Errata for the book:

"Modeling and Forecasting Electricity Loads and Prices: A Statistical Approach"
by Rafał Weron (Wiley, Chichester, 2006)

Last update: November 8, 2007
Please check for latest updates on: http://www.im.pwr.wroc.pl/~rweron/MFE.html

[pages 21, 73, 75, 87, 91, 92]
The units in Figures 1.6, 3.3, 3.4, 3.5, 3.8 and 3.10 should be changed from GW to GWh.

[page 61, Table 2.3]
The skewness parameter (β) estimates for the hyperbolic and NIG fits should read –0.0010 and –0.0004, respectively, not +0.0010 and +0.0004. Furthermore, the Anderson-Darling statistics for the NIG fit should read 0.8727, not 0.8729. The latter change is due to a non-critical bug/typo in the original **nigcdf.m** file (see the list of toolbox patches on the MFE website).

[page 63, Table 2.4]
The skewness parameter (β) estimate for the hyperbolic fit should read –0.0002, not +0.0002.

[pages 82-83]
In formulas (3.9) and (3.12) the load L in the sum should be indexed by $t–i$, not $t–1$. Consequently, they should read: $L_t - \sum_{i=1}^{p} \phi_i L_{t-i} = \varepsilon_t$ and $L_t - \sum_{i=1}^{p} \phi_i L_{t-i} = \varepsilon_t + \sum_{i=1}^{q} \theta_i \varepsilon_{t-i}$, respectively.

[page 120]
Footnote 15 should read:

The mean deviation from the best model is calculated as $\frac{1}{T}\sum_{t=1}^{T}\left(E_{i,t} - E_{\text{Best model},t}\right)$, where i ranges over all evaluated models (i.e. $i = 5$ in Tables 4.2–4.4), T is the number of weeks (10 or 25) in the sample and E is one of the error measures (MWE, MeWE or WRMSE).

[page 152]
In top panel of Figure 4.12 the negative of λ, i.e. –λ, and not λ itself is plotted. Consequently, the figure caption should read:

Top panel : The negative of the market price of risk λ implied from AEO call option prices and a linear fit to the first 31 values (black dots), i.e. until December 10, 1999. The linear fit is remarkably similar to the one for the whole time period (not shown here). *Bottom panel* : Spot electricity and GB0300 futures prices during the period October 29, 1999 – February 15, 2000. Compare with the top panel and note the similarity between the negative of the market price of risk and the futures price. Circles denote the four days for which the pricing results are presented in Fig. 4.13.

and the first two sentences in the second paragraph on this page should read:

Interestingly, the plot of the negative of the market price of risk closely resembles the 'underlying' futures price, compare the panels in Fig. 4.12. In fact, linear regression of –λ on the futures price yields a very good fit with $R^2 = 0.9764$.

[page 160]
Cramton and Stoft's paper "Uniform-price auctions in electricity markets" was published as:

Cramton, P. and Stoft, S. (2007) Why We Need to Stick with Uniform-Price Auctions in Electricity Markets, *Electricity Journal* 20(1), 26-37.

[page 160]
De Jong's paper was published in: *Studies in Nonlinear Dynamics & Econometrics* 10(3), Article 3.

[page 162]

Haldrup and Nielsen's paper was published in: *Journal of Econometrics* 135(1-2), 349-376.

[page 166]

Ocharski's thesis was entitled "Principal Components Analysis in modeling implied volatility".

[page 169]

An extended version of Weron's paper "Market price of risk implied by Asian-style electricity options" was published as:

Weron, R. (2007) Market price of risk implied by Asian-style electricity options and futures, *Energy Economics*, Advance online publication, doi:10.1016/j.eneco.2007.05.004.