

**Demand Work Group Meeting Minutes**  
**March 22, 2005**  
**10:00 a.m. – 11:45 a.m.**

The meeting began promptly at 10 a.m.

A sign in sheet was passed around and all participants signed in.

Handouts included:

1. An agenda
2. Draft #2 of the base forecast
3. Draft #1 of the base forecast assumptions
4. A graphical depiction of historical and forecasted sales vs. requirements

**Discussion**

1. Review of draft base forecast

Kim Molitor reviewed the base forecast handout and noted that the major concern at this point is the missing forecast data for WE Energies. George Stojic stated that he had been working with the staff of WE Energies and expected to have forecast data by tomorrow (March 23) and would forward the data to Kim. George noted that if WE Energies didn't send forecast data by 3/23, staff would take the lead on creating forecast data using WE Energies latest rate case data. Dena Norton advised that Detroit Edison now had its Spring 2005 forecast data available and would send that data to Kim within the next several days.

Jeff Pillon reviewed the graphical depiction of the historical and forecasted sales vs. requirements and a discussion ensued. Jeff asked that Kim calculate a weighted average loss figure for publication in the forecast assumptions document. Kim said that she would and Jeff noted that he would update the graph information once he receives the loss calculation and the updated forecast information.

A discussion of the forecast assumptions document took place. The "Action Items" section below identifies responsibilities prior to the next meeting.

2. Status of FOIA procedure and submission of hourly load data

Regarding the status of the FOIA procedure, Don Mazuchowski advised that he had received affidavits from several companies and acknowledgements from several others indicating that they would be providing the hourly load data without providing FOIA affidavits. George Stojic indicated that he had spoke with Commissioner Lark and had received his approval of the FOIA procedure for the confidential hourly load data.

After further discussion, a decision was made that Don would send out an email detailing the hourly load data format by 3/23, the work group members would provide hourly load

data back to Don via email by close of business (“COB”) 3/25 and Don would provide bi-weekly updates to the work group members via email regarding the status of the composite load duration curve completion. It was thought that the composite load duration curve could be complete within the next several weeks.

### 3. Possible forecast scenarios

George indicated that the integration group most likely would be interested in a high and low scenario and would look to the demand work group for scenario suggestions. It was thought that maybe the integration group would use 2005 as a benchmark for comparison purposes. It was also discussed that it would be important to identify in writing the factors driving the various scenarios (cost of oil and natural gas, manufacturing).

Extensive discussion took place about Detroit Edison’s (one year) and Consumers’ (five year) forecast scenarios with both companies using confidence interval ranges. Eric Baker asked if any information was available regarding alternate industrial growth scenarios. Jeff suggested that we might look at sensitivities of existing base forecast by applying weighted to total base forecast realizing that the Upper Peninsula would need to be weighted differently due to differing economic factors.

A question arose whether we look at aggressive energy efficiency demand response scenarios. George indicated that the integration work group (actually, a subgroup of the demand work group) is currently looking into this—what would a block look like and what would the cost be.

After much discussion, it was agreed that Detroit Edison and Consumers would bring a recommendation to the group regarding possible growth scenarios and that Dennis Derricks would do the same for the Upper Peninsula.

Loss of large pieces of manufacturing load was identified as possibly being the greatest loss of load risk. It was discussed that maybe there is a greater downside risk than upside.

Further, it was decided that a “Risk and Uncertainties” section would be added to the forecast assumptions document and that all work group members would create a list of possible risks/uncertainties for inclusion by the next meeting.

### 4. Impact of energy efficiency

Discussion of the impact of energy efficiency surrounded access to the ACEEE report, the ACEEE summary for Michigan and the New England demand response initiative report. Pat Poli noted that the ACEEE report has just been posted to the MPSC Capacity Needs Forum (“CNF”) website within the past several days. Don indicated that he would contact Alicia Ward from the Midwest Energy Efficiency Alliance to obtain the other two reports and get them posted to the CNF website. Jeff Pillon provided contact information for Alicia.

Dennis Derricks provide the link for the New England demand response initiative report.

Note that Kim received an email from Becky Wigg (an associate of Alicia) indicating that she was on the 3/22 meeting call but that she was muted and couldn't fix it.

5. Establish gas price forecast boundaries

George and Don have been working on establishing gas price forecast boundaries for the past several weeks and are using three very good data sources. They will be ready to make a presentation and discuss findings at the next meeting.

The meeting was adjourned at 11:45 a.m.

**Action Items**

1. Base forecast
  - a. Add draft number and date in footer – completed by Kim Molitor
  - b. Split out demand for Southeast Michigan – completed by Kim
  - c. Update DTE forecast for Spring 2005 forecast data – completed by Kim
  - d. Add WE Energies forecast data – completed by Kim (only open item is whether the data provided by WE Energies is requirements vs. sales – Don Mazuchowski following up with WE Energies)
  - e. Calculate weighted average loss percent for publication in assumptions document; Jeff Pillon to update MPSC graph once average loss percent information is available – Kim and Jeff working on this item in conjunction with other pertinent work group members
2. Forecast assumptions
  - a. Add draft number and date in footer – completed by Kim
  - b. Update DTE forecast for Spring 2005 forecast assumptions – completed by Kim
  - c. Jim Weeks to provide written forecast assumptions for municipals
  - d. Dennis Derricks to provide written forecast assumptions for Upper Peninsula
  - e. Jack Timmerman to provide economic parameters for Consumers supporting written forecast assumptions
  - f. Add section in forecast assumptions document for demand assumptions – these assumptions will be used by the central station group to assure that both work groups are using the same demand assumptions
  - g. Add section in forecast assumptions document entitled “Risks and Uncertainties”
3. Hourly load data/composite load duration curve
  - a. Don to provide hourly load data format to work group members by COB 3/23 – completed
  - b. Demand work group members to submit hourly load data to Don by COB 3/25

- c. Don to provide bi-weekly status reports (Tuesday and Friday) to work group advising status of composite load duration curve completion
- 4. Possible forecast scenarios
  - a. Detroit Edison and Consumers to bring back recommendation to work group regarding possible forecast scenarios; Dennis Derricks to make recommendation for Upper Peninsula group
  - b. Jeff to complete EIA data and Global Insights comparison
  - c. Each work group member should come to the April 11 meeting with a list of growth risks; these risks will be identified in the written forecast assumptions
  - d. MPSC staff to investigate whether long-term car manufacturer forecasts are available for use by the group
- 5. Impact of energy efficiency
  - a. Don to contact Alicia Ward to get ACEEE summary report
  - b. Pat to post ACEEE summary report and New England demand response initiative report to CNF website
- 6. Gas price forecast boundaries
  - a. George Stojic and Don will be making a presentation at the next meeting

**Important Future Considerations** (from the 2/11 meeting)

- 1. How do losses for delivery between regions impact the peak forecast?

The next meeting was scheduled for *April 11, 2005 at 1 p.m.* The meeting will be held at the Commission office in Hearing Room A.