



**PJM Interconnection
Load Analysis Subcommittee
Minutes of the 289th Meeting
Conference Call
December 22, 2010**

Members Present:

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| John Reynolds, Chairman | PJM Interconnection, L.L.C. |
| John Goodenough | Baltimore Gas & Electric Company |
| Dennis Kelter | Commonwealth Edison Company |
| Dale Flaherty | Duquesne Light Company |
| Bill Moll | FirstEnergy |
| Timothy Devitt | PECO Energy Company |
| Susan M. Mushock | PPL Electric Utilities |
| Steve Wreschnig | Public Service Electric & Gas |
| Molly Mooney, Secretary | PJM Interconnection, L.L.C. |

Others Present:

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| Jeff Brown | American Electric Power |
| Lisa Beckner | Baltimore Gas & Electric Company |
| Duane Dahlquist | Blue Ridge Power Agency |
| James Jablonski | Borough of Lavallette, New Jersey |
| Jeff Burke | Dominion Retail, Inc. |
| James Habberfield | Duquesne Light Company |
| Audrey Lyke | Exelon Generation Co., L.L.C. |
| Michael Stansky | FirstEnergy Solutions Corporation |
| James Wilson | Independent Consultant |
| Darren Gill | PA PUC |
| Yasmin Snowberger | PA PUC |
| Jim Hebson | PSEG Energy Resources and Trade L.L.C. |
| Bryan Mills | PSEG Energy Resources and Trade L.L.C. |
| Mike Batta | Virginia Electric & Power Company |
| Yashodhan Dongre | Virginia Electric & Power Company |
| Abhijit Rajan | Virginia Electric & Power Company |
| 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 December 7, 2010 meeting were reviewed. Mr. Wilson asked that his comment in regards to Calpine's presentation that he disagreed with any downward bias of Index1 be included in the minutes. Mr. Wilson also asked for his comment about weather normalized values being below the forecast to be included in the discussion about PJM's forecast accuracy. These comments will be added and minutes will be posted.

3. DRAFT 2011 PJM LOAD REPORT AND DISCUSSION

Mr. Reynolds informed LAS about an update that occurred late Tuesday December 21st. Moody's released their December economic update which included two changes. The first change was that the Bureau of Economic Analysis (BEA) just released new state GDP numbers for 2009 and second the BEA also changed the units of real state GDP from 2000 chained dollars to 2005 chained dollars. PJM will run the forecast with the updated December economics. As a result of this, PJM did not review the draft 2011 load forecast using the November Moody's economics. The changes as a result of this new forecast are undetermined. PJM hopes to have a revised load report and LAS conference call prior to the January 6th Planning Committee meeting.

Mr. Wilson asked if there would be two load reports – one status quo and one including the Itron recommendations. PJM responded that management has decided PJM will not adopt any of the Itron recommendations this year based upon feedback from members in Load Analysis Subcommittee, Planning Committee, and Members Reliability Committee meetings. Mr. Wilson said that Moody's keeps changing their GMP forecast which in turn changes the load forecast and this is one of the reasons Itron was hired. PJM believes that Itron recommendations have merit but need more study. Mr. Kelter stated that Global Insight is also making similar changes to their economic forecast because of the government release of new numbers. Mr. Wilson asked that a forecast implementing Itron recommendations #1 and #3 be produced. PJM will check with management before a forecast using Itron recommendation #1 and #3 would be produced.

Mr. Batta asked when the final report needed to be done. PJM responded that there is a solid due date of early January. If the forecast is released any later it would impact Transmission Planning studies that need to be completed for the upcoming Base Residual Auction (BRA) for RPM in February. Given this timeframe Mr. Batta raised a concern that members need to reserve time to take a good look at the forecast.

Mr. Reynolds notified the group that Moody's will have changes in their January release that will incorporate the new tax legislation. This update should not be much different for the BRA year (2014) or RTEP study year (2016). PJM understands that GDP growth will be moved into 2011 but offset in 2012.

Mr. Dahlquist voiced his concern that voting on which Itron recommendations to include was not appropriate. From his perspective, the fact that PJM is not including any of the Itron recommendations in the 2011 load report is a sad situation. Mr. Moll asked if the voting results were informational. PJM verified that voting was informational and stated that PJM management is not ready to move forward with the Itron recommendations at this time. PJM believes that Index1 needs more study including exploring zone specific information to use for the economic weights.

Mr. Jablonski thanked PJM for their hard work and said it is no surprise that the signatories of the letter sent to PJM requesting a review of the load forecast are extremely disappointed. He said that both the statement



of work from PJM and Itron in their report stated that the idea was to implement and move forward with recommendations this year with follow up work by PJM to be done in the future. He finds it odd that PJM would retain a consultant and then ignore what was stated. He believes that whatever accuracy PJM could get based on recommendations #1 and #3 should have been implemented in the 2011 Load Forecast. He again said that he was extremely disappointed and planned a meeting with the other signatories to discuss their options.

Mr. Hebson believed that there needs to be extended discussion of the Itron recommendations and that there was considerable concern from a number of members. He said that PJM needs to carefully consider the recommendations and that there is no reason to rush and implement recommendations at this time.

Mr. Wilson asked that the executive summary mention the hiring of Itron to review the forecast. PJM responded that the executive summary states what is in the report not what is not included in the report. Mr. Wilson asked about PSNorth and DPLSouth loads used in the BRA. PJM responded that PJM does not forecast these loads, so they are not included in the report. Mr. Wilson asked if there were any manual adjustments included in the load report. Table B9 shows there were no adjustments. There was one adjustment sent for consideration. Mr. Wilson asked about the sharp increase in PECO's load forecast. PJM responded this is related to Moody's GMP.

Mr. Kelter asked that the actual WN numbers for each zone included in the charts from the load report be posted. PJM agreed these numbers will be posted in the data file released with the report.

4. NEXT STEPS

PJM will schedule a conference call with LAS in early January to review the draft load report using December economics.

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