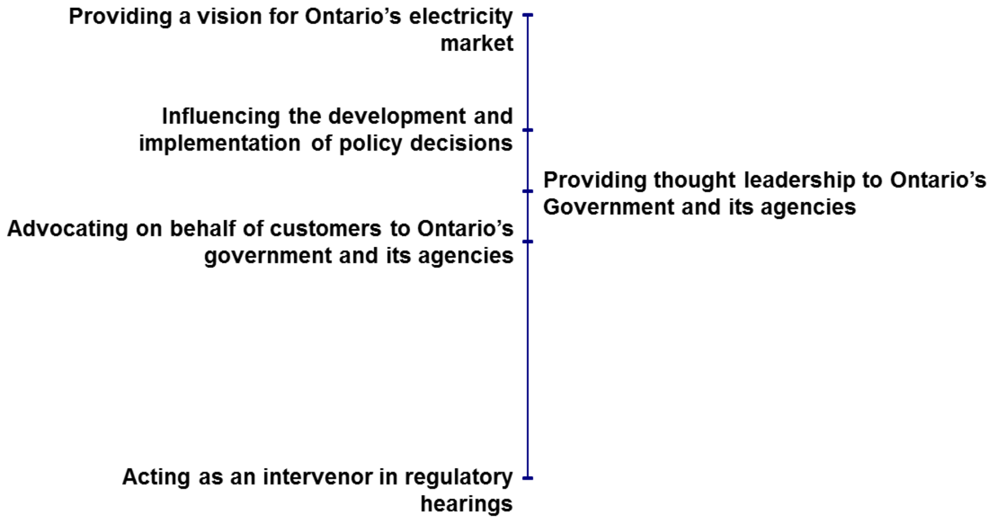
Driver Analysis: Types of Services



This variability within the category exposes a clear area of improvement in terms of advocacy and policy development in Ontario. While this clearly appears to be an area of improvement, analysis of subsequent questions in the survey and material from the in-depth interviews show that this is a rather complex objective. There is a clear difference – and preference – in the minds of respondents between seemingly interrelated concepts such as advocacy, thought leadership, policy development and vision.

As a starting point it is useful to think back to the IESO's strong leadership and credibility in the sector. It is a tremendous asset and the IESO's customers know this. Customers were quick to comment on the high level of expertise at the IESO which is exemplified in its agile management of Ontario's electricity market. In fact, it is because of the IESO's unique position as an expert on Ontario's electricity market that many wish to see the IESO take on a more prominent role in helping make sense of changes in the sector.

The quantitative portion of the research provides some clarity into what exactly respondents appear to consider important from an advocacy and policy development perspective. One question in particular asked respondents "in terms of how the IESO demonstrates leadership within the Ontario electricity sector, how would you rank the following efforts in order of importance?" While the raw output of this question is insightful, we find it easier to interpret ranking questions via a Thurstone scaling, which essentially plots out the various possible priorities on a continuum with the most commonly selected top ranked issue on top, the least ranked issue on the bottom, and the others ranked in relative order to their distance between the top and least ranked priority. The output below shows a clear hierarchy of what exactly respondents are looking for in terms of leadership from the IESO.



Although advocacy and policy development were tested together as an area of satisfaction, this subsequent analysis shows they are distinct notions in the minds of respondents. Advocacy either through acting as an intervener or in advocating on behalf of customers to the Ontario government are not seen as important priorities compared to the more policy-oriented goals of providing vision for the electricity market and the priority of influencing policy development.

The implications of this are important; previous waves of research have suggested that the IESO should take a more active role in advocating for policy changes in Ontario's energy market. While it is clear IESO clients are looking for something more from the IESO in terms of policy development and vision, the data suggests that there is a line in the minds of respondents past which useful policy development crosses over into becoming advocacy. The in-depth interviews aided in providing a clear definition between policy involvement and advocacy. Many interviewees felt that IESO's role in advocacy would mean that the IESO would represent and defend the interests of market participants when engaging with the government. Some feel that this kind of advocacy strays too far from the IESO's core mandate.

When asked if the IESO should act as an advocate for market participants, many responded with a resounding "No!" Most would not want the IESO to stray away from its central role as a market operator. In addition, many do not see the need for the IESO to take on this role as they already have trade associations and interest groups to represent them.

Rather, what many respondents seem to favour is for the IESO to leverage its knowledge and credibility and be more proactive in trying to provide a vision for the sector. Although advocating on behalf of market participants may be seen to be outside of the IESO's core role, many do see a fit and a need for the IESO to serve as a consultant on policy development all the while remaining independent.

Stakeholder Engagement

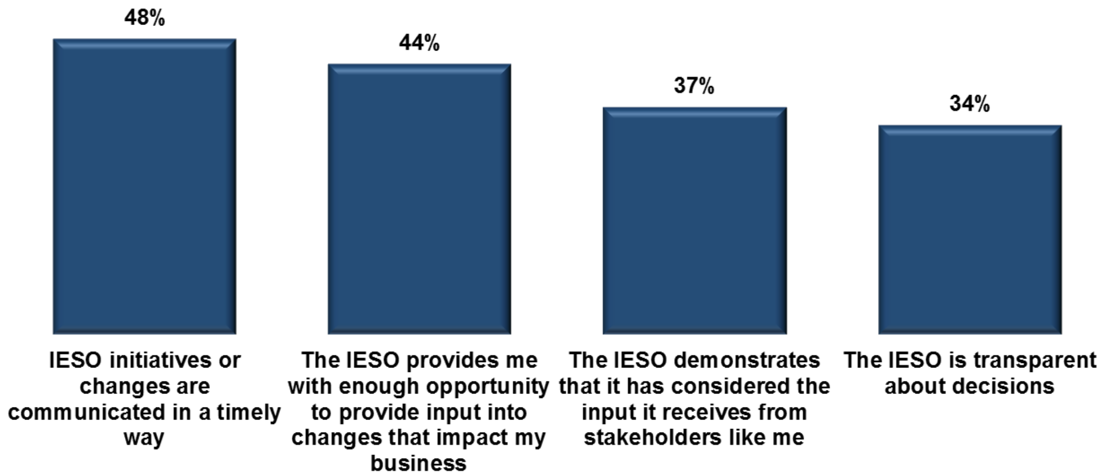
In terms of overall relative importance, it is somewhat surprising to see that stakeholder engagement is not a major driver of satisfaction. The IESO puts a great deal of emphasis on the process and the in-depth interviews indicate that most respondents respond quite well to the efforts. The word *relative* importance is critical; it is clear that respondents' primary expectation of the IESO is to provide timely service and information. This a fairly transactional paradigm – "give me what I what, when I want it" basically accounts for much what IESO clients are looking for, followed closely by a strong desire for the IESO to take on a greater leadership role in providing some vision and direction to the market. In this context, it makes sense that stakeholder engagement is of less relative importance.

However, the in-depth interviews show that a majority of IESO clients know the organization is attempting to create a viable stakeholder engagement process and view the initiative in a positive light. In fact all but one say they feel the IESO understands their needs as customers. We feel that the stakeholder engagement process is therefore better understood as a means to an end, rather than as an end in and of itself.

Specifically, the stakeholder engagement process can be an ongoing process that helps the IESO continue to refine its understanding of what exactly IESO clients are looking for in terms of establishing a market vision as well as using it as a communications platform to acknowledge your understanding of how important accurate, timely information is.

Satisfaction with the various components of the stakeholder process, as illustrated in the table below, is uneven.

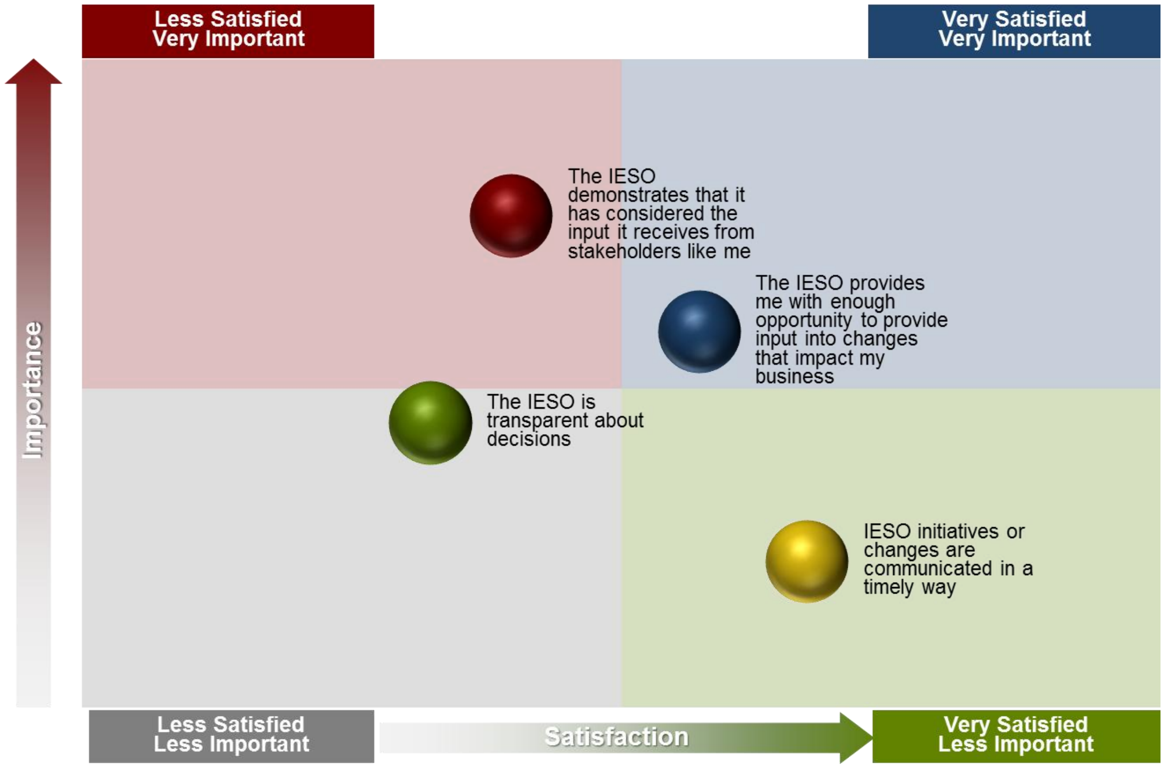
Very Satisfied (8-10) Percentage of respondents who are very satisfied with components of the stakeholder process



The IESO garners high levels of satisfaction in communicating initiatives and changes in a timely way as well as in providing opportunities for clients to provide information. This is underscored by some of the comments made in the qualitative interviews. For example, respondents mentioned that they noticed the effort and effectiveness of the IESO efforts to contact them to get feedback. In fact, the relationship has been strengthened between the IESO and stakeholder's according to the stakeholder's themselves.

Essentially the IESO appears to be effectively managing the start point (asking for input) and the end point (communicating initiatives) of the stakeholder process. To the extent that there is a disconnect, it appears to be coming from the middle part of the engagement process in terms of demonstrating that the IESO is incorporating the feedback it receives into the initiatives taken. This is evident in both the driver analysis and the in-depth interviews.

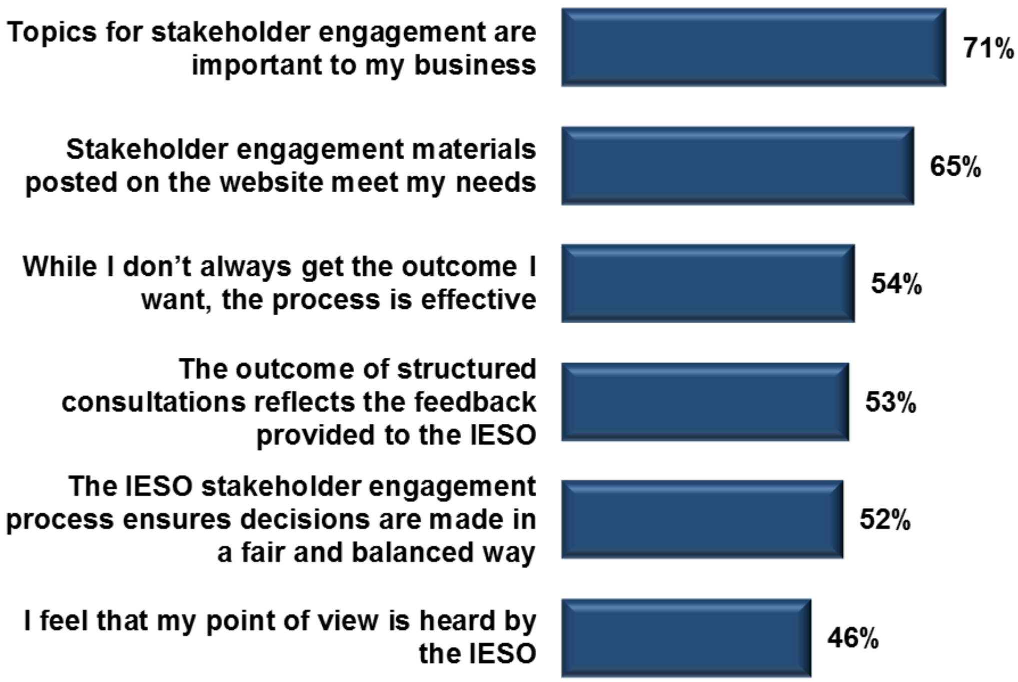
Driver Analysis: Stakeholder Engagement



The most important aspect in driving satisfaction with the stakeholder engagement process is for respondents to see that the IESO has considered the input it has received from stakeholders. During the in-depth interviews this sentiment was expressed. Respondents mentioned that the IESO is reaching out effectively, but that they do not always see how that feedback in implemented. They want more transparency with this initiative.

Moreover, there were several questions outside the driver analysis that also illustrate this point. Respondents were for instance presented with a battery of statements about the stakeholder process. While a majority of respondents agree with nearly every statement, those that score lowest are ones around whether the respondents' point of view is truly being considered or that their feedback is reflected in decisions.

Agreement Statements for Stakeholder Engagement
(Percentage Agree Strongly and Moderately)



Conclusion

The IESO's 2012 Customer Satisfaction Survey uncovered some interesting insights into how satisfied customers are with the IESO and how customers interact with and use the IESO and its services throughout the year. A large majority of IESO customers report being very satisfied with the IESO. This high level of satisfaction is due in part to the services that the IESO offers and the level of customer service that the IESO brings to its customers. From customer service to publications and information, the IESO is performing quite well in terms of both the content of their offerings as well as the timeliness with which each are delivered. The IESO should continue to build upon its good reputation amongst its customers by maintaining a high level of quality and prompt service to ensure that high levels of satisfaction are maintained. At the same time, the IESO should also consider ways in which it might better engage with its clients from a policy perspective.

Appendix 1, Shapley Value Regression Explained: The Driver Analysis

While fairly technical in nature we feel it important to fully explain how the approach to driver analysis works since it contributes significantly to our findings in this report.

The basic premise behind the regression in this context is simple. We use overall satisfaction as a dependent variable (that is the variable we are seeking to change) and satisfaction with each of the six categories as the independent variables (that is the variables we think might impact overall satisfaction). The regression allows us to determine, for instance, the extent to which an incremental increase in satisfaction with customer service will influence overall satisfaction with the IESO. Mapping out the relationship in this manner provides a much cleaner read on the relative importance of each service.

Most regressions, however, hit up against an important limitation in mapping out these relationships: **multicollinearity**. Essentially, multicollinearity is the result of two or more variables, or in our case categories, being correlated to one another. For example, types of services and quality of services, while distinct in reality, may be interrelated in customers' minds and therefore highly correlated in the regression. The problem is that a standard regression model (such as a Least Square Regression), essentially flips a coin when it comes across two closely related terms to determine which one will be the "dominant" variable in the model. This can create instability in the model over time – type of service may win the "coin toss" one year, only to lose it to quality of service the next. This can create a situation where an organization decides to focus on the types of services it offers one year only to discover that quality of services matters more the next.

The reality of the situation is more nuanced; it is usually the case that both variables are important in driving satisfaction but that a more advanced regression model is needed to cut through the multicollinearity.

In our experience the Shapley Value Regression model is unique in its ability to address this issue. It works by running the regression model over hundreds of iterations, substituting out each independent variable an equal number of times. This creates a kind of round robin where the impact of each independent variable is measured in every possible combination of variables. Depending on the number of variables this can lead to literally hundreds of iterations but the end result is always the same – a clean solid read on the relative impact of each variable, regardless of how closely correlated they may be to one another.