

1 Q. Why does PIRA provide a "low" and "high" forecast to clients?

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4 A. PIRA develops high and low price forecasts for benchmark crude oil and other
5 energy products so that uncertainties affecting future prices can be identified and
6 quantified. This enables PIRA to address the following questions:

- 7 • What assumptions are most critical to the Reference price case?
- 8 • What changes to assumptions could result in significantly lower or higher
- 9 price outlook from the Reference price case?
- 10 • How different could prices be?
- 11 • What probabilities can be assigned to alternative price paths?

12 PIRA provides high and low price forecasts and their associated probabilities to
13 clients so that clients can assess the impact of variable price futures on their
14 business plans.