



# Update on Itron Recommendations for Load Forecast Model Enhancements

Planning Committee  
August 4, 2011

- Economic Driver: Itron reviewed their updated recommendation report. Only one participant expressed a preference (choose Index1 or Index2, not GMP). One participant requested implementation of pooled forecasts.
- PJM Plan: Determine selected driver (GMP, Index1, or Index2) with stakeholder input by end of August. Continue to use Moody's as the sole economic forecast.

- Price Variable: PJM presented results of effort to incorporate a price variable into the peak and energy models.
  - Results were inconsistent and in some cases spurious (positive coefficients, unrealistic magnitude)
  - In some cases price impact driven by one large price change
  - Elasticities tended to be outside a zone of reasonableness
  - Results were equally weak for summer peak load and net energy for load
- PJM Plan: Do not include in model (Unopposed by members)

- CP Allocation: PJM reviewed Itron's recommendation and why it poses an issue for capacity market. PJM described several allocation options for consideration for use in RPM. Broad consensus that the RPM issue should be transferred to another PJM group, with PJM providing adequate explanation and examples to assist discussion.
- PJM Plan: Adopt Itron proposal for planning forecast allocation and work with stakeholders to assist decision making on separate forecast allocation for RPM.

- Addbacks: AEP raised the issue that current addback rules are inconsistent with good load forecasting. They are seeking other members in developing an issue statement.