



**PJM Interconnection
Load Analysis Subcommittee
DRAFT - Minutes of the 287th Meeting
Conference Call
November 18, 2010**

Members Present:

John Reynolds, Chairman	PJM Interconnection, L.L.C.
Debbie Kanner	Allegheny Power
Randy E. Holliday	American Electric Power
Mark Bock	Baltimore Gas & Electric Company
Dennis Kelter	Commonwealth Edison (Exelon)
Bill Moll	FirstEnergy Solutions Corp.
Timothy Devitt	PECO Energy Company
Kemm Farney	Pepco Holdings Inc.
Susan M. Mushock	PPL Electric Utilities
Steve Wreschnig	Public Service Electric & Gas
Ayana Wood	UGI Utilities, Inc.
Molly Mooney, Secretary	PJM Interconnection, L.L.C.

Others Present:

Jeff Brown	American Electric Power
Leon Brunson	Baltimore Gas & Electric Company
John Goodenough	Baltimore Gas & Electric Company
Dean Bickerstaff	Constellation Energy Commodities Group, Inc.
Michael Hurd	Dayton Power & Light Company
Hertzel Shamash	Dayton Power & Light Company
Jeff Burke	Dominion Retail, Inc.
James Habberfield	Duquesne Light Company
Audrey Lyke	Exelon Generation Co., L.L.C.
Jonathan Fernandez	Federal Energy Regulatory Commission
Valerie Martin	Federal Energy Regulatory Commission
James Wilson	Independent Consultant
Stuart McMenamin	Itron
Charles Fenner	Macquarie Energy LLC
David Hamilton	Old Dominion Electric Cooperative
James Wright	Old Dominion Electric Cooperative
David Woodruff	PPL Electric Utilities
Bryan Mills	PSEG Energy Resources and Trade LLC
James Jablonski	Vineland Municipal Electric Utility
Ken Berger	Virginia Electric & Power Company
Yashodhan Dongre	Virginia Electric & Power Company
Abhijit Rajan	Virginia Electric & Power Company
Thomas A. Falin	PJM Interconnection, L.L.C.
John J. Slivka	PJM Interconnection, L.L.C.
Jennifer Warner-Freeman	PJM Interconnection, L.L.C.



1. ADMINISTRATIVE

PJM took attendance and asked for any additional agenda items.

2. MINUTES

Minutes from the October 26, 2010 meeting were reviewed and approved. The final minutes will be posted to the Load Analysis Subcommittee (LAS) webpage.

3. STATUS OF IMPLEMENTATION OF ITRON RECOMMENDATIONS

Mr. Reynolds provided updates regarding the status of implementing Itron's recommendations from other PJM committees. The Planning Committee (PC) was shown, at their November 10th meeting, the same PJM presentation and Dominion presentation that were given at the October 26, 2010 LAS meeting. After some discussion the issue of how to proceed with the Itron recommendations was sent to the Markets and Reliability Committee (MRC) for discussion at their November 17th meeting. The PC directed that, at some point, for LAS to get on record about each recommendation before the December PC meeting. At the MRC meeting, PJM sought member input on the process of adopting recommendations. It was determined that this would ultimately include Manual language changes for M-19 that would be presented to the MRC for a vote.

Mr. Jablonski requested that PJM follow the existing procedure where there is no process for voting since the load forecast is a PJM decision. Mr. Jablonski also voiced an objection with having the LAS meeting conflict with a Members Committee (MC) meeting. PJM did move the LAS meeting to later in the day in response to this conflict. Mr. Jablonski also asked that PJM find some way to get Itron involved in the review process and defend their position. Mr. Reynolds said that PJM has spoken with Itron and they will explain their recommendations but do not want to defend their recommendations or act as an arbitrator between different proposals. Itron would be a consultant to PJM and review results. Mr. Jablonski said he does not see a difference between explaining and/or defending.

Ms. Warner-Freeman reviewed two sets of forecast results and model comparisons. In the first set of analysis each component of Index1 is compared and shown for history and forecast. Each zone has an economic forecast and load forecast graph for each component of Index1 (GMP, GDP, Real Personal Income, Non Manufacturing Employment, Population, and Households). The graphs show series that are an average of Global Insight and Moody's Economy.com. It was noted that PJM does not have an RTO model but does show economics for the RTO to use as a reference. The RTO forecast does not include ATSI or DUKE. Ms. Warner-Freeman next went over the corresponding model statistics in which the MAPE, R-Squared, and Adjusted R-Squared are shown for each model. There are also coefficient tables showing model coefficients and t-statistics.

The second set of analysis showed economic forecasts and load forecasts for Itron's recommendations of Index1 and price shifts. It was noted that for those zones that do not have an identified price shift there will not be a forecast for those models that include price shifts since those lines will be the same as the models that do not include price shifts. Models were updated with October 2010 economics and estimated through August 31, 2010. Next, the model statistics were shared for this set of analysis. A question about the highlighting in the model statistics document was raised and it was explained that if two models have the same MAPE SAS may highlight the second model as having the lowest MAPE.



Ms. Warner-Freeman shared peak day residual analysis in which the actual load value on a day was compared to the fitted value from the estimation period in the models.

Mr. Wilson asked if analysis was done showing Index1 for Global Insight and Moody's Economy.com along with the average that was already shown. This analysis was done and will be shared with LAS.

4. MEMBER RESPONSE TO PRELIMINARY MODEL RESULTS

PJM received three prepared responses from members. These responses were from PS, Exelon, and PHI were distributed to LAS and summarized at the meeting.

A question about the weightings for Index1 being the same for each zone was raised. PJM responded that these weights would serve as starting values and PJM could pursue zone-specific weightings in the future. Mr. McMenemy raised the issue of out of sample testing. He mentioned that PJM should use the vendors' forecast of economic variables, not actual values, to calculate forecast errors. This will accurately reflect the risk in the economic forecasts. Mr. McMenemy stated that volatility in GMP forecasts was the reason Itron was brought in to look at the PJM forecast model. He added that Index1 has components such as households and population that are more stable and possibly more accurate, which would be revealed in the out of sample testing. PJM responded that it is impossible to do that testing at this time, since PJM only has past GMP forecasts from Moody's Economy.com and not the components of Index1.

5. NEXT STEPS

The next LAS meeting is December 7th, where draft versions of the Load Report tables will be shared, including a status quo load forecast and a load forecast showing all of Itron's recommendations. It was mentioned that the November economic forecast would be used in these draft reports, but that October economics would continue to be used for the recommendation concerning post-processing of the CP forecast, to be comparable to other forecast review analysis already provided.

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