

# MEMORANDUM

**To:** ISO Board of Governors

**From:** Karen Edson, Vice President of External Affairs

**Date:** March 18, 2009

**RE:** **Briefing on 2008 Client Survey Results and 2009 Business Improvement Plans**

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*This memorandum does not require Board action.*

## EXECUTIVE SUMMARY

The 2008 Corporate Survey achieved high participation rates by stakeholders and addressed specific topics that will lead to improvement projects across the California Independent System Operator Corporation (the ISO). Stakeholders responded that ISO general service levels dipped slightly in 2008 because so many ISO staff resources are dedicated to MRTU. They also responded that the ISO improved in response to 2007 survey feedback, including; customer training, stakeholder process, streamlined access to electronic certificates, transmission project management, and improved engagement with State agencies. But more remains to be done. Stakeholders challenged the ISO to improve consideration of their comments and understand how they impact the ISO's final policy decision. Survey respondents also asked the ISO to create additional ways for stakeholders to share their views directly with the Board.

## BACKGROUND

Since 1998, the ISO has conducted stakeholder surveys, the results of which have supported the development of customer service improvement programs. In 2006, Management began using multiple surveys, targeted to specific areas of ISO business, to gather more precise information from stakeholders on specific topics. Thanks to this approach, stakeholder feedback is now more informed and more actionable, driving business improvement projects across the ISO.

### *Approach*

To ensure that all ISO divisions are involved in the continuous improvement process, a cross-functional team develops survey questions, creates a list of stakeholders to be surveyed, and develops and manages

improvement initiatives in response to the survey findings. Management informs stakeholders in May of plans made in response to their survey feedback. In October, we share with stakeholders a summary of progress on the initiatives. Stakeholders have responded favorably to these communications from the ISO.

### ***Process***

Some stakeholders participate in telephone interviews with the ISO survey consultant. Others share their perspective by connecting to a web-based survey instrument. Both telephone and web surveys gather a combination of numeric scores and quantitative narrative feedback. Management uses a scoring scale of 1 to 6. A score of 1 indicates that the respondent “strongly disagrees” with the survey statement and a 6 indicates that the respondent “strongly agrees.” Many questions are prefaced by a “screen” to ensure that the respondent has interacted with an ISO representative on that particular topic. For example, when we ask for feedback on the performance of a specific control room desk, respondents have to first confirm that they did business with that desk to qualify to answer the question. When aggregated for analysis, scores of 1 to 3 are considered to be in disagreement with the statement, and scores of 4 to 6 are considered to be in agreement. These aggregated scores inform the ISO about areas needing further analysis or investigation.

### ***Interpreting scores***

Management does not pursue a single survey score as a reflection of performance. Rather, scores in response to specific questions are used to identify precise areas needing attention. Responsive initiatives are developed by the appropriate divisions.

### ***History of participation***

ISO surveys consistently garner good stakeholder participation. In 2008, 300 stakeholders were invited to participate in the corporate survey. The total participation rate was 52 percent, which is higher than industry standards. Seventy-eight percent of stakeholders invited to be interviewed participated in the survey; 31 percent of stakeholders asked to complete web-based surveys did so. The surveys targeted the following functional business areas:

- Executive level interactions
- Settlements & billing
- Market operations
- Credit
- Grid operations
- GMC & budget
- Stakeholder/policy/legal engagements
- Transmission planning maintenance & generation interconnection
- Regulatory agency interactions (interviews only)

### ***Additional means of gathering stakeholder views***

The annual corporate survey is not the only instrument used by Management to capture stakeholder views. Throughout the year, we conduct smaller, targeted surveys to ascertain customer satisfaction with individual programs. For instance, the ISO samples customers twice annually to test the

performance of customer service staff in meeting client needs on day-to-day business matters. Management also periodically samples stakeholders at the conclusion of individual stakeholder processes to gather feedback in order to improve the handling of subsequent policy initiatives.

## **2008 KEY FINDINGS**

The 2008 survey results are rich in content. Stakeholders were forthcoming about the areas in which the ISO is meeting their expectations, and equally open about topics in need of improvement. Within the nine targeted surveys, the ISO asked a total of 168 questions. Of those, 47 questions improved by more than three percentage points from 2007 levels. Scores for 52 questions dropped more than three percentage points. Management has directed staff to focus attention on areas in which scores reflected a drop in stakeholder satisfaction, but not at the cost of other programs that have resulted in stakeholder approval ratings.

Clients acknowledged that the ISO made improvements in response to 2007 survey feedback, but also indicated that more remains to be done. Below is a sampling of comments on key ISO activities.

### Stakeholder Process

- The stakeholder process improved by becoming more consistent and expanding the use of web-based meetings.
- Concerns remain about the ISO's responsiveness to stakeholder input. Specifically, stakeholders asked the ISO to improve its openness to changing policy proposals based on stakeholder comments, better inform stakeholders of the disposition of their comments, and more accurately reflect stakeholder positions in Board documents.
- Commenters also asked the ISO to improve the prioritization of policy initiatives. Some felt that the ISO did not follow the market initiatives roadmap, as expected. (Management believes this was largely related to timing imposed by the changes in MRTU rollout.)

### MRTU

- Not surprisingly, MRTU was integral to most survey responses. Stakeholder views on MRTU were largely related to market simulation, training, readiness assessments and management-to-board communications. Some survey respondents questioned management's Board reports on MRTU, citing differences in perspectives relative to MRTU readiness. Stakeholders also felt that the ISO's general service levels dipped in 2008 because so many ISO staff resources are dedicated to MRTU.
- Client training and ISO communications garnered positive responses. MRTU training, in particular, garnered very positive response.

### Transmission Planning

- With regard to transmission planning, stakeholders identified the need for more leadership from the ISO in regional transmission efforts. The ISO was also asked to work more collaboratively with public power entities that are not part of the ISO's balancing authority.

- Customers commented favorably on reforms to the large generation interconnects process and requested additional leadership on grid planning issues in general.

Stakeholder Interaction with the Board of Governors

- Survey respondents expressed appreciation for improved access to the Board provided by the new Board meeting structure. Some respondents requested additional opportunities to interact with Board members, while others noted that the Board rarely opposes management recommendations or engages in technical deliberations.

ISO Interaction with Government Agencies

- State and Federal regulatory agencies noted the ISO’s challenge of dealing with diverse stakeholders. They acknowledge that the ISO has addressed many individual stakeholder requests for special consideration within the MRTU design. These respondents also noted ISO efforts to interact more effectively with State agencies.

**Benchmark questions**

Stakeholders also rated the ISO on three benchmark questions, which help the ISO track the overall health of customer satisfaction. These questions were included in each of the functional surveys:

<b>Benchmark Question</b>	<b>2008 Score (across all surveys)</b>	<b>2007 Score (across all surveys)</b>
Overall, the service provided by the ISO is valuable to my firm.	92% agree	82% agree
The service quality delivered by the ISO has improved over the past year.	79% agree	83% agree
Generally, the service level delivered by the California ISO is better than that of other ISOs / RTOs.	41% agree	46% agree

**NEXT STEPS – TURNING DATA INTO ACTION**

The cross-functional team is reviewing the survey data and has shared a summary of results with the management team of each ISO division. From those discussions, organizational goals and individual performance plans have been fashioned to address the issues of concern to stakeholders. The ISO will provide a document to stakeholders in April 2009 that summarizes the ISO’s handling of the survey feedback and related plans for improvement. Another similar document will be published in October 2009 to reflect the progress made in completing the improvements. That will set the stage for the 2009 survey in November.

Among the improvement concepts being considered for 2009 are:

- Improve communication between stakeholders, ISO account managers and subject matter experts to improve ISO understanding of stakeholder positions.
- Expand the ISO's stakeholder process quality guidelines to other functional areas of the ISO's business. Ensure that all major stakeholder meetings adhere to the guidelines.
- Enable stakeholders to participate more actively in the development of credit policy.
- Create additional opportunities for collaboration on regional transmission and improve the effectiveness of planning with neighboring balancing authorities.
- Provide additional training and tools to floor personnel to increase their awareness of market issues and improve their response time to market issues.
- Host a Board forum to provide stakeholders the opportunity to interact with Board members in setting other than conventional Board meetings.