Minutes of LFC Meeting No. 58
NEPOOL LOAD FORECASTING COMMITTEE
14 January, 2010 – 10am
Teleconference

Committee Members:

A. Morrissey, Chair	– NGRID
D. Ehrlich, Secretary	– ISO New England
B. Bayard	– NHEC
K. Pelletier	– CMP
M. Rife, Vice Chair	– NSTAR
M. Lynch	– MMWEC
S. Romer	– NSTAR
C. Carpinella	– CMEEC

Guests:

J. Gredder	– NGRID
C. Liron-Espana	– ISO New England
D. O'Connor	– ISO New England
R. Kellner	– NU

1. Call to Order (Mr. Morrissey, Chair, NGRID)

2. Meeting exclusively discussed the ISO's Short Run energy and peak models. Mr. Ehrlich noted that the timing of forecast process was shortened to six weeks due to the timing of the region's next forward capacity auction. However, the methodology for forecasting summer and winter peaks was very similar to the previous year.

3. Ms. Liron-Espana noted that energy models using the same autoregressive form as past years continue to do a good job, with fit MAPEs under 1%, explaining the energy history very well. Most importantly, when using last year's model with new drivers, the disparity between normalized energy and actual + ODRs (passive demand response), was under 1%. This year's estimates of ODRs will be added into history and modeled with the adjusted history. Price elasticities in the state models ranged from -0.11 to -0.19, and the models passed all statistical tests (summarized in an exhibit).

4. New for this year was the addition of energy efficiency (ODR) estimates to the energy history and a shortened sample history (1990-2009) which contains two recessions to help model the current one.

5. The summer peak equation includes dummy for 2009 to capture downward slope of '09 recession. A level drop of about -377 megawatts, due to the recession, was constant at all weather profiles. Assumptions for the 2010 peaks include this adjustment. Mr. Ehrlich noted that the range of years for creating weekly weather distributions was changed from 1963-1999 to 1969-2008, affecting the 50/50 and 90/10 forecasts (some slightly up, some slightly down) on a state by state basis. Overall, the percent change in normalized annual energy from 2008 to 2009 was minus 2.1%, where -1.1% of this change was attributed to economic weakness and the remaining -1.0% was attributed to ODRs.

6. Mr. Bayard expressed concern that historical ODRs already in the history could be double counted. Mr. Ehrlich noted that the forecast, with respect to the treatment of ODRs, is following market rules. The issue of double counting is out of the hands of the ISO and is generally dependent on the quality of retail company's own ODR estimates. Mr. Ehrlich also noted that the there was a slight positive movement of +0.2% in the region's normalized energy for December, suggesting that declining energy usage may have leveled out. The LFC expressed no serious reservations about the forecast methodology or values.

7. Adjourn (Mr. Morrissey, Chair, NGRID) 11am.