



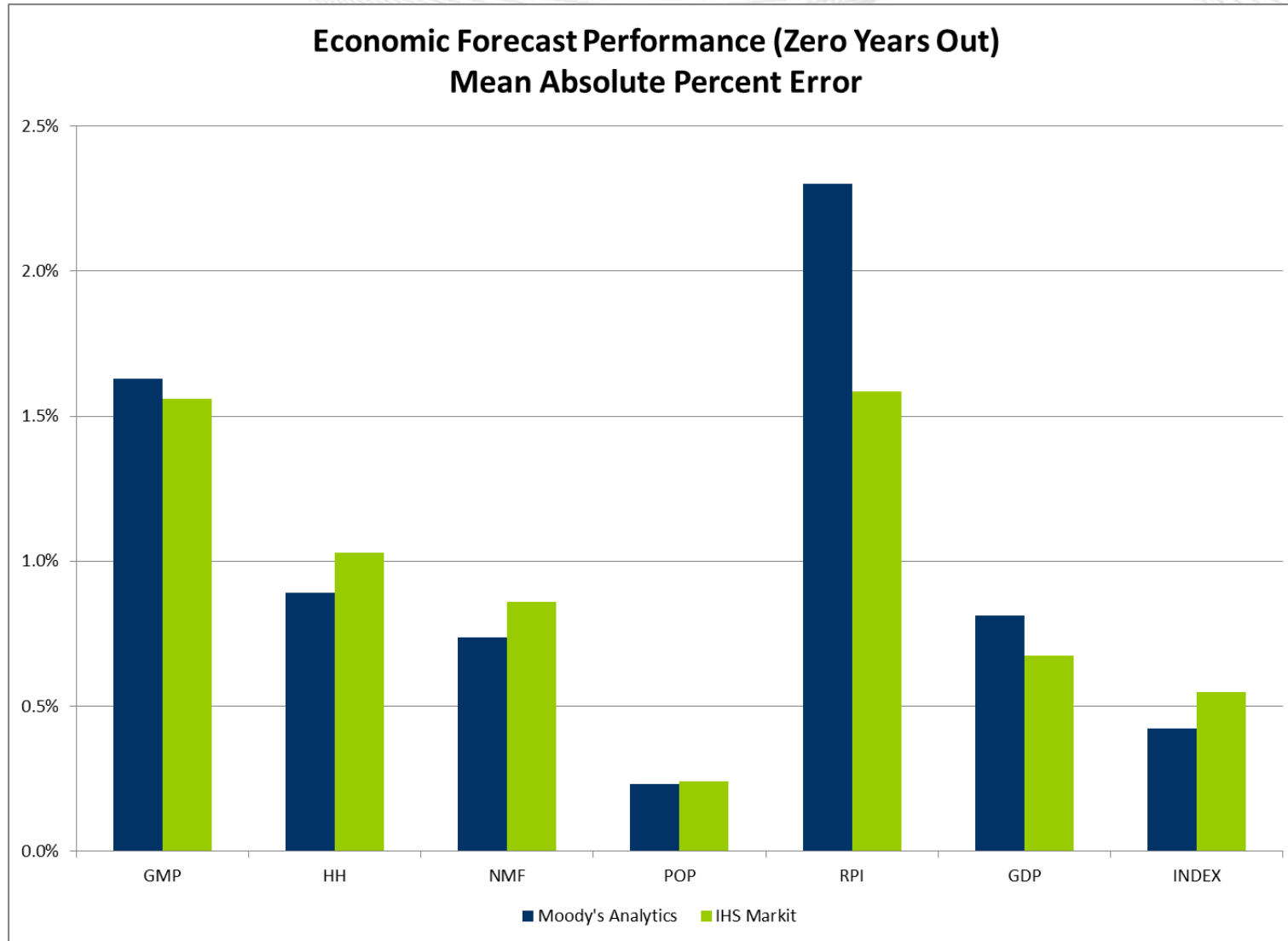
Economic Forecast Accuracy

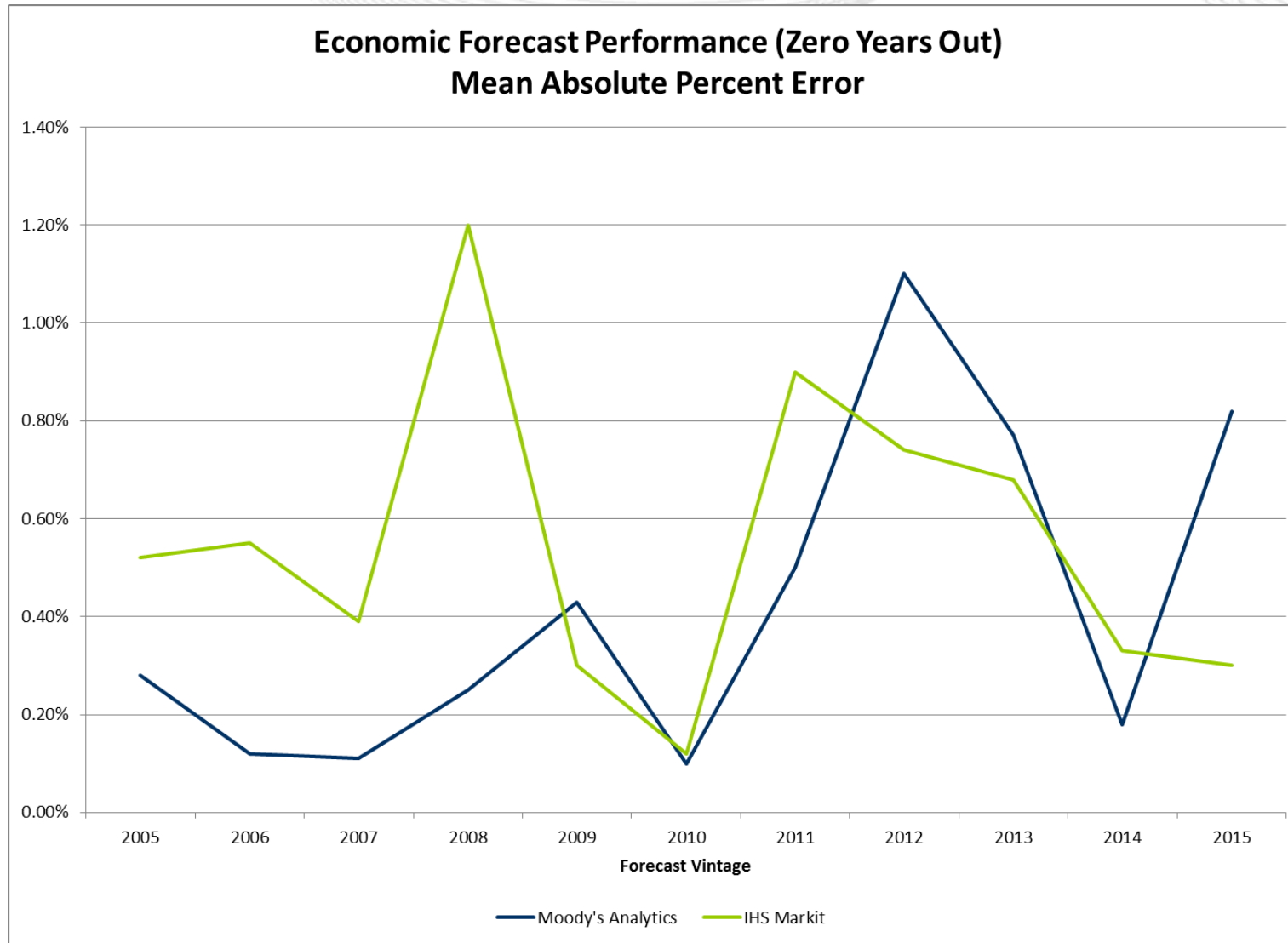
Load Analysis Subcommittee
October 19, 2016

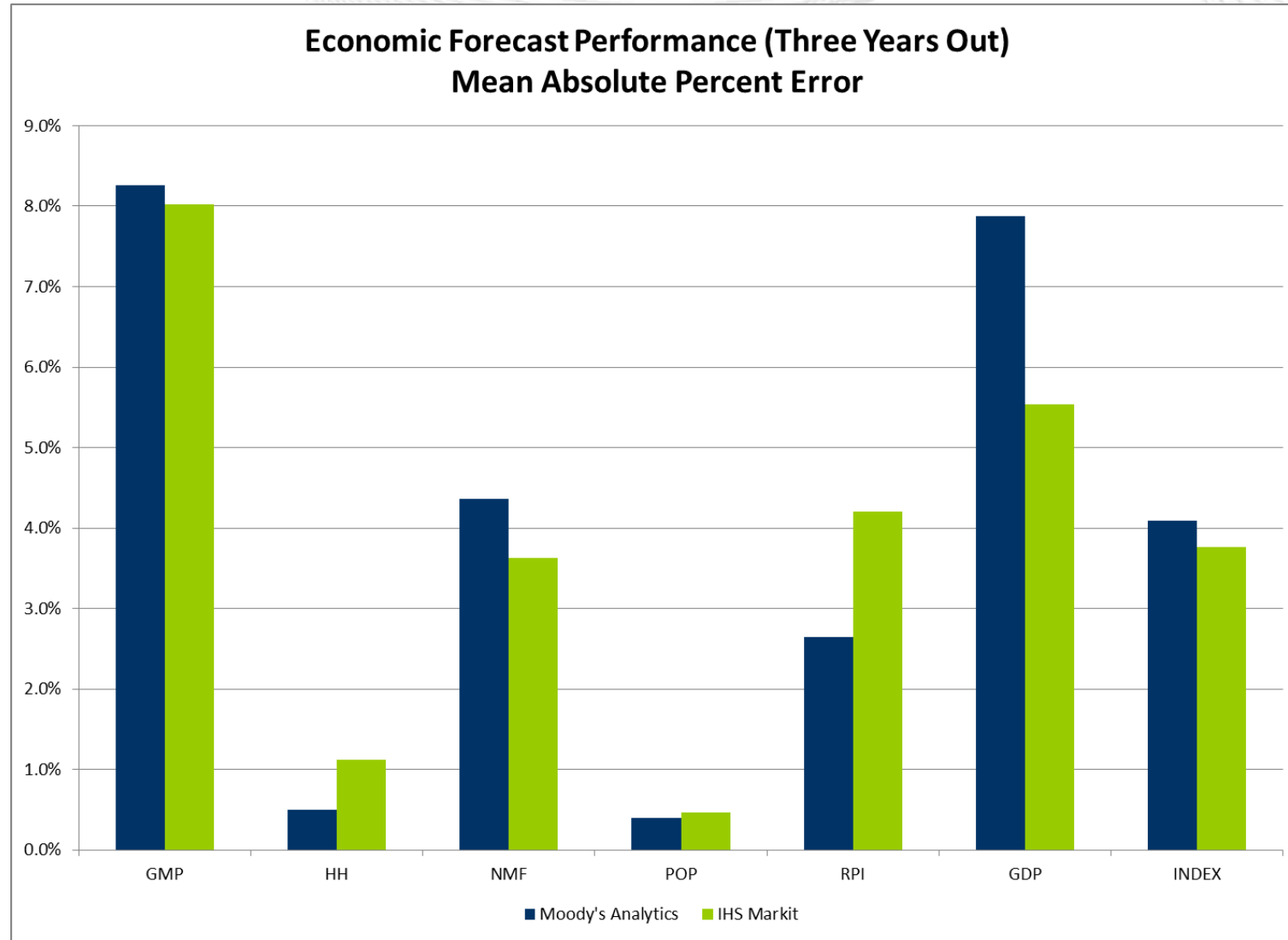
- PJM acquires economic data from two separate vendors: Moody's Analytics and IHS Markit (formerly Global Insight)
- PJM currently uses data from Moody's Analytics and has since it began load forecasting.
- Periodically, performance of the two vendors will be reviewed. This was last examined in 2011, when the decision was made to continue to use Moody's Analytics.

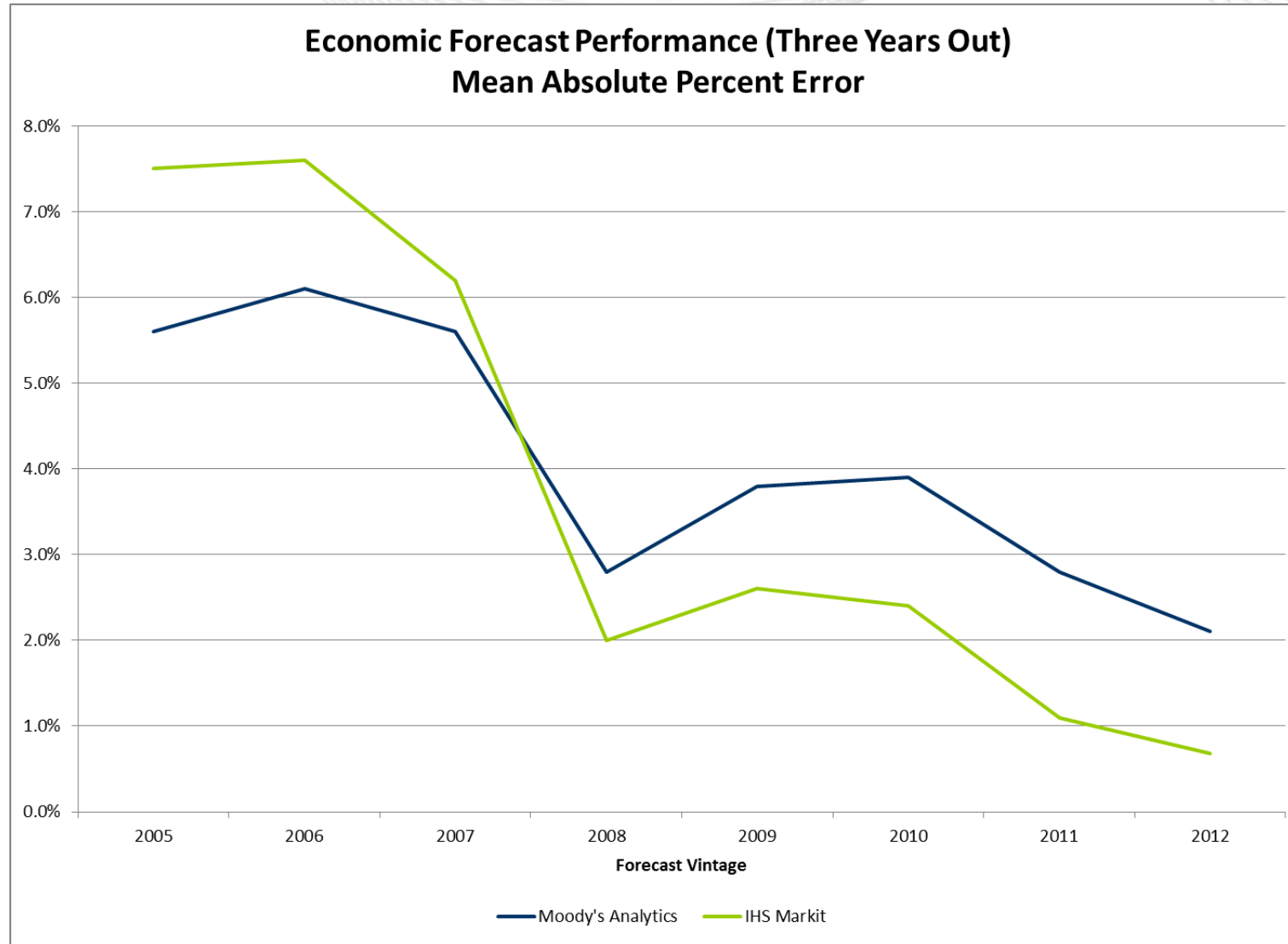
- PJM uses an economic index as a driver in its model, a weighted variable composed of six different economic series
 - Households
 - Population
 - Real Personal Income
 - Non-Manufacturing Employment
 - Gross Domestic Product
 - Gross Metropolitan Product

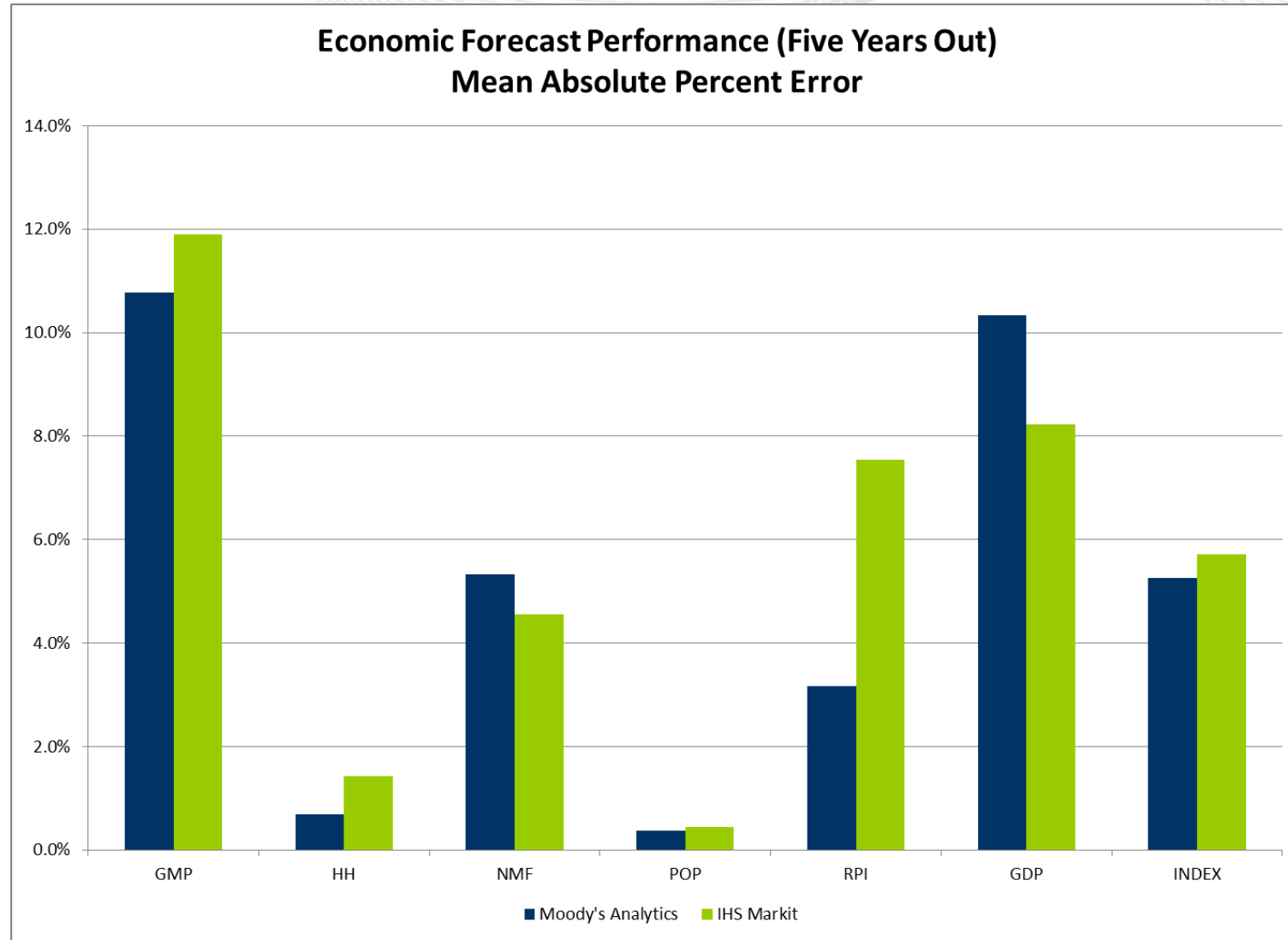
- Gather data from each vendor (back to 2005).
- Zonal indexes are created and then load-weighted to create an RTO measure for each economic series and the cumulative economic index
- Vintage forecasts are compared to the September 2016 forecasts from each vendor (considered as actual)
- Observe performance at zero, three, and five years out

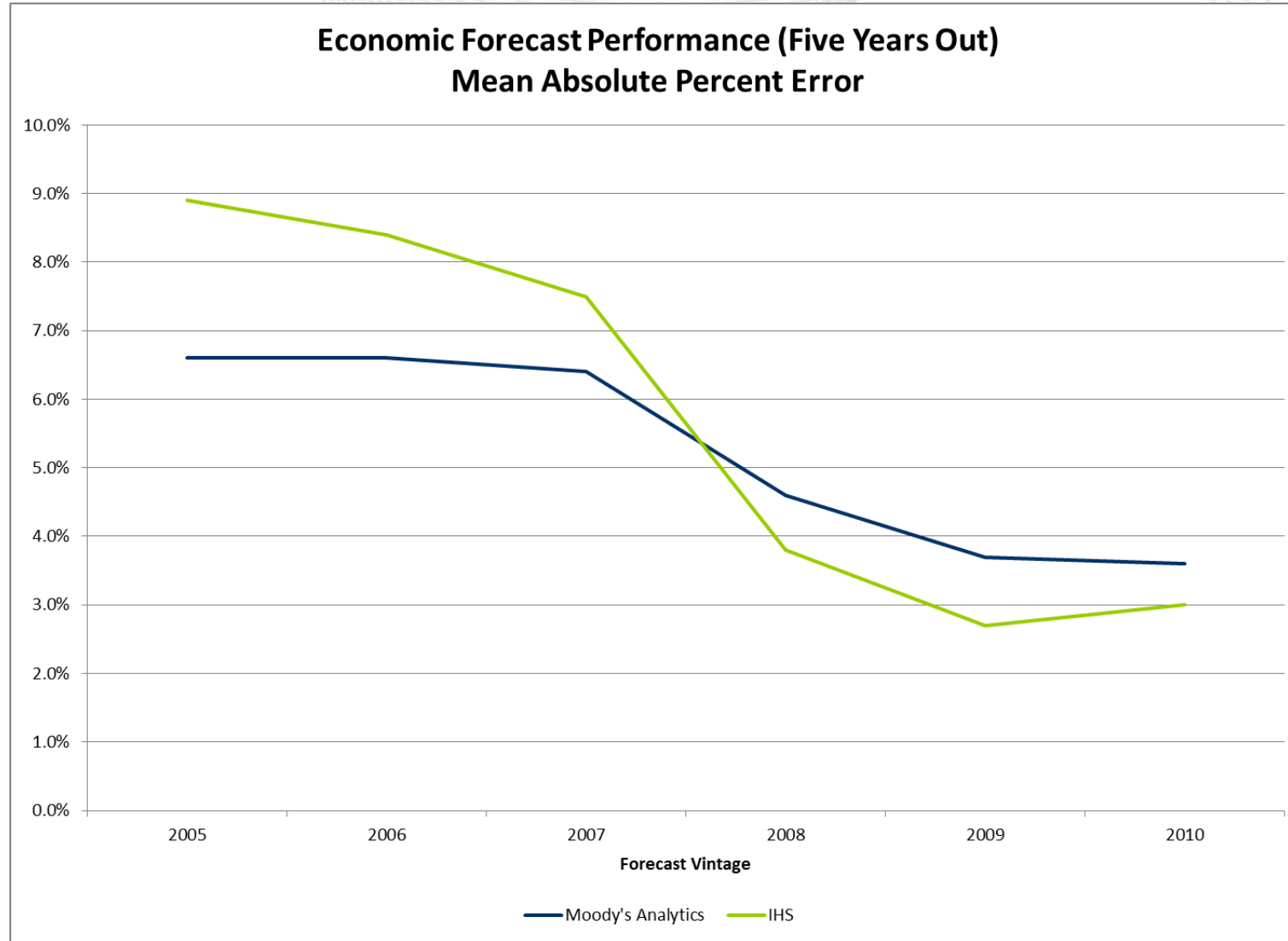












- Our analysis shows negligible performance difference between the two vendors.
- PJM will continue with the status quo (using Moody's Analytics) and continue to monitor performance periodically.