



## PJM Interconnection PJM Position on Itron Load Forecasting Recommendations

Itron Recommendation	PJM Position	Implementation Timeline
1 Implement a weighted economic index that combines multiple economic measures into a single index of economic activity	PJM's position is that this recommendation has merit.	<ul style="list-style-type: none"> <li>- Calculate test version of Index1 - 10/8/10</li> <li>- Verify calculations - 10/15/10</li> <li>- Re-estimate models and produce forecast with test version - 10/29/10</li> <li>- Calculate production version of Index1 and verify - 10/29/10</li> <li>- Re-estimate models and produce forecast with production version of Index1 - 11/12/2010</li> </ul> <p><b>[Models estimated for: 1) MEDC Index1, 2) GI Index1, 3) Average Index1]</b></p>
2 Include rate shift variable for zones that have experienced significant rate increases	PJM's position is that this recommendation has merit.	<ul style="list-style-type: none"> <li>- Acquire revenue and sales data from EIA - 10/8/10</li> <li>- Produce graphics and identify rate shifts - 10/22/10</li> <li>- Review shifts with EDCs and verify - 10/29/10</li> <li>- Re-estimate models and produce forecast with price shift variable - 11/5/2010</li> <li>- Price impacts will still be part of Phase III of the review.</li> </ul>
3 Combine the economic forecasts from Moody's Economy.com and Global Insight to generate forecasts	PJM's position is that this recommendation has merit.	<ul style="list-style-type: none"> <li>- Calculate test version of Index1 - 10/8/10</li> <li>- Verify calculations - 10/15/10</li> <li>- Re-estimate models and produce forecast with test version - 10/29/10</li> <li>- Calculate production version of Index1 and verify - 10/29/10</li> <li>- Re-estimate models and produce forecast with production version of Index1 - 11/12/2010</li> </ul> <p><b>[Models estimated for: 1) MEDC Index1, 2) GI Index1, 3) Average Index1, 4) MEDC GMP, 5) GI GMP, 6) Average GMP]</b></p>
4 Track Moody's and Global Insight performance of their three-year ahead forecast to adjust the relative vendor weighting of composite economic driver	PJM's position is that this recommendation has merit.	Historical forecasts are not available to complete this recommendation at this time. PJM will begin to collect forecast accuracy data
5 Keep using the simulation method. It is the best way to model diversity related to regional weather patterns	PJM's position is that this recommendation has merit.	N/A
6 Explore approaches that interact weather variables with economic driver that remove the impact of industrial load from the interactive variables	PJM's position is that this recommendation has merit.	<ul style="list-style-type: none"> <li>- Will begin after new economic driver (Recommendation #1) is completed</li> <li>- Unlikely to be implemented for 2011 forecast.</li> </ul>
7 Allocate the RTO peaks to zones using the zone CP values that occurred on peak days instead of the maximum zone CP for the month, and adjust only a single month to the seasonal peak unless there is a planning reason to adjust all months in the season	PJM's position is that the weather processing recommendation has merit. PJM believes that there is a reliability planning issue related to only adjusting one monthly peak, and that this issue should be reviewed further.	<ul style="list-style-type: none"> <li>- Allocation process re-programmed - 11/19/10</li> <li>- Produce forecast with revised CP allocation process - 11/30/10</li> </ul>

Timeline for PJM Forecast Development and Review:

- 10/15/10 - Test versions of economic variable recommendations completed
- 10/19/10 - August metered loads available
- 10/23/10 - MEDC and GI economic forecast updates available
- 10/25/10 - Addback data delivered. Begin to calculate unrestricted loads for 2010
- 10/26/10 - Load Analysis Subcommittee meeting
- 10/29/10 - Load forecasts with test versions of economic driver recommendations
- 10/29/10 - Weather-normalized peaks and 5CPs released
- 10/29/10 - Calculate production version of GMP/Index1 and verify
- 11/10/10 - Planning Committee meeting
- 11/12/2010 - Re-estimate models and produce forecast with production version of GMP/Index1 and price shift variable
- 11/18/2010 - Load Analysis Subcommittee meeting (model & forecast results with economic driver recommendations)
- 11/30/10 - Produce forecast with revised CP allocation process
- 12/07/2010 - Load Analysis Subcommittee meeting (weather recommendations and preliminary Load Report)
- 12/8/10 - Planning Committee meeting
- 12/31/10 - Release Load Report (with RTO, RTO+ATSI, RTO+Duke, and RTO+ATSI+Duke)