



PJM Plan for Load Forecast Model Enhancements for 2012 Forecast

Markets and Reliability Committee
November 16, 2011

- PJM obtained historical economic forecasts for the period 2006-2011 from both Moody's and Global Insight. PJM performed extensive analyses of the accuracy and stability of the load forecasts resulting from different combinations of economic drivers and forecast vendors.
- Based on these analysis results, Itron issued their updated recommendations report on November 4, 2011.
- PJM intends to implement all Itron recommendations from this updated report.

- **Implement the Index2 variable**

- Index2 uses six components instead of one. (Rather than using only Real GMP, the new model will use Population, Households, Non Manufacturing Employment, Real Personal Income, Real GMP, and Real GDP)
- Index2 is more zone-specific than Index1 (uses zones' customer class sales data to weight the six components)

- **Continue to use only the Moody's Analytics economic forecasts to develop the economic driver for the 2012 load forecast.**
- **Continue to monitor vendor performance and implement appropriate weights as warranted by the results.**

- Endorsement of Manual 19 changes
- PC endorsed the Manual 19 changes at its November 3 meeting
- Will implement changes for use in load forecast to be released in January, 2012