



Market Surveillance Administrator
2005 Stakeholder Satisfaction Survey
Final Report

Prepared By
JEM Energy Inc.
May 26, 2005



Acknowledgements

The author wishes to acknowledge the valuable input and comments of Doug Doll and Mike Nozdryn-Plotnicki of the Alberta Market Surveillance Administrator in the design, preparation and reviewing of this report.

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Executive Summary

The Alberta Market Surveillance Administrator's (MSA) mandate is to keep a close watch on the overall performance of Alberta's electricity market - checking that it operates fairly, efficiently and in an openly competitive manner. The objectives of this research for the MSA were to gain stakeholder feedback on how effectively the MSA has fulfilled its mandate and responsibilities over the last 12 months and compare the results with the 2004 survey.

JEM Energy conducted a telephone survey with Alberta electricity market stakeholders using a survey instrument and methodology approved by the MSA. Of the total sample of 276 stakeholders supplied by the MSA, 101 surveys were completed, for a response rate of 36.6%.

Top ratings by those who responded were given for:

- awareness of the MSA's mandate
- its ability to be objective, operate independently, be proactive, visible and approachable.

It should also be noted that the greatest standard deviation was for the awareness of the MSA's mandate, indicating a range of responses, which was also supported in the comments.

Areas where improvement would be welcomed are:

- conducting an effective stakeholder consultation process
- providing answers or facilitating solutions to issues and
- dealing with inquiries applications, submissions and reporting in a timely and clear manner.

The second annual MSA stakeholder satisfaction survey provided valuable feedback and, compared to the 2004 benchmarks, gave insight into the progress achieved over the past 12 months. There was a slight downward trend for 5 of the 11 questions in average ratings from 2004 to 2005. Four of the questions had a slightly higher average in 2005 and two questions had the same average rating. There is a downward trend in 2005 in the high-end ratings for all questions except the question on the MSA's objectivity and operating independently, which had a slight increase.

It appears that there has been progress communicating with stakeholders over the past year, however there remains an ongoing need for effective communications. Solving stakeholder issues and instilling confidence in the workings of the electricity market are two additional areas that should be considered for assessment.

1. Objectives

Gain stakeholder feedback on how effectively the MSA has fulfilled its mandate and responsibilities over the last 12 months and compare this to 2004 results.

2. Background

The Market Surveillance Administrator (MSA) is in place to monitor Alberta's electricity market for fairness and balance in the public interest. The MSA mandate is to keep a close watch on the overall performance of Alberta's electricity market – to determine that it operates fairly, efficiently and in an openly competitive manner.

The MSA conducts the following activities:

- conducts general surveillance of the electricity market
- reviews and, if deemed necessary, investigates irregular market behaviors
- provides information and analysis on market fundamentals
- advances market policy
- minimizes market information asymmetry
- discharges compliance audits
- advocates for market stakeholders

These activities are conducted for the benefit of the market at large and directly to stakeholders and market stakeholders. Market stakeholders include large and small generators, participating load customers, and large and small retailers.

3. Methodology

JEM Energy designed and developed a stakeholder satisfaction survey, which was conducted by telephone with the following parameters:

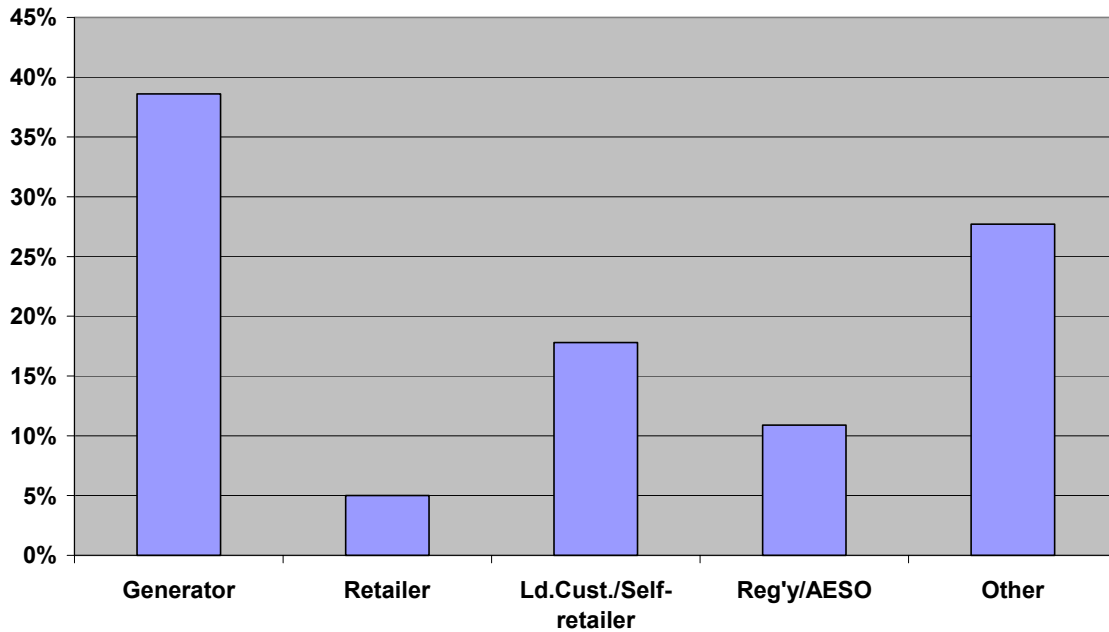
- The MSA provided a stakeholder contact list of 276 contacts complete with direct line telephone numbers. A crosscheck with the author's industry database further revealed some contacts and/or telephone numbers requiring updating.
- JEM Energy developed the appropriate scripting for the survey and this was approved by the MSA
- The completion target was 100 surveys.
- The survey consisted of 18 questions and was designed to be answered in less than 10 minutes. A new question was added, one was deleted and one question reworded from the 2004 survey.
- The fieldwork was completed between April 18, 2005 and April 29, 2005.
- Calls were attempted up to 4 times to contact and secure a response to the questionnaire for each listed stakeholder until the target number was achieved.

4. Results

All together, there were 101 completed surveys, for a response rate of 36.6%. This section provides the questions and graphical representation of the responses followed by the summation for each question.

A. Which of the following categories best describes your business unit?

**Chart 1
Stakeholder Categories**



Generators were the majority of the categories at over 38%. Below is a list of those indicating “other” category:

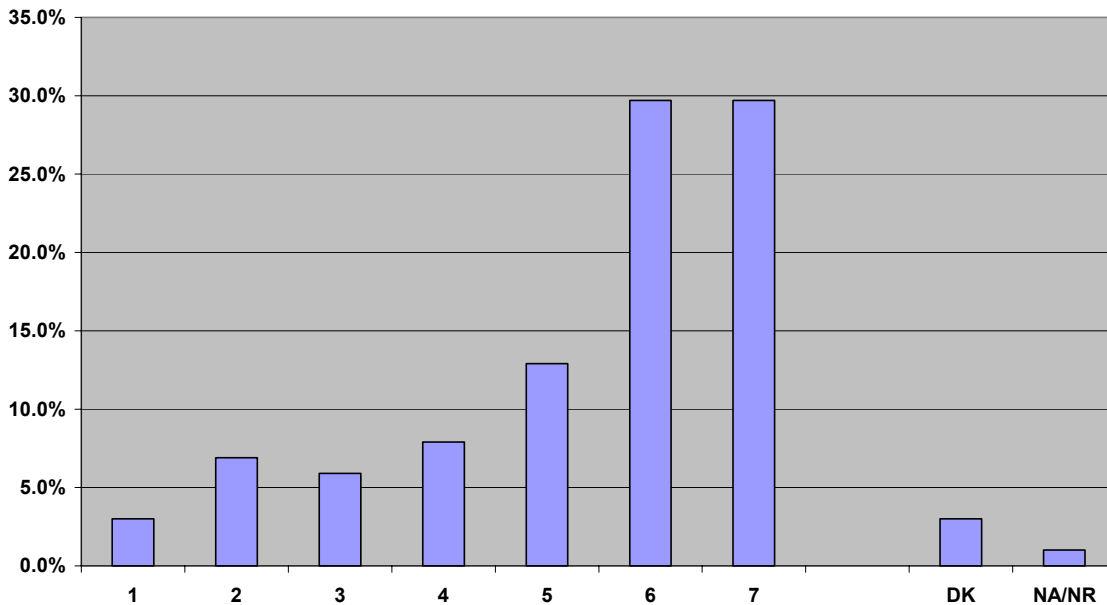
- | | |
|-------------------------|-------------------|
| Distributors - 4 | Consultants - 5 |
| Energy managers - 1 | Producer - 1 |
| Government - 1 | Civil Servant - 1 |
| Law Firm - 1 | Corporate - 1 |
| Traders - 2 | Engineers - 1 |
| Wholesaler Marketer - 1 | Exchange - 4 |
| Marketers - 2 | Merchandisers - 1 |
| University - 1 | Manufacturer - 1 |
| Brokers - 2 | TFO - 1 |
| Service Provider - 1 | |

MSA STAKEHOLDER SATISFACTION RESEARCH

The rating system in the following questions uses a scale of 1 to 7, where 1 is the lowest rating and 7 is the highest. For analytical purposes, a rating of 5 or higher indicates a good to excellent response and 3 or lower indicates areas for improvements. A summary is provided in section 7, Table 1 for all responses with a 5 or higher rating and 3 or less rating.

1. On a scale of 1 to 7, where 1 is not aware and 7 is very aware, how aware are you of the Market Surveillance Administrator's mandate?

**Chart 2
Awarenes of Mandate**



Average Rating: 5.4

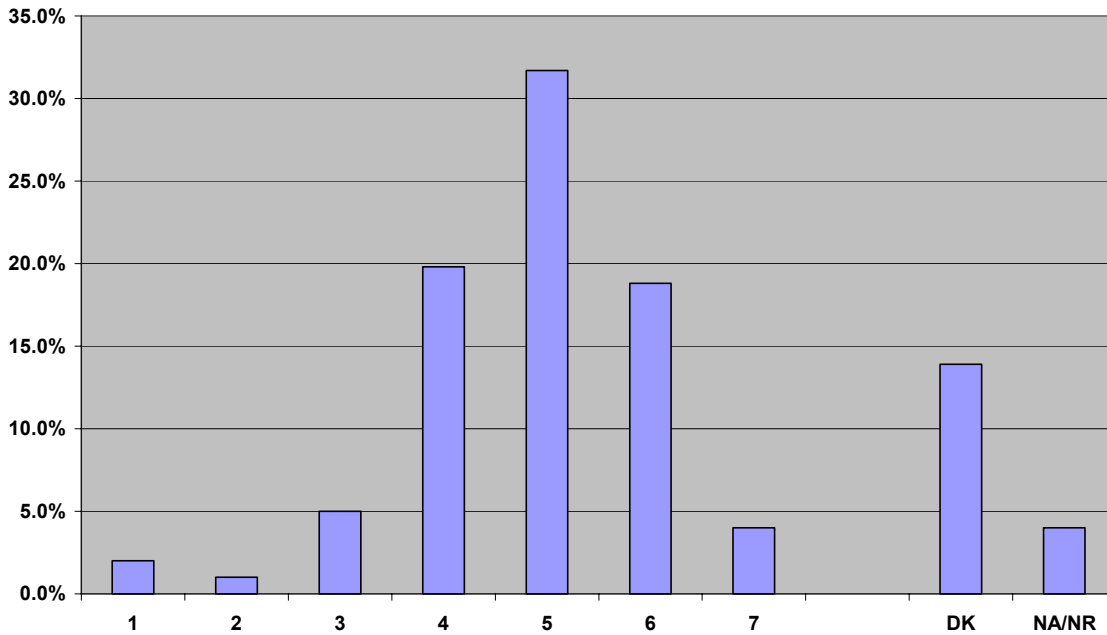
Standard Deviation: 1.7

Responses show awareness of the MSA's mandate remains high with over 72% indicating a rating of 5 or higher. 77% of the generators indicated the highest awareness, responding with a rating of 5 or higher. The standard deviation is highest of any question indicating a range of responses.

2. On a scale of 1 to 7, where 1 is poor and 7 is excellent, how well does the Alberta Market Administrator perform the following:

2a. Recognize and report on irregular market outcomes and behavior.

Chart 3
Recognize & Report on Irregular Market Outcomes & Behaviour



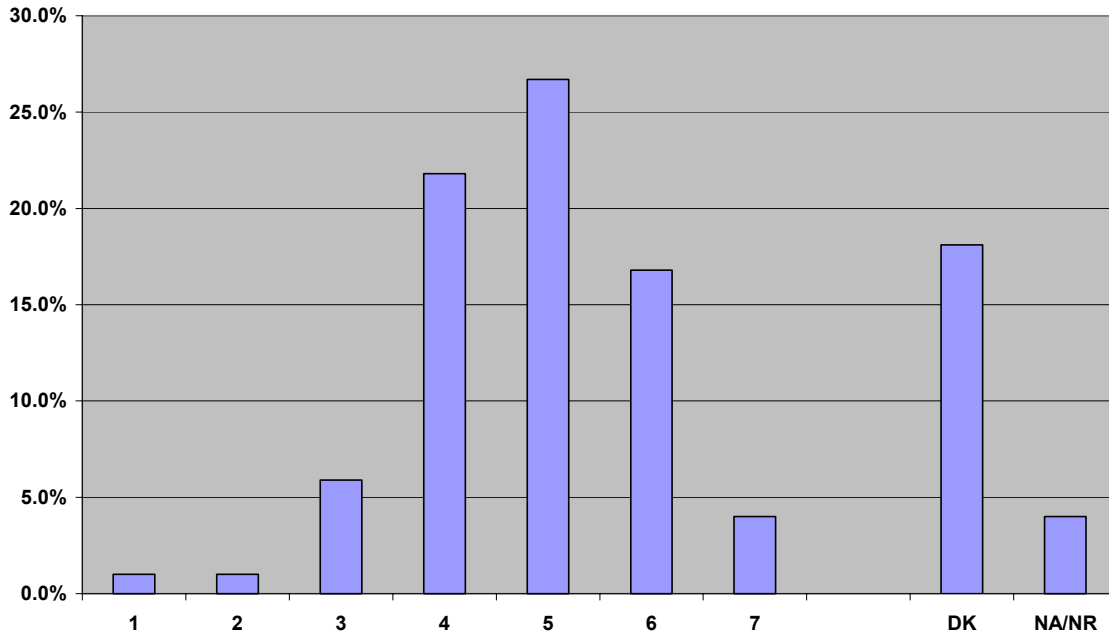
Average Rating: 4.8

Standard Deviation: 1.2

Responses show over 54% of respondents rated a 5 or higher on the MSA’s performance on recognizing and reporting irregular market outcomes and behavior. However, the fact that over 13% responded they “did not know” indicates a need to improve communications, with all categories represented.

2b. Promote market transparency and clarity of market fundamentals by providing value-added information and analysis to the market.

Chart 4
Promote Market Transparency & Clarity of Market Fundamentals



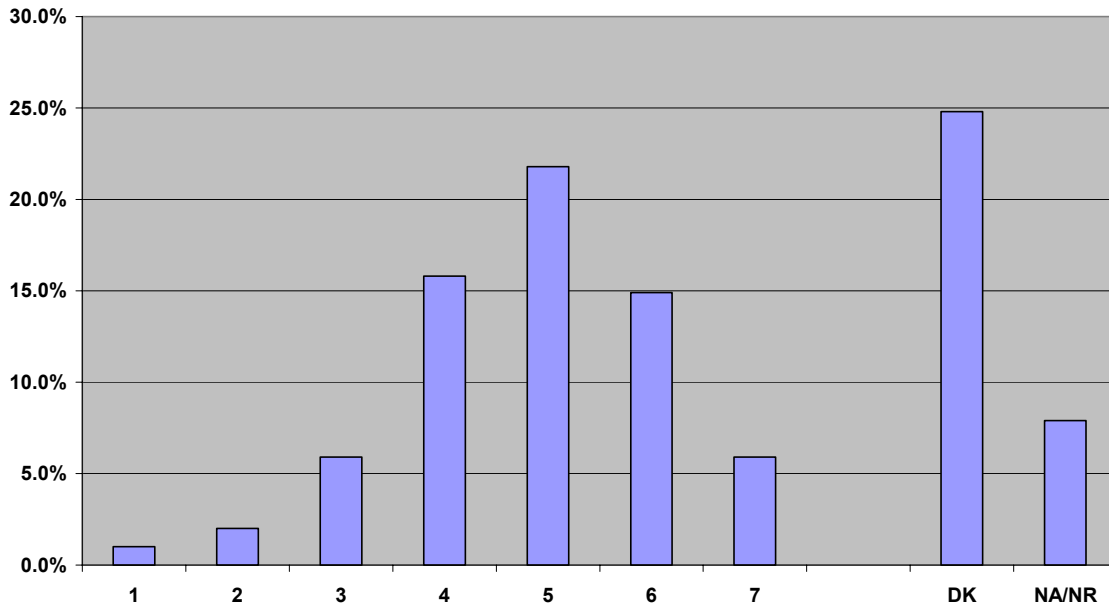
Average Rating: 4.8

Standard Deviation: 1.1

47.5% of respondents provided a rating of 5 or greater on the MSA's promotion of market transparency and clarity of market fundamentals. Within the categories, Generators led the group at 59%, while the Regulatory/AESO category was highest at 64%.

2c. Deal with inquiries, applications, submissions and reporting in timely and clear manner.

**Chart 5
Deal With Inquiries, Applications, Submissions & Reporting
In a Timely & Clear Manner**



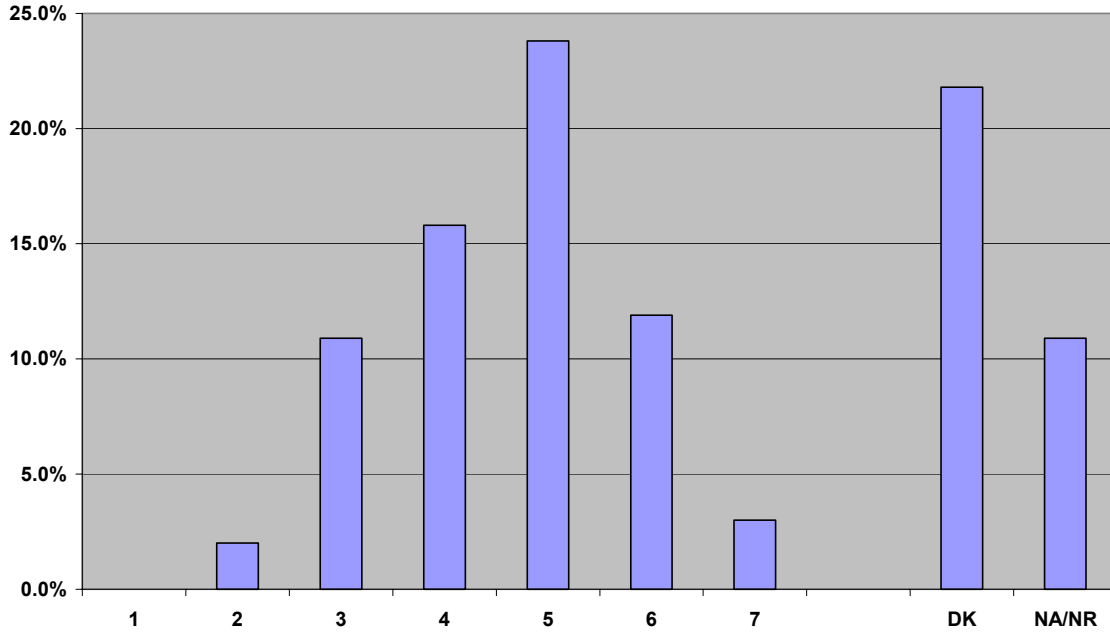
Average Rating: 4.8

Standard Deviation: 1.3

42.6% of respondents rated a 5 or greater for the timeliness and clarity with which the MSA deals with inquiries, applications, submissions and reporting. The high percentage of 'don't knows' at over 24% is largely represented by Load Customer/Self Retailers at 33.3%, and by Generators at 15.8%.

2d. Provide answers or facilitate solutions to their issues.

Chart 6
Provide Answers or Facilitate Solutions To Their Issues



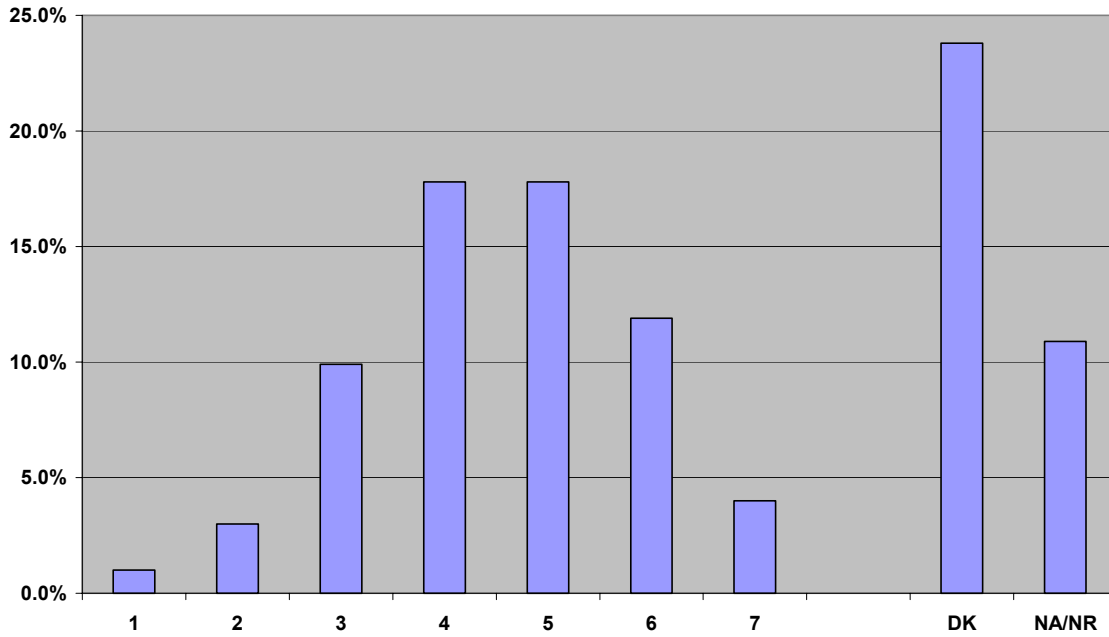
Average Rating: 4.6

Standard Deviation: 1.2

38.6% rated a 5 or higher on the MSA’s delivery of providing answers or facilitating solutions to their issues. Nearly 22% did not know an answer to this question, which could indicate more follow up is necessary.

2e. Conduct an effective stakeholder consultation process

Chart 7
Conduct an Effective Stakeholder Consultation Process



Average Rating: 4.5

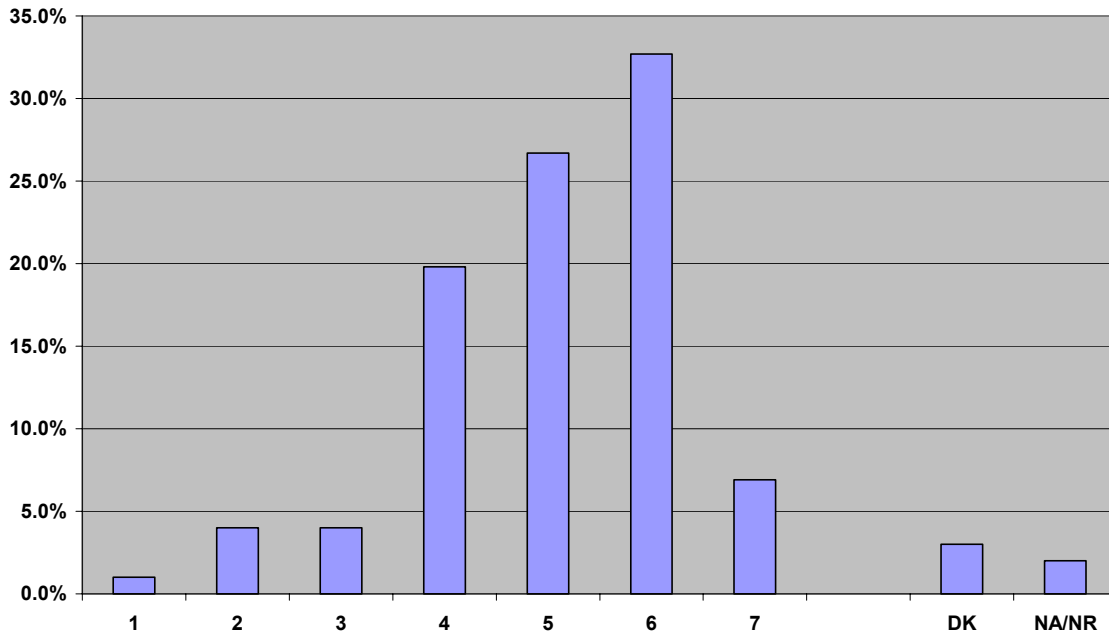
Standard Deviation: 1.3

33.7% rated 5 or higher on the MSA's ability to conduct effective consultation processes. Of the over 23% of don't knows, a third of these were generators.

3. On a scale of 1 to 7, where 1 is strongly disagree and 7 is strongly agree, how would you rate the following statements:

3a. The Alberta Market Surveillance Administrator is proactive in the Alberta electricity market.

Chart 8
The MSA Is Pro-active in the Alberta Electricity Market



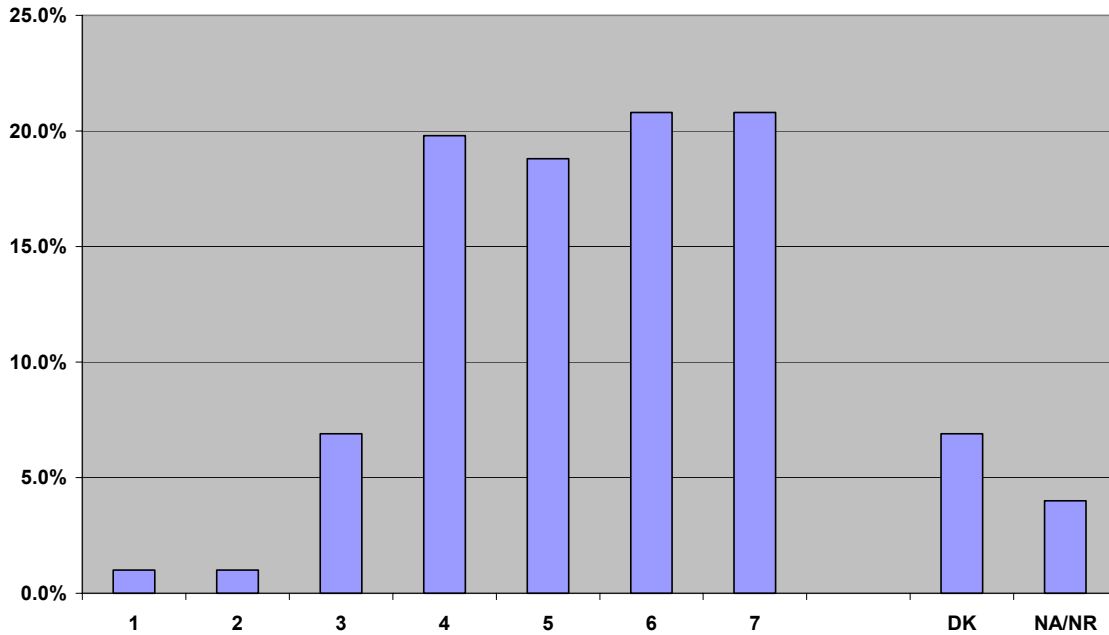
Average Rating: 5.0

Standard Deviation: 1.3

66.3% rated a 5 or higher that the MSA is proactive in the Alberta electricity market. Generators rated the MSA highest at 79% indicating a 5 or higher while the Load Customer/Self Retailer was below the average at 44%.

3b. The Alberta Market Surveillance Administrator is visible and approachable.

Chart 9
The MSA is Visible & Approachable



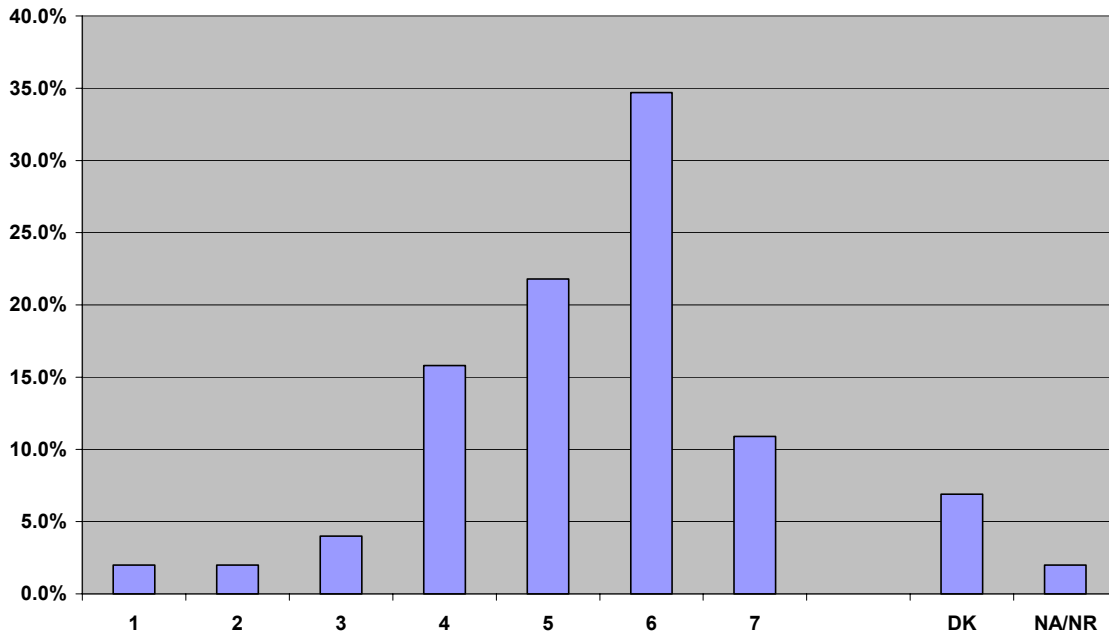
Average Rating: 5.2

Standard Deviation: 1.4

The MSA still has good visibility and is seen as approachable. 60.4% of respondents rated a 5 or higher to this question. Generators rated highest with over 76% of them rating a 5 or higher.

3c. The Alberta Market Surveillance Administrator is objective and operates independently

Chart 10
The MSA is Objective & Operates Independently



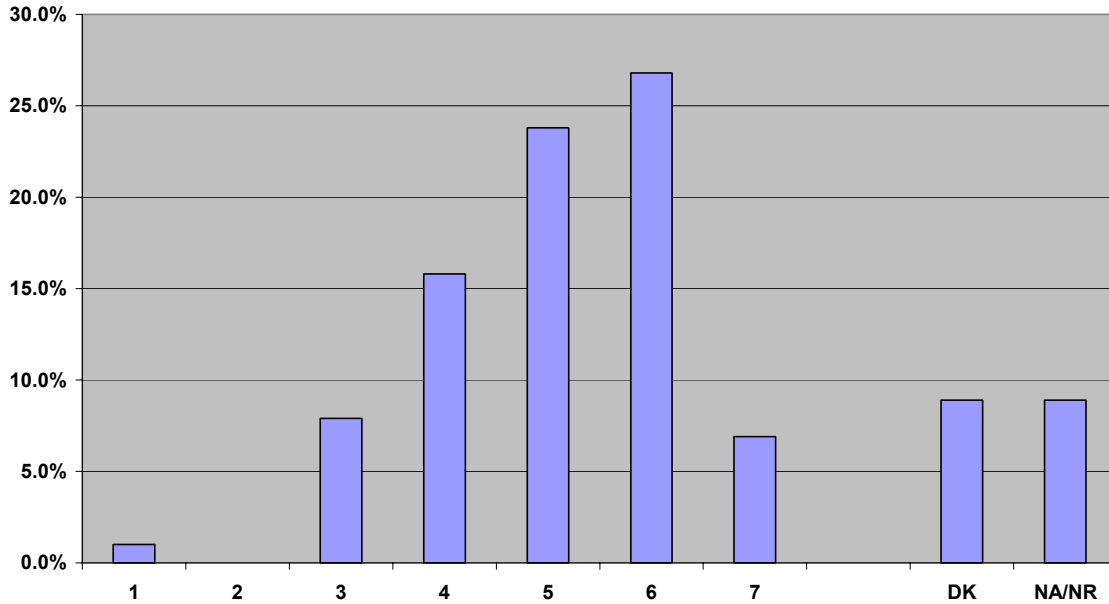
Average Rating:

Standard Deviation:

Data shows that 67.7% rated a 5 or greater in their agreement that the MSA is objective and operates independently. Here again, Generators rated highest with 76% rating a 5 or higher.

3d. The MSA utilizes effective means to communicate to the market and to make its publications widely available.

Chart 11
The MSA Utilizes Effective Means to Communicate to the Market & to Make Its Publications Widely Available



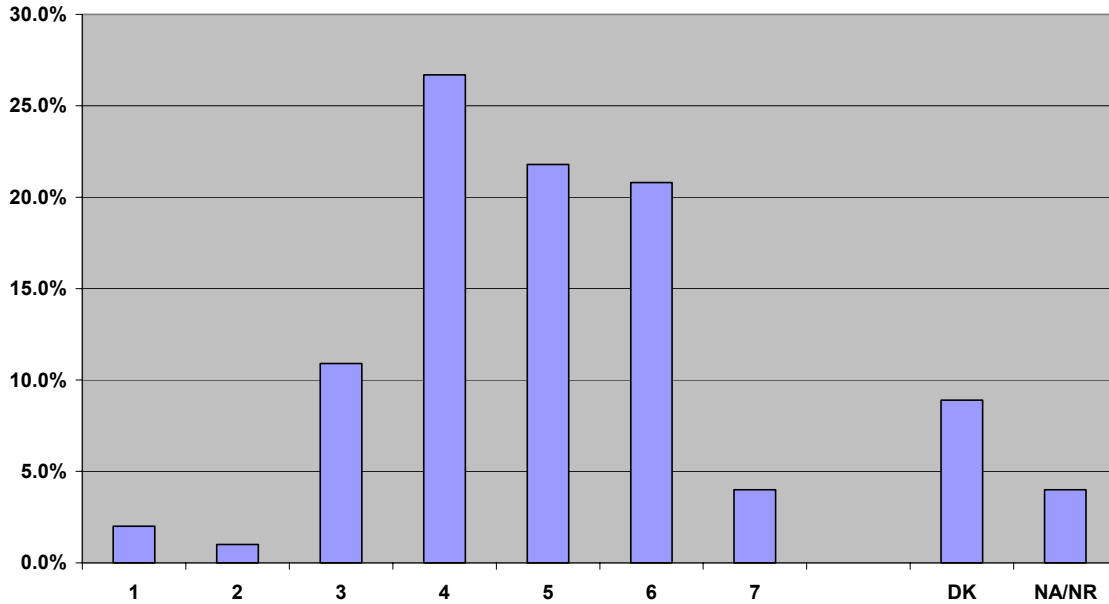
Average Rating: 5.1

Standard Deviation: 1.2

57.4% rated a 5 or higher on the MSA providing excellent communications of their activities. Load customer/self retailer category was significantly higher at 72% and the Generators were about the average at 59% rating a 5 or more.

3e. As a result of the Alberta Market Surveillance Administrator's work, you, as a market stakeholder, have greater confidence that the Alberta electricity market is fair and competitive.

Chart 12
As a Market Participant You Have Greater Confidence
That the Alberta Electricity Market Is Fair & Competitive



Average Rating: 4.6

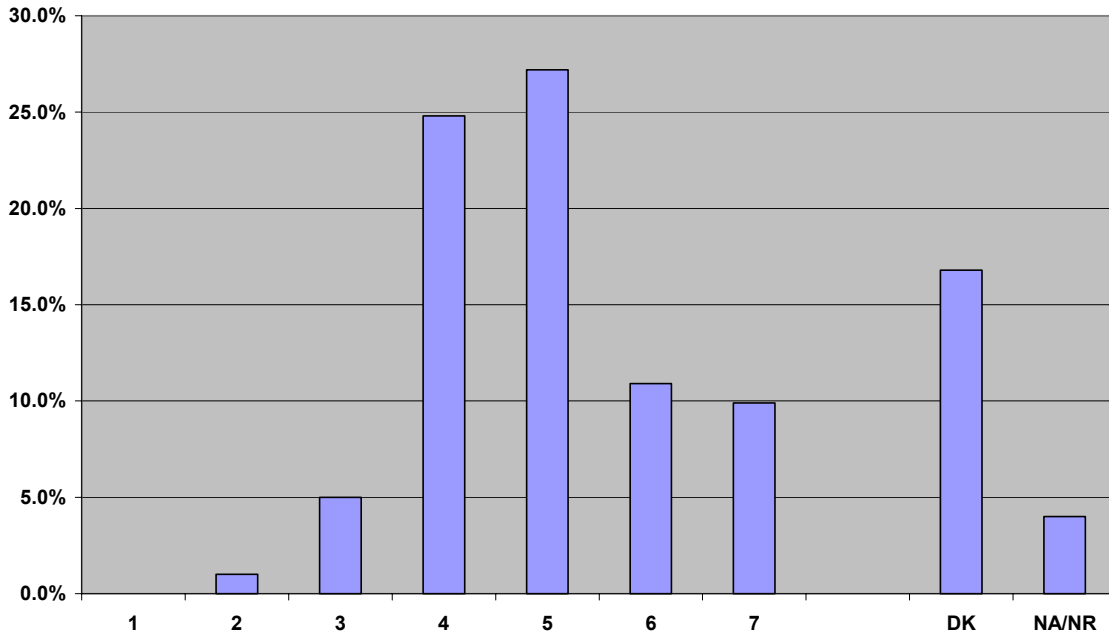
Standard Deviation: 1.3

46.5% rate a 5 or higher that the MSA's work results in market stakeholders having a greater confidence in a fair and competitive electricity market. Regulatory/AESO rated above the average at 55%, with below average ratings for the Load Customer/Self Retailer category at 33%.

4. On a scale of 1 to 7, where 1 is strongly disagree and 7 is strongly agree, how would you rate the following statement:

4a. The effectiveness of the Alberta Market Surveillance Administrator has improved over the last 12 months.

Chart 13
The Effectiveness of the MSA Has Improved Over the Last 12 Months



Average Rating: 4.9

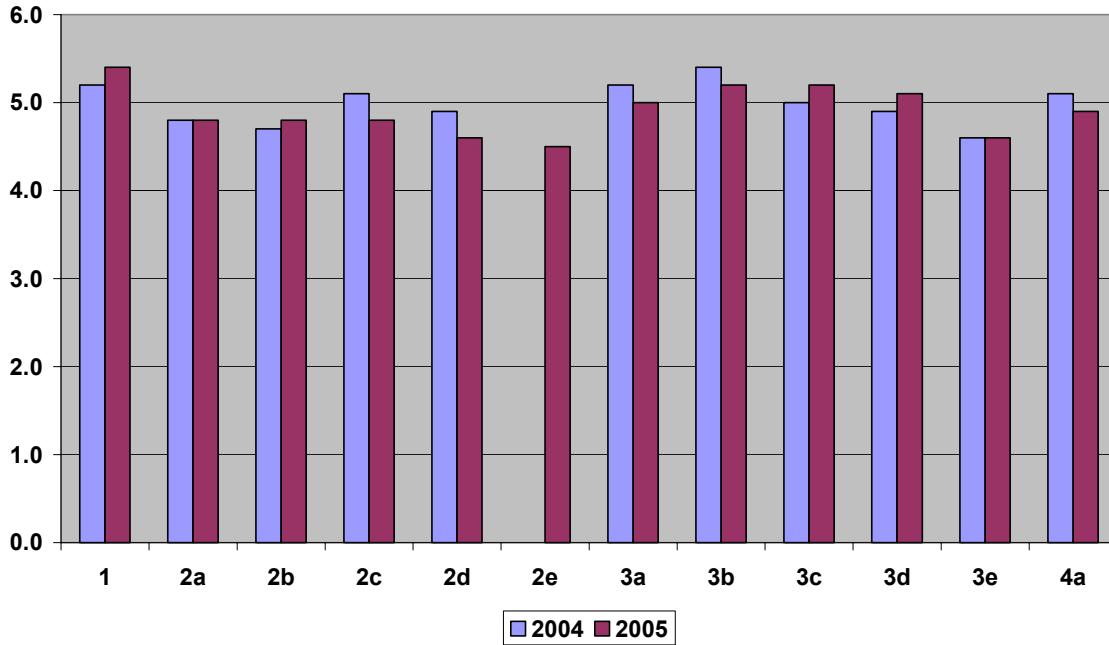
Standard Deviation: 1.1

48.5% of respondents rated a 5 or greater on the effectiveness of the MSA over the past 12 months. Regulatory/AESO were the highest in rating this question for a 5 or greater as 82% did so. Load Customer/Self Retailer were lowest at 22%.

5. 2005/2004 Comparative Analysis

Chart 14 illustrates a slight downward trend for 5 of the 11 questions in average ratings from 2004 to 2005. Four of the questions had a slightly higher average in 2005, and two questions had the same average rating.

Chart 14
Average Ratings Comparisons



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Chart 15 compares the 2005 results with 2004 for responses to ratings equal to or greater than 5. Question 2e (consultation process effectiveness) was the only new question in 2005. Question 2d (communication effectiveness) was a reworded question from 2004 and is therefore included. All other questions were identical both years. There is a downward trend in 2005 in the high-end ratings for all questions except 3c on “objectivity and operating independently,” which had a slight increase.

Chart 15
Ratings equal to or > 5 annual comparisons

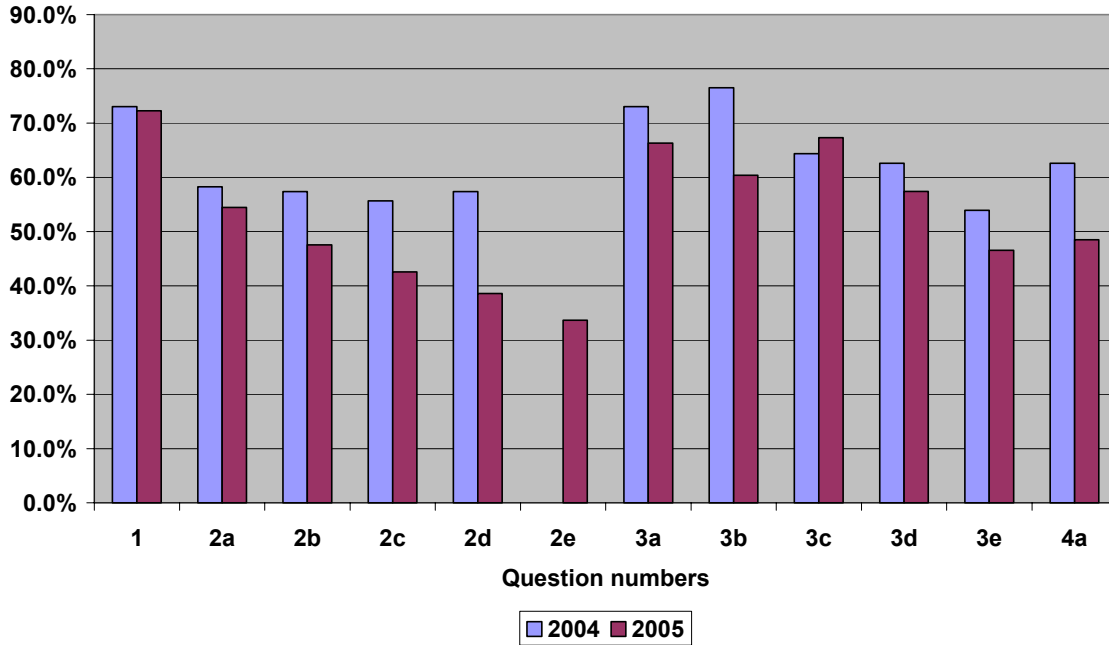
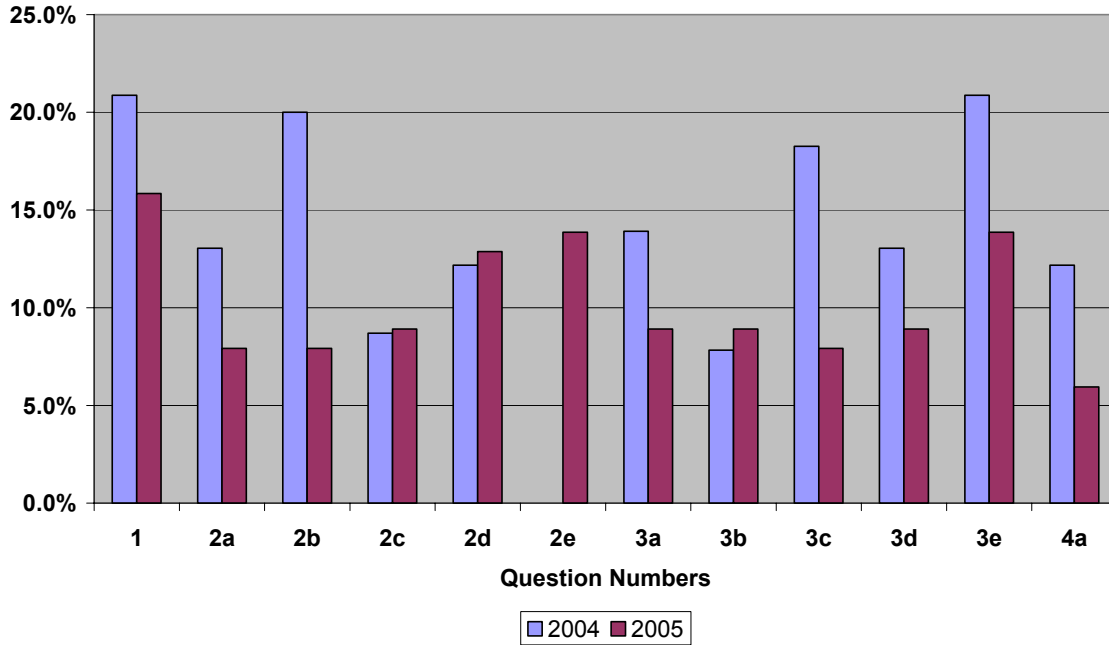


Chart 16 compares the 2005 results with 2004 for responses to ratings equal to or less than 3. The trend is positive in that the majority of responses in 2005 had fewer ratings in this category than 2004. The exceptions were for questions 2c (dealing with inquiries in a timely and clear manner), 2d (providing answers or facilitate solutions), and 3b (visibility & approachable). The increase in these is not significant.

Chart 16
Ratings equal to or < 3 annual comparisons



Overall the ratings trended more toward the middle for 2004 as charts 15 and 16 indicate. The consultation process appears to be a significant area of concern, as it was the lowest response for ratings 5 or greater at just over 30% and had the second highest for ratings 3 or less. As well, 4 of the 5 comments were related to the consultation process, all of which called for improvements.

6. Summary of Comments

Several of the comments reflected an acknowledgement that the MSA is open and easy to deal with, has made some improvements in the last 12 months and is doing a good job. There seems to be little consensus on what the MSA's mandate should be and how it should be implemented.

While some respondents seemed very familiar with the workings of the MSA, there were some who still had very little, if any, knowledge of the MSA but did express an interest to know more. Of the ones who were familiar, some felt that the MSA was acting within their mandate; others felt they should go further and some felt they were exceeding their mandate. Generally, the comments indicated that there is still a wide range of expectations around the MSA's mandate: some feel it should be independent from the Department of Energy and others feel it should have more government involvement.

Some respondents felt the MSA should be more proactive and could work more on being competitive. Several respondents felt that the MSA should work to increase visibility and a significant number of comments indicated a concern about the consultation process and felt it needed to improve, citing that the current process was interfering with the market.

7. Analysis

Table 1 below provides a summary of the response ratings. As illustrated, 72.3% of respondents rated a 5 or greater on awareness of the MSA mandate, very similar to the 2004 response. Conversely, 15.8% rated a 3 or less to this question, down from over 20% in 2004. The standard deviations indicate a wide range on rating the awareness of the MSA's mandate and are supported by comments with little consensus on what that mandate should be.

Table 1
Summary of Response Ratings

Q #	Question	Rating %age = or > 5	Rating %age = or < 3	Avg. Rating	Standard Deviation
1	How aware are you of the MSA's mandate	72.3%	15.8%	5.4	1.7
2	How well does the MSA:				
2a	Recognize & report on irregular market outcomes & behaviour	54.5%	7.9%	4.8	1.2
2b	Promote market transparency and clarity of market fundamentals	47.5%	7.9%	4.8	1.1
2c	Deal with inquiries, applications, submissions & reporting in a timely & clear manner	42.6%	8.9%	4.8	1.3
2d	Provide answers or facilitate solutions to their issues	38.6%	12.9%	4.6	1.2
2e	Conduct an effective stakeholder consultation process	33.7%	13.9%	4.5	1.3
3	On a scale of 1 to 7, where 1 is strongly disagree and 7 is strongly agree, how would you rate the following statements:				
3a	The MSA is proactive in the Alberta electricity market	66.3%	8.9%	5.0	1.3
3b	The MSA is visible & approachable	60.4%	7.9%	5.2	1.4
3c	The MSA is objective & operates independently	67.3%	7.9%	5.2	1.3
3d	The MSA utilizes effective means to communicate to the market & to make it's publications widely available	57.4%	8.9%	5.1	1.2
3e	As a result of the MSA's work, you as a market participant, have greater confidence that the Alberta electricity market is fair & competitive	46.5%	13.9%	4.6	1.3
4a	The effectiveness of the MSA has a improved over the last 12 months	48.5%	5.9%	4.9	1.1

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Table 2 highlights by category the questions where more than 15% of the respondents rated a 3 or less, and compares those to their overall response rate. This provides an indication of which categories had a higher weighting for any of the lower ratings. To summarize Table 2, question number 1, the awareness of the MSA mandate, is the only question that had responses fitting this criteria, compared to 4 questions in 2004 fitting the same criteria. The Load Customer/Self Retailers category had the highest percentage of responses for these criteria.

Table 2
Response by Category
(>15% responses rating 3 or less)

Category	Q1
Generators	31.3%
Retailers	12.5%
Load Cust/Self Retailers	37.5%
Reg/AESO	6.3%
Other	12.5%

Legend:

Q 1: How aware are you of the MSA's mandate?

7.1 Stakeholder Communications

The awareness of the MSA's mandate has improved over 2004, however almost 16% rated their awareness at 3 or lower, with a significant weighting coming from the Load Customer/Self Retailer category. The responses to the consultation process were also significant in the 3 or lower rating and had the lowest average rating of 4.5. A significant number of stakeholders, approximately 35%, responded with a Don't Know, No Response or Not Applicable to the question on the MSA conducting effective consultation processes. There has been progress communicating with stakeholders over the past year, however there remains an ongoing need for effective communications.

7.2 Issues and Market Confidence

Solving stakeholder issues and instilling confidence in the workings of the electricity market are two additional areas that should be considered for assessment. The average rating for both these questions was the second lowest at 4.6.

A review of the resolution process for stakeholders may shed light on this issue and ongoing reviews of best practices should contribute to addressing concerns in this area. Electricity market events across North America may have created a general concern in this area.

8. Conclusion

The second annual MSA stakeholder satisfaction survey provided valuable feedback and, compared to the 2004 benchmarks, gave insight into the progress achieved over the past 12 months. The responses indicate that on-going dialogue is valued by stakeholders. There appears to be a trend in 2005 of a movement towards the middle ratings, but no significant change in the averages from 2004.

9. Appendix

Questionnaire

MSA Participant Satisfaction Questionnaire

Introduction:

Hello, my name is _____ and I'm calling on behalf of the Alberta Market Surveillance Administrator. The MSA would appreciate your feedback on how effectively it fulfills its mandate and responsibilities. Your comments will be confidential and a report containing aggregate results of the survey will be posted to the MSA website at the conclusion of the survey. We will notify you when the final report is available. The results will be analyzed and presented only in aggregate form to the MSA.
Do you have 10 minutes to answer a few questions?

- YES ___ Thank you. (Go to Script)
NO ___ Could I call you when you could spare about 10 minutes to help?
YES ___ When would be a good time? Date: _____ Time: _____
NO ___ Thank you very much. (Terminate Call)

Category:

- A. Which of the following categories best describes your business unit?
(Interviewer prompt: Business or business unit in their interaction with the MSA)
- a. Generator
 - b. Retailer
 - c. Load Customer or Self-retailer
 - d. Regulatory or AESO
(Interviewer: AESO is pronounced "ISO" and stands for Alberta Electric System Operator)
 - e. Other Specify category:

Questions:

1. On a scale of 1 to 7, where 1 is not aware and 7 is very aware, how aware are you of the MSA's mandate?

1 2 3 4 5 6 7 DK (Don't Know) NA
(Not applicable)

(Interviewer prompts on MSA mandate: market surveillance and investigation, information & analysis, compliance audits, ensuring fair market operations, advocacy for participants)

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2. On a scale of 1 to 7, where 1 is poor and 7 is excellent, how well does the MSA:

a. Recognize and report on irregular market outcomes and behaviour.

1 2 3 4 5 6 7 DK (Don't Know) NA
(Not applicable)

b. Promote market transparency and clarity of market fundamentals by providing value-added information and analysis to the market

1 2 3 4 5 6 7 DK (Don't Know) NA
(Not applicable)

(Interviewer can prompt on the content of MSA regular reports – Market Monitor, Quarterly Reports, Annual Reports, various industry presentations, reports on specific issues – example: review of regulating reserves performance, and report on tie-line economics)

c. Deal with inquiries, applications, submissions and reporting in a timely and clear manner.

1 2 3 4 5 6 7 DK (Don't Know) NA
(Not applicable)

d. Provide answers or facilitate solutions to their issues.

1 2 3 4 5 6 7 DK (Don't Know) NA
(Not applicable)

e. Conduct an effective stakeholder consultation process (example – implementation of the Information Disclosure Procedure (IDP) – a compliance procedure for TPG – the Trading Practices Guideline)

1 2 3 4 5 6 7 DK (Don't Know) NA
(Not applicable)

f. Can you provide any additional comment or feedback on why you provided the ratings you've given:

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3. On a scale of 1 to 7, where 1 is strongly disagree and 7 is strongly agree, how would you rate the following statements:

a. The MSA is proactive in the Alberta electricity market

1 2 3 4 5 6 7 DK (Don't Know) NA
(Not applicable)

b. The MSA is visible and approachable

1 2 3 4 5 6 7 DK (Don't Know) NA
(Not applicable)

c. The MSA is objective and operates independently

1 2 3 4 5 6 7 DK (Don't Know) NA
(Not applicable)

d. The MSA utilizes effective means to communicate to the market and to make its publications widely available

1 2 3 4 5 6 7 DK (Don't Know) NA
(Not applicable)

e. As a result of the MSA's work, you, as a market participant, have greater confidence that the Alberta electricity market is fair and competitive

1 2 3 4 5 6 7 DK (Don't Know) NA
(Not applicable)

f. Can you provide any additional comment or feedback on why you provided the ratings you've given:

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4. On a scale of 1 to 7, where 1 is strongly disagree and 7 is strongly agree, how would you rate the following statement:

a. The effectiveness of the MSA has improved over the last 12 months.

1 2 3 4 5 6 7 DK (Don't Know) NA
(Not applicable)

b. Can you comment on WHY you provided this rating?

5. Are there any additional comments you would like to offer the MSA to help improve the way it performs its role in the Alberta market?

6. Would you like the MSA to follow up with you on any of the comments you've supplied today?

YES: How would you like the MSA to contact you?

Name: _____ Email: _____ Tel: _____

Go to Close

NO: Go to Close

Close: Thank you very much for your time. The MSA appreciates your input and time and will have the results available in early July. Good-bye.