Additional detail on proposed CBL changes for FERC Order 745 Compliance filing

DRS
July 15, 2011
Recommendations

- All registrations segmented into variable or non-variable designation
  - Non-variable load = Default CBL is high 4 of 5 with additive adjustment
  - Variable load = review and determine alternative CBL on case by case basis
- Continue to allow alternative CBLs if results are significantly more accurate, less bias and less variable.
- CBL basis window stays at 45 days but extension will be eliminated
- Current weather sensitivity adjustments eliminated (not used and results mediocre)
• The measurement of reductions in the energy market should be done on a consistent basis.
  – Economic and emergency energy settlements based on same CBL methodology.
• CSP to identify specific load reduction activity
  – Today many simply designate as “Other”
• Review and modify existing Registration and Settlement review process
Variable and Non-variable customers

• Interval data submitted for each customer at time of registration
  – 60 days of recent load data
  – CBL calculated and accuracy determines whether or not default CBL will be used
    • Relative root mean square error (RRMSE) < 20% - use default CBL
    • RRMSE => 20% - alternative CBL review process
  – If 60 days of hourly load data is not available then PJM will review
Variable Load: Expected alternative CBLs

- Inter-day variability (Monday load is not like Tuesday load, etc.)
  - 3 day average where day type is each day of week or other variations as needed.
  - Positive experience with this approach in the past
- Intra-day variability (hourly loads have significant random fluctuation)
  - Maximum base load
  - Regression