



Market Surveillance Administrator
2006 Stakeholder Satisfaction Survey
Final Report

Prepared By
JEM Energy Inc.
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Executive Summary

The Alberta Market Surveillance Administrator's (MSA) mandate is to monitor the overall performance of Alberta's electricity market - ensuring 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 and 2005 surveys.

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 280 stakeholders supplied by the MSA, 54 were disqualified on first call due to job or company changes, resulting in 226 valid contacts. 77 surveys were completed, for a response rate of 34%.

Top ratings by those who responded were given for:

- awareness of the MSA's mandate
- being proactive in Alberta's electricity market
- being visible and approachable
- effective communications

Areas where improvement would be welcomed are:

- promoting market transparency and clarity of market fundamentals
- providing answers and facilitating solutions to issues
- increased objectivity and independence

The third annual MSA stakeholder satisfaction survey provides valuable feedback and, compared to the 2004 and 2005 benchmarks, gives insight into the progress achieved over the past 12 months. The overall average rating for all questions is down slightly to 4.78 from 4.95, with a slightly overall higher standard deviation.

There is an upward change in trend in 2006 in high-end ratings (greater than 4 out of 7) for 8 of the 11 questions. A downward trend continued from 2005 in the responses to the questions of dealing with inquiries, applications, submissions and reporting, and in the effectiveness improvement ratings.

There are significant upward changes in 7 of the question's responses for the lower end of the ratings scale (less than 4 out of 7) indicating more stakeholders have rated these questions lower than 2005. Awareness of the MSA's mandate is the only area where the downward trend continues - supporting the notion of increase in awareness over the past 3 years.

There appears to be a growing trend in stakeholders' perceptions that there is an increasing government influence on the MSA. Although there were some mentions of this in 2005, it has emerged to be more common in 2006.

1. Objective

Gain stakeholder feedback on how effectively the MSA has fulfilled its mandate and responsibilities over the last 12 months and compare this to the 2004 and 2005 results.

2. Background

The Market Surveillance Administrator (MSA) is in place to conduct monitoring and surveillance of Alberta's electricity market. The 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 MSA conducts its business under four key activities:

- **Monitor:** keeping a close eye on the behaviour of market participants and the overall performance of the market to ensure there are no anti-competitive activities and that rules are appropriate and are working as intended.
- **Reporter:** communicating the results and recommendations from various monitoring activities; providing information to enhance awareness and to build knowledge regarding the market.
- **Investigator:** resolving issues before they become complaints. Examining the market to ensure compliance with legislation, regulations and AESO rules; making sure sufficient remedies exist to avoid untoward market behaviour or activity.
- **Advisor:** responding to formal complaints; making recommendations to the Department of Energy or other parties if appropriate, regarding revisions to guidelines, procedures and rules to properly support a fair, efficient and openly competitive market and/or discourage anti-competitive behaviour.

3. Methodology

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

- The MSA provided a stakeholder contact list of 280 contacts complete with direct line telephone numbers. A crosscheck with the author's industry database revealed some contacts and/or telephone numbers required updating.
- JEM Energy developed the appropriate scripting for the survey which was approved by the MSA
- The completion target was 100 surveys.
- The survey consisted of 16 questions and was designed to be answered in less than 10 minutes. One question was deleted from the 2005 survey.
- The fieldwork was scheduled between April 5, 2006 and April 21, 2006.
- Calls were to be attempted up to 6 times to contact and secure a response to the questionnaire for each listed stakeholder until the target number was achieved. On the 6th attempt, if no response was completed, a call message was left.

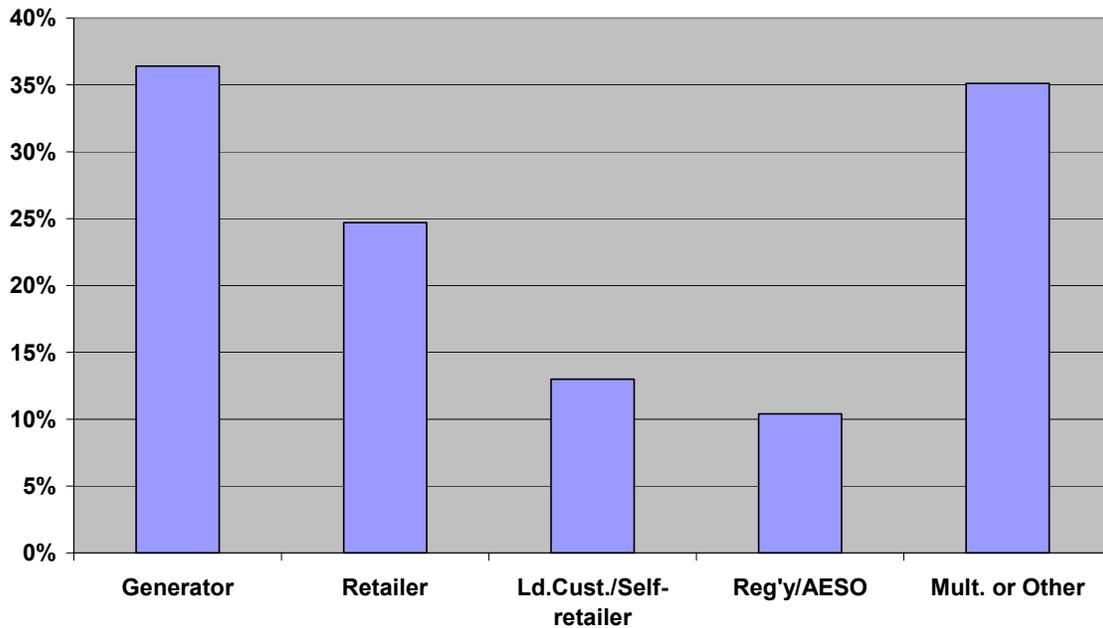
4. Results

There were 77 completed surveys, based on the original 280 contact list. Three (3) who declined a telephone interview, requested and completed by email. Initial calls determined 54 of the original list were invalid contact numbers (wrong number, no longer at that company, etc), which left a balance of 226 contact names, resulting in a response rate of 34%. Of the valid contacts, 16% declined the survey and 7% were out of the office until after the survey deadline to complete.

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**



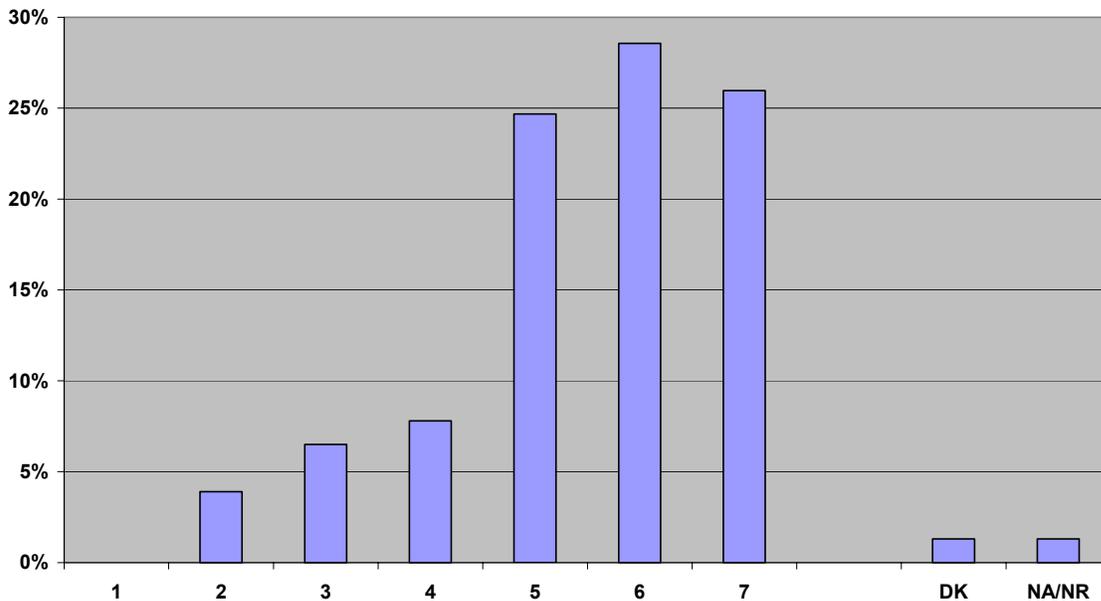
Generators were the majority of the respondent categories at just over 36 %. Those not indicating one specific category said they were involved in more than one area of the market and therefore were categorized as “multiple” participants. These are grouped with those who indicated they were not in any of the 4 major categories. The “other” category included distribution and transmission wires companies, consultants, engineering firms, financial institutions and merchants.

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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
Awareness of Mandate**



Average Rating: 5.5

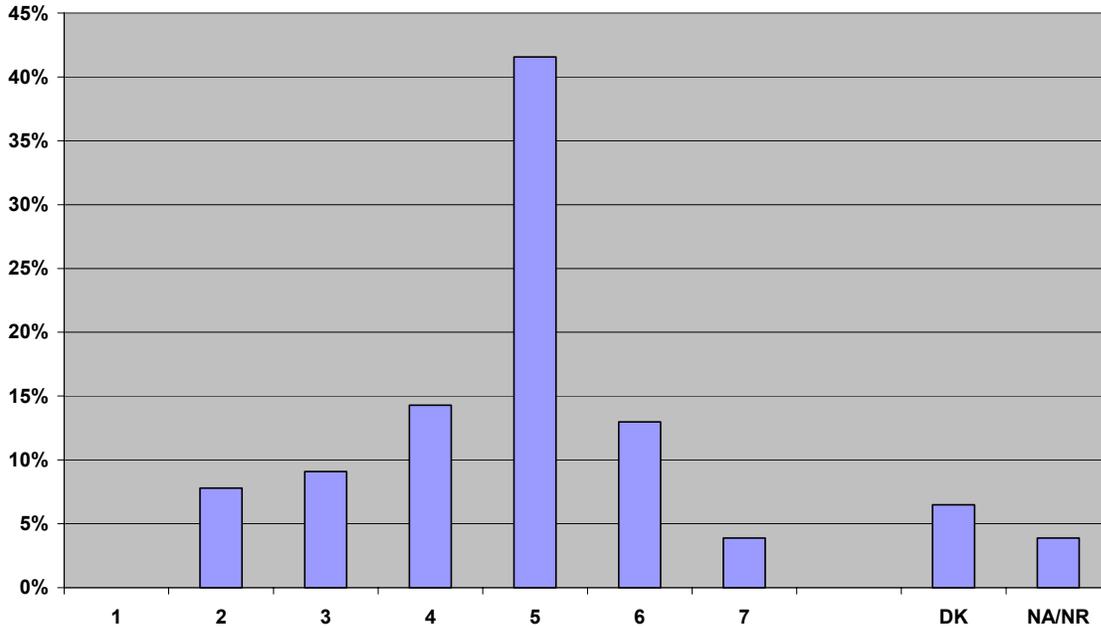
Standard Deviation: 1.4

Responses show awareness of the MSA's mandate remains high with over 79% indicating a rating of 5 or higher. A rating of 5 or higher was indicated by 87.5% of the AESO/Regulatory category, followed by the Generators at 61%.

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



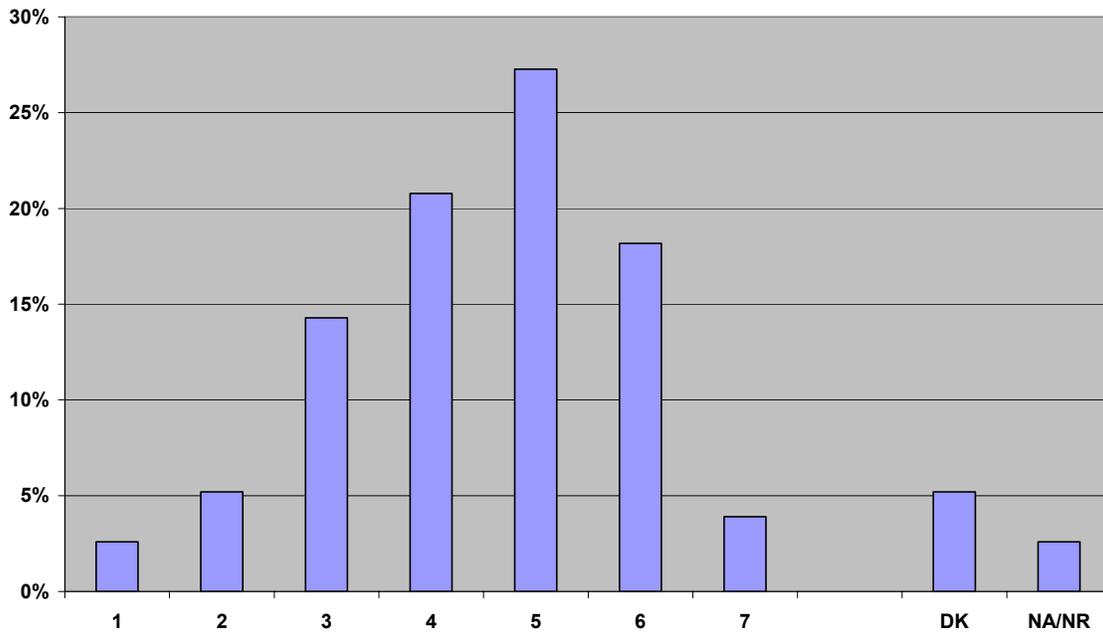
Average Rating: 4.6

Standard Deviation: 1.2

Responses show over 58% of respondents rated a 5 or higher on the MSA's performance on recognizing and reporting irregular market outcomes and behavior. The average rating of 4.6 is down slightly from 4.8 in 2005 and 2006.

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



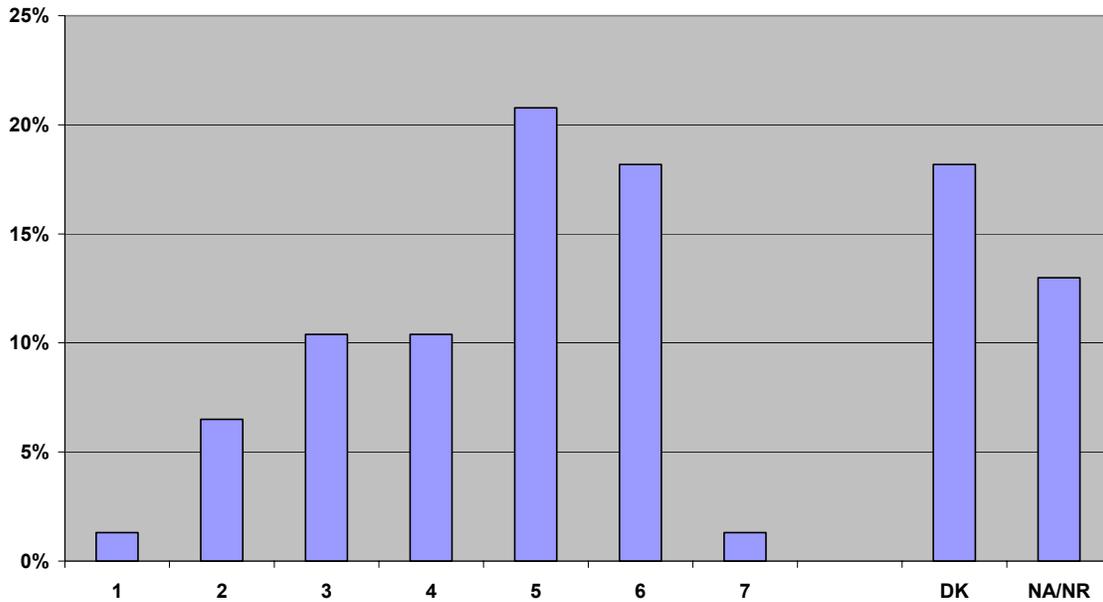
Average Rating: 4.5

Standard Deviation: 1.4

Over 49% of respondents provided a rating of 5 or greater on the MSA's promotion of market transparency and clarity of market fundamentals..

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**



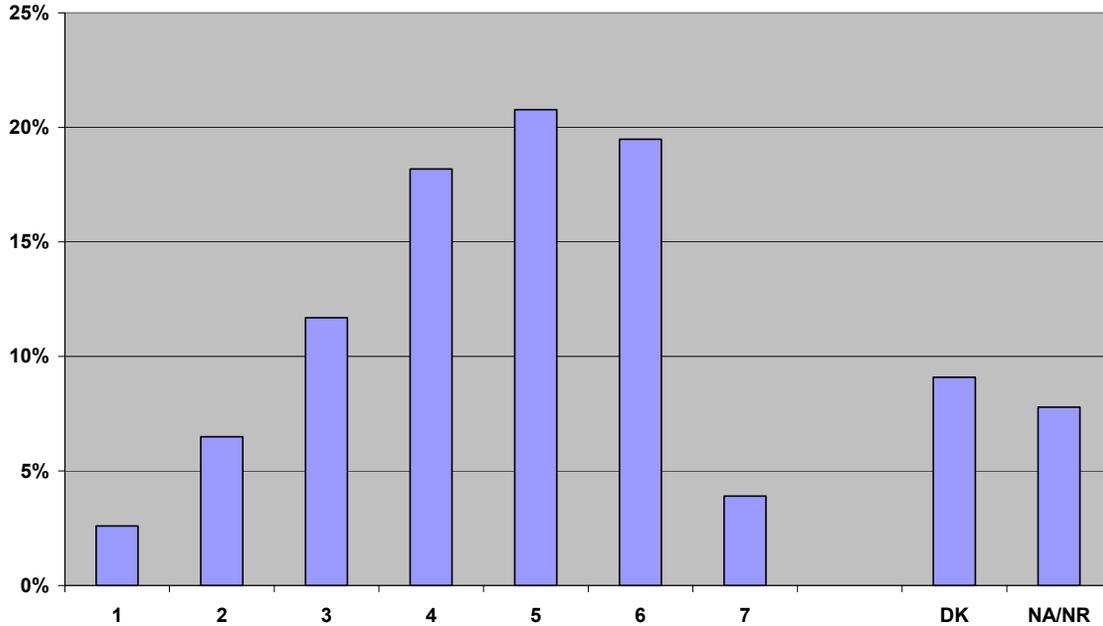
Average Rating: 4.5

Standard Deviation: 1.4

Over 40% 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’ plus not applicable/no response of over 31% would indicate an unfamiliarity with this service.

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

**Chart 6
Provide Answers or Facilitate Solutions To Their Issues**



Average Rating: 4.5

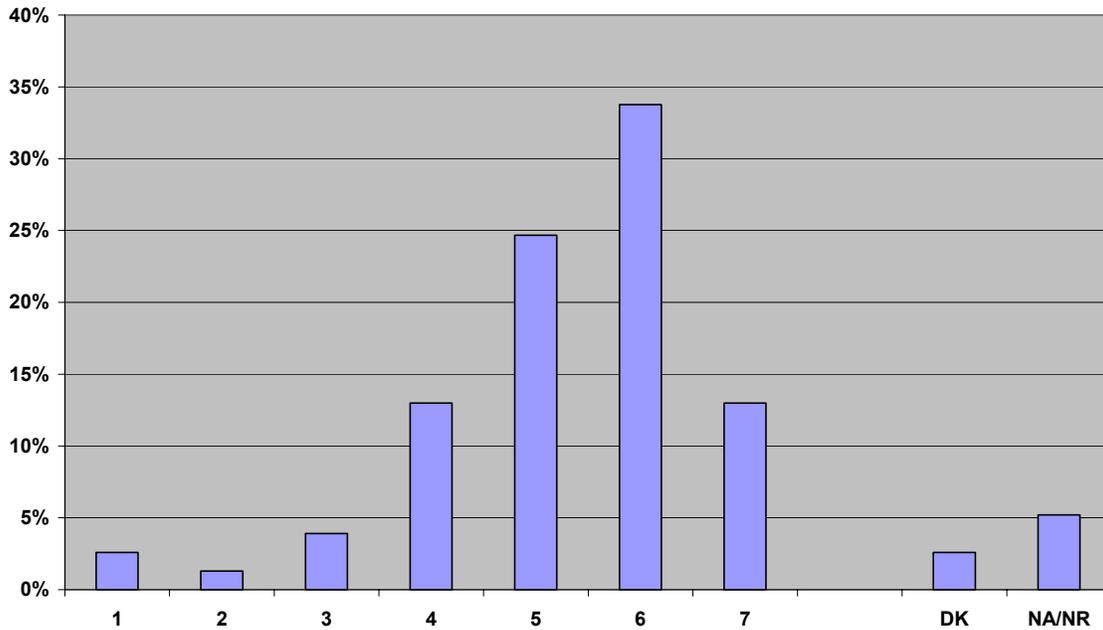
Standard Deviation: 1.5

Over 44% rated a 5 or higher on the MSA’s delivery of providing answers or facilitating solutions to their issues. Nearly 17% did not know an answer or indicated a not applicable/no response to this question, which could indicate more follow up is necessary with some, while others may not have had any issues to deal with.

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 7
The MSA Is Pro-active in the Alberta Electricity Market



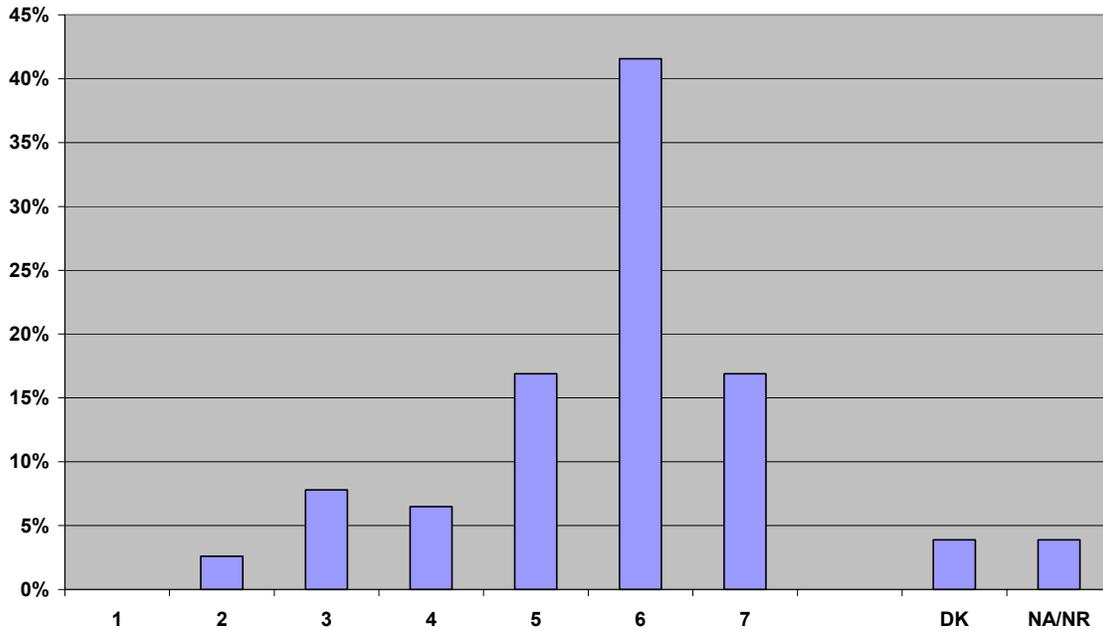
Average Rating: 5.3

Standard Deviation: 1.3

Over 71% rated a 5 or higher that the MSA is proactive in the Alberta electricity market, up about 5% from 2005, indicating efforts by the MSA in this area are being noticed.

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

Chart 8
The MSA is Visible & Approachable



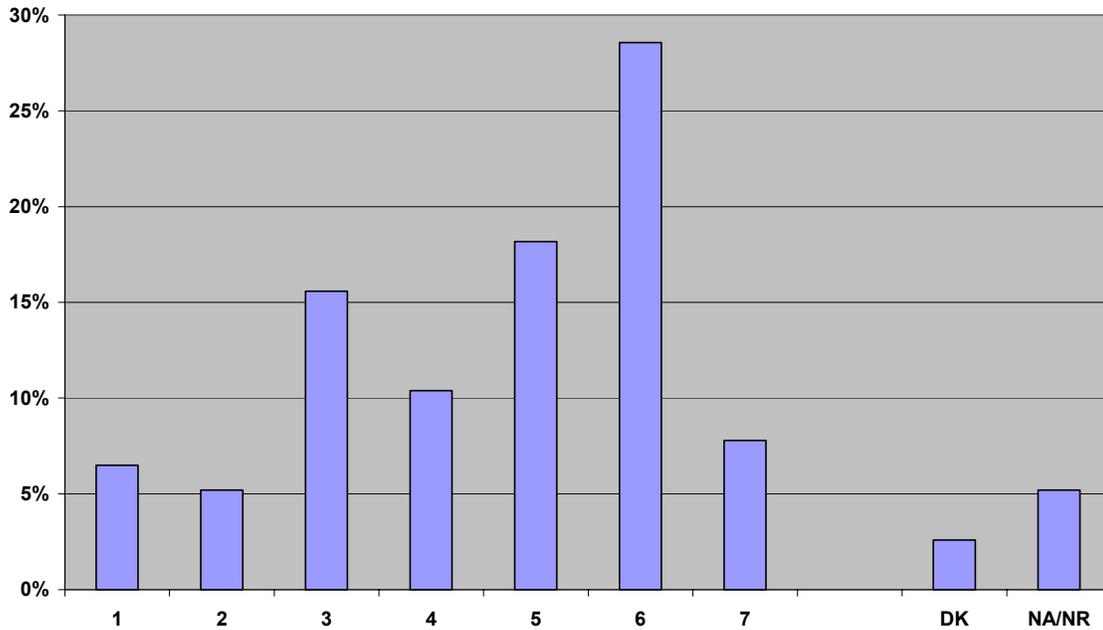
Average Rating: 5.5

Standard Deviation: 1.3

The MSA still has good visibility and is seen as approachable, as shown by this very high indicator. The high visibility and approachability is supported firstly by over 75% of respondents rating a 5 or higher to this question, and secondly by the 4% don't know as well as not applicable/no response indicators.

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

Chart 9
The MSA is Objective & Operates Independently



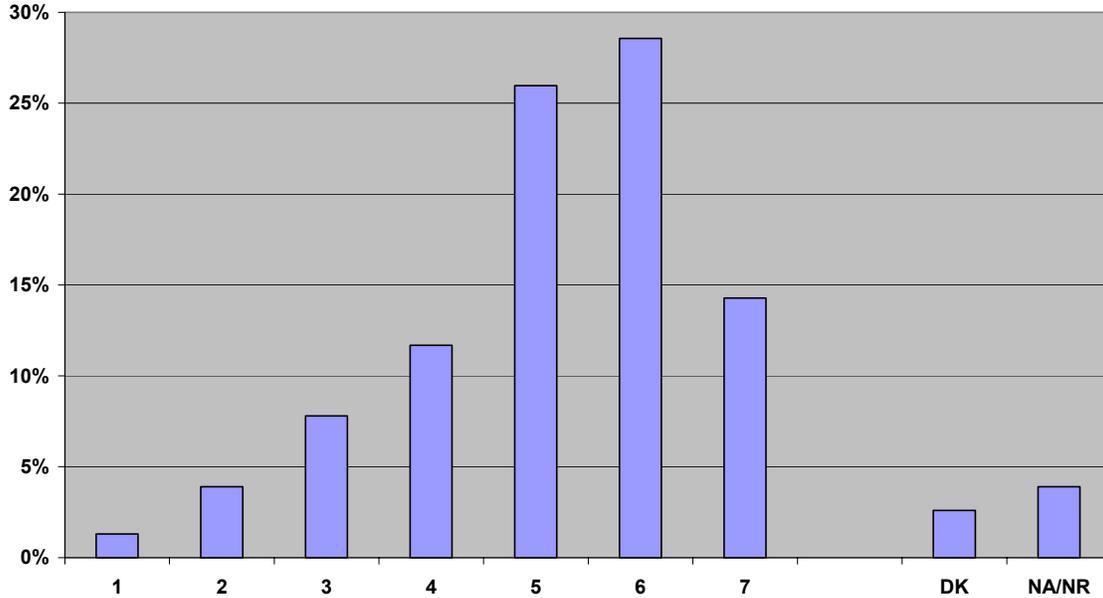
Average Rating: 4.6

Standard Deviation: 1.7

Data shows that over 54% rated a 5 or greater with an average of 4.6 in their agreement that the MSA is objective and operates independently. This is a significant drop from the 67% and average rating of 5.2 in 2005.

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

Chart 10
The MSA Utilizes Effective Means to Communicate to the Market & to Make Its Publications Widely Available



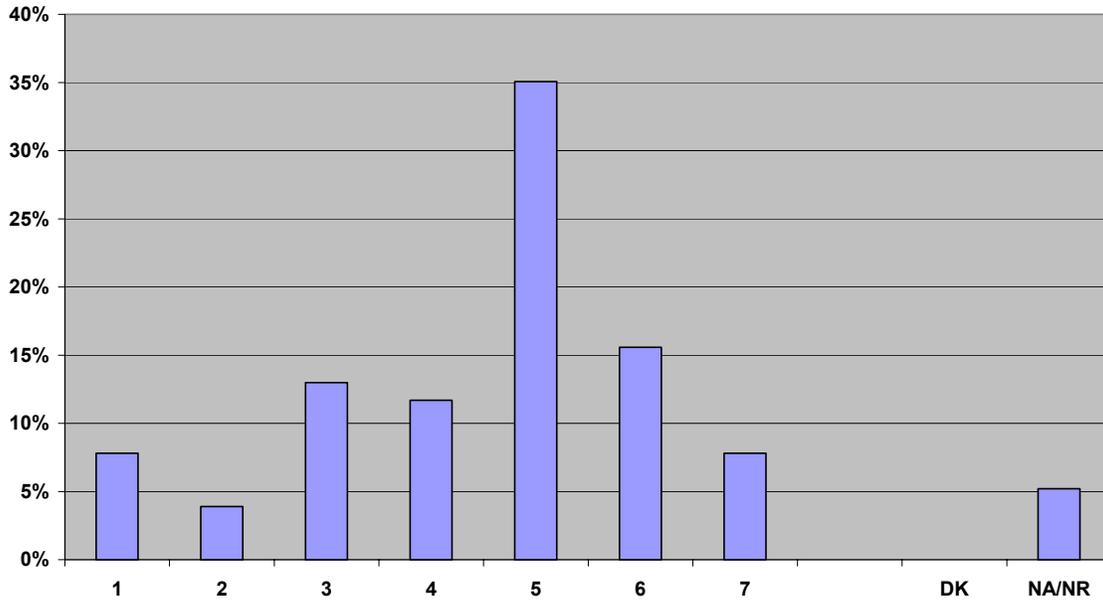
Average Rating: 5.1

Standard Deviation: 1.4

Over 68% rated a 5 or higher on the MSA providing excellent communications of their activities. This is a significant increase from the 2005 rating of 57%.

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 11
As a Market Participant You Have Greater Confidence
That the Alberta Electricity Market Is Fair & Competitive



Average Rating: 4.5

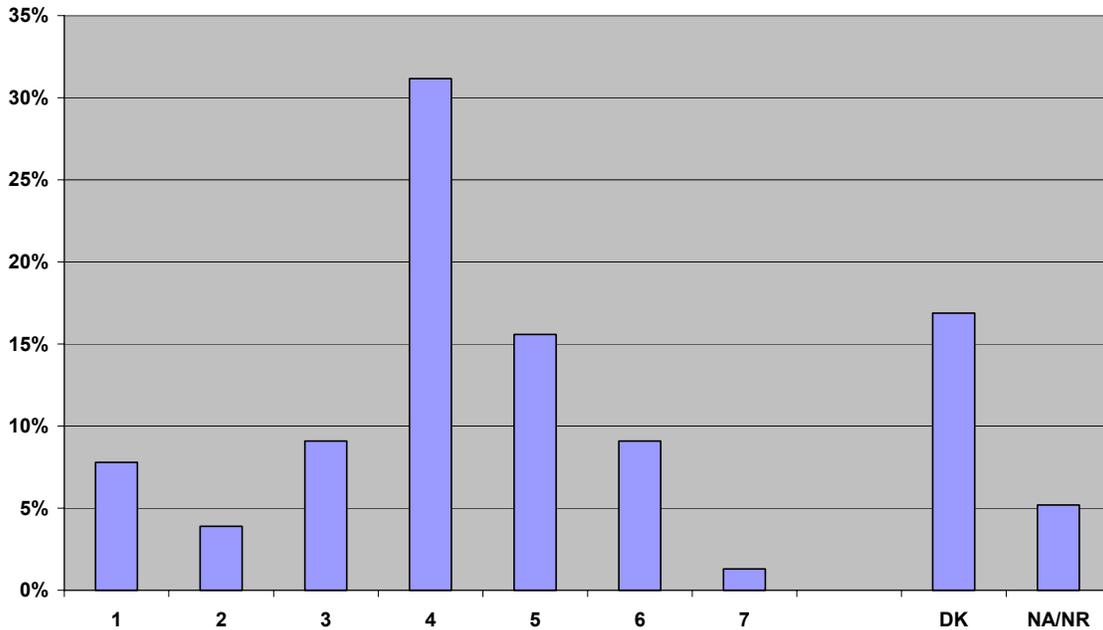
Standard Deviation: 1.6

Over 58% 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. Again, this is a significant increase from the 2005 rating of 46%.

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



Average Rating: 4.0

Standard Deviation: 1.4

Over 26% of respondents rated a 5 or greater with an average of 4.0 on the effectiveness of the MSA over the past 12 months. This question represents the greatest ratings change from 2005 when just over 48% rated a 5 or greater and the average rating was 4.9 on MSA effectiveness.

5. Comparative Analysis - 2006/2005/2004

Chart 13 illustrates a slight downward trend for 5 of the 11 questions in average ratings from the past 3 years, with the greatest drop illustrated in the effectiveness improvements of the MSA. Four of the questions had a slightly higher average in 2006. Awareness of the MSA’s mandate (Q1) and communications effectiveness (Q3d) both continued an upward trend in 2006. Respondents indicated an upward change from 2005 in the MSA being proactive (Q3a) and being visible and approachable (Q3b).

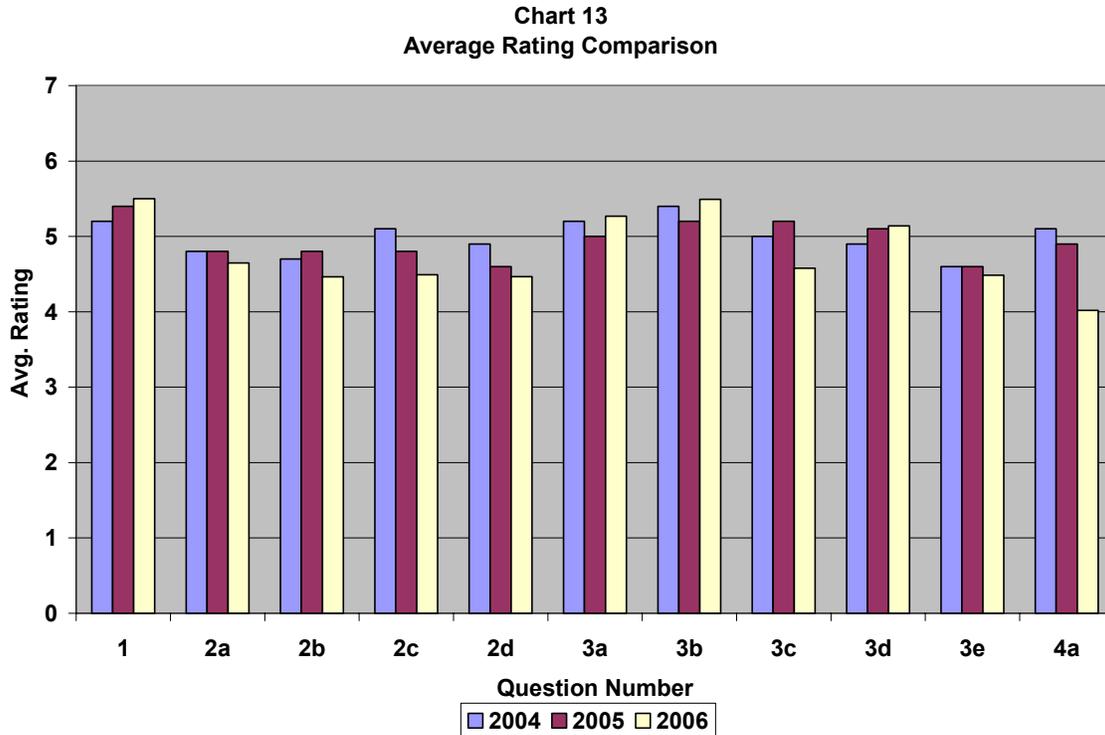
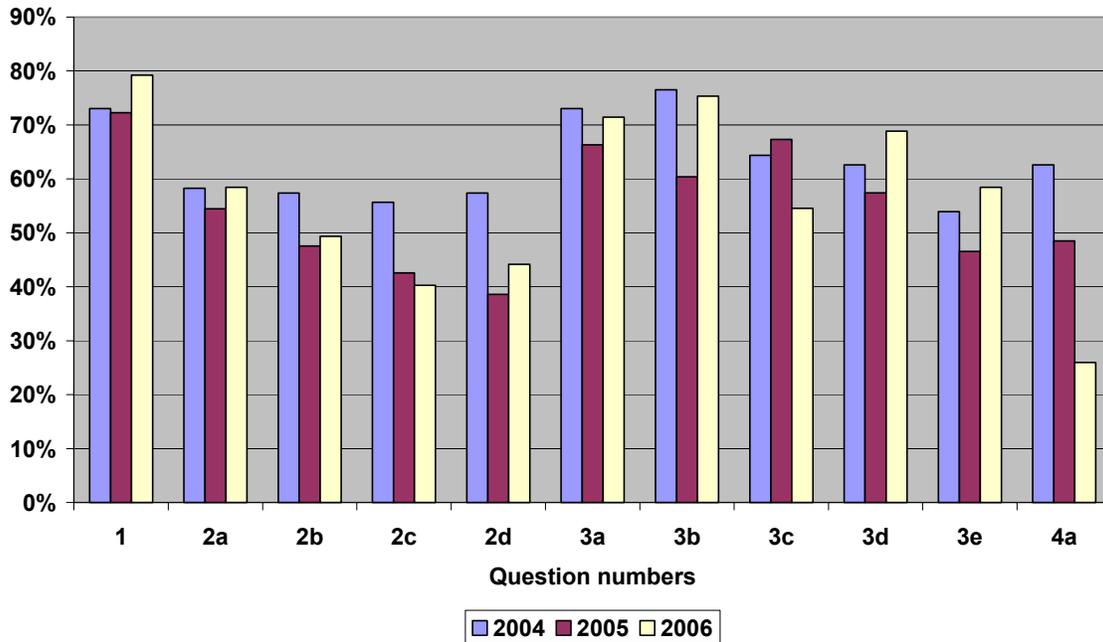


Chart 14 compares the past three years' results for responses to ratings equal to or greater than 5. All questions were identical each year, with the exception of Q3d on communication, which was re-worded in 2005 and remained the same in 2006. There is an upward change in trend in 2006 in these high-end ratings for 8 of the questions. A downward trend continued in the responses to the questions of dealing with inquiries, applications, submissions and reporting (Q2c), and in the effectiveness improvement ratings (Q4a).

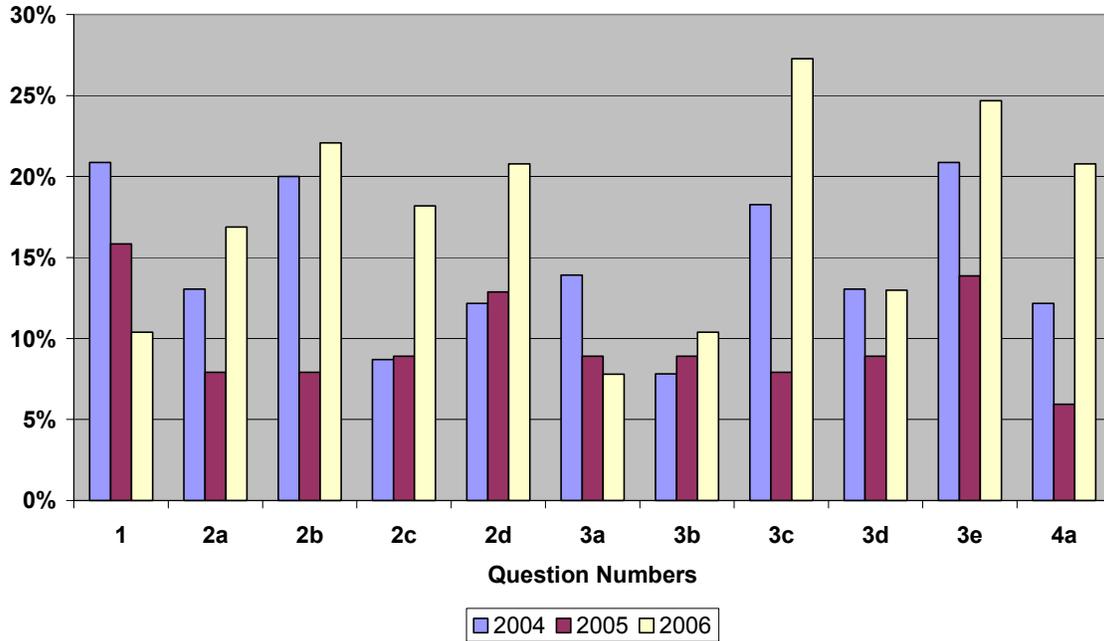
Chart 14
Ratings equal to or > 5 annual comparisons



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Chart 15 compares the past three years' results for responses to ratings equal to or less than 3. There are significant upward changes in 7 of the questions' responses for this lower end of the ratings scale, indicating more stakeholders have rated these questions lower than 2005. Awareness of the MSA's mandate is the only area where the downward trend continues - supporting the notion of increase in awareness over the past 3 years.

Chart 15
Ratings equal to or < 3 annual comparisons



6. Summary of Comments

A number of the respondents declined the survey by disqualifying themselves due to lack of familiarity with the MSA, and some of these asked to be removed from the distribution list.

Many comments supporting question #2 were around market transparency and a lack of clarity of market fundamentals. Some indicated room for improvement to help stakeholders better understand the market. Some also indicated that in dealing with inquiries, applications, submissions and reporting, the process was inconsistent and, in some cases, closed to stakeholders. Some also felt the mandate was still evolving, offering various suggestions on what that should or should not be.

There appears to be a growing stakeholders' perception that government is having an increasing influence on the MSA, thus causing less objectivity. Although there were some mentions of this in 2005, it has emerged to be more common in 2006.

There is not total clarity on the reasons for some of the work the MSA delivers, and some conflicting views on what should be delivered, probably a result of stakeholders' varying agendas.

All verbatim comments are listed in Appendix A.

7. Analysis

Table 1 provides a summary of the response ratings. As illustrated, 79.2% of respondents rated a 5 or greater on awareness of the MSA mandate, a increase from the 72.3% response in 2005. Conversely, 10.4% rated a 3 or less to this question, down from the 15.8% in 2005. This would indicate those mid-ratings in 2005 have migrated to higher ratings, demonstrating an increase in awareness for those stakeholders. The standard deviations (SD) have increased slightly for most responses from 2005. The highest SD of 1.7 for Q3c on MSA objectivity and independence is also a significant increase from 2005 of 1.3, indicating stakeholders views on this vary widely.

**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	79.2%	10.4%	5.5	1.4
2	How well does the MSA:				
2a	Recognize & report on irregular market outcomes & behaviour	58.4%	16.9%	4.6	1.2
2b	Promote market transparency and clarity of market fundamentals	49.4%	22.1%	4.5	1.4
2c	Deal with inquiries, applications, submissions & reporting in a timely & clear manner	40.3%	18.2%	4.5	1.4
2d	Provide answers or facilitate solutions to their issues	44.2%	20.8%	4.5	1.5
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	71.4%	7.8%	5.3	1.3
3b	The MSA is visible & approachable	75.3%	10.4%	5.5	1.3
3c	The MSA is objective & operates independently	54.5%	27.3%	4.6	1.7
3d	The MSA utilizes effective means to communicate to the market & to make it's publications widely available	68.8%	13.0%	5.1	1.4
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	58.4%	24.7%	4.5	1.6
4a	The effectiveness of the MSA has a improved over the last 12 months	26.0%	20.8%	4.0	1.4

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Table 2 highlights by category the questions where more than 15% of the respondents rated a 3 or less, compared to overall response rate. This analysis provides an indication of which categories had a higher weighting for any of the lower ratings.

To summarize Table 2, question number 3e is the only question that had responses fitting this criterion. Generators were the only category to meet this criterion at 35.7%, compared to the overall rate of 24.7%. The other category consisted of 1 consultant, 1 distribution company, and 4 multiple category stakeholders.

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

Category	Q 3e
Generators	35.7%
Retailers	5.3%
Load Cust/Self Retailers	10.0%
Reg/AESO	12.5%
Other	7.4%

Legend:

Q 3e: 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.

7.1 Mandate, Proactive, Visibility, Communications

Highest marks in this year's responses were for increased awareness of the MSA's mandate, support for being proactive in the market, being visible and approachable to stakeholders, and providing effective communications. The qualitative responses supported the ratings with many comments. For three consecutive years, these have received the highest marks and although pro-activeness and visibility was down slightly in 2005, both turned positive in 2006.

7.2 Effectiveness

The overall average rating for all questions was down slightly to 4.78 from 4.95, with a slightly overall higher standard deviation.

The average rating on the MSA's effectiveness dropped 18% from 2005, from 4.9 to 4.0. Promoting market transparency, clarity of market fundamentals, providing solutions and less objectivity all contributed to this drop. Many pointed to a perception of increasing government influence as a possible reason and the MSA should ensure their mandate on a fair Alberta electricity market for all stakeholders is upheld.

8. Conclusion

The 2006 MSA stakeholder satisfaction survey provided valuable feedback and, combined with the 2004 and 2005 benchmarks gives insight into the progress achieved over the past 12 months. The responses indicate that on-going dialogue is valued by stakeholders, as there is a significant increase in verbatim comments, including positive support for the MSA and much thought for review on where and how the MSA look for improvement.

9. Appendix: Questionnaire

**Market Surveillance Administrator
2006 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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1. 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. Can you provide any additional comment or feedback on why you provided the ratings you've given:

2. 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

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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:

3. 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?

4. 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?

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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.