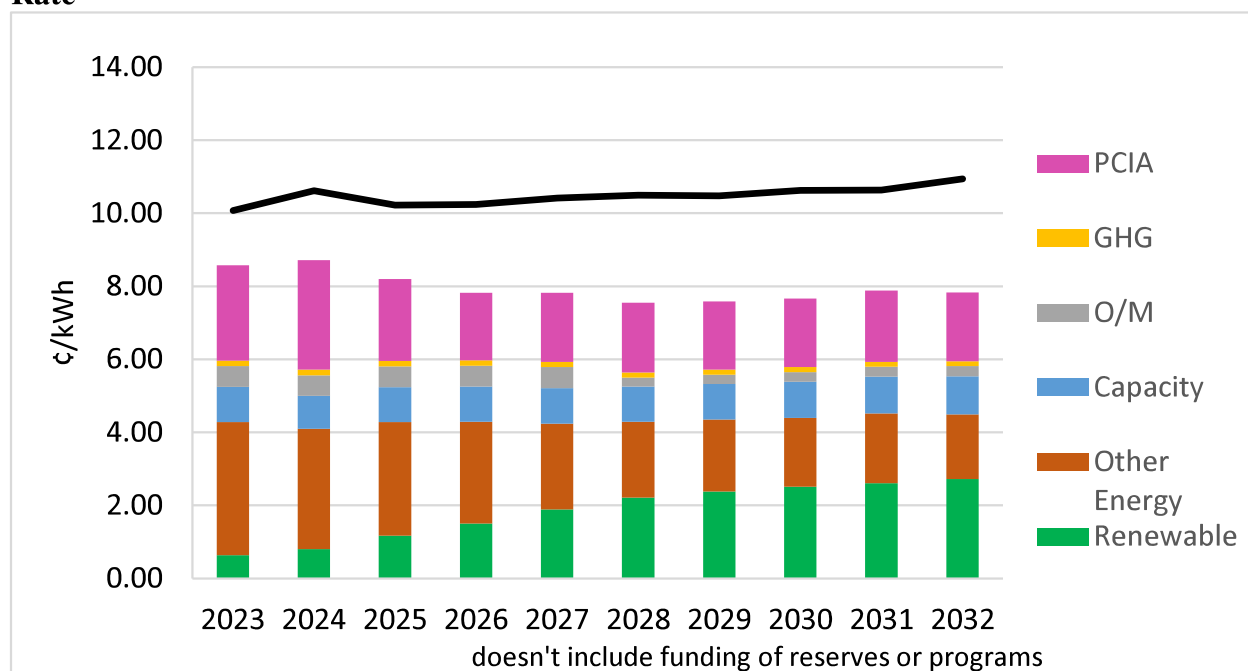


The black line represents PG&E's average generation rate. To forecast PG&E's generation rates, the comparison model used information regarding PG&E's utility-owned generation, power contracts, power market costs, and by closely tracking changes in PG&E revenues and costs through its filings in several CPUC proceedings. In particular, it takes the most recent PG&E filing of generation rates and applies the known and anticipated changes to the wholesale power market prices and PG&E's power purchase contracts.

**Figure ES-4. Supply Scenario 1 Average CCA Cost Projection versus PG&E Generation Rate**



## Sensitivity Analysis

The results shown in the scenarios above reflect expected market conditions and outcomes with variations only in the amount and type of renewable generation. However, it is unlikely that the conditions assumed in these scenarios will occur exactly as assumed. In order to evaluate the robustness of the analysis, the key variables were identified, and analyses conducted with other assumptions for those key variables to “stress test” the assumptions. The five variables with the greatest potential impact on the overall average cost of the CCA were investigated:

- (1) Higher Renewable Supply Costs
- (2) Higher Wholesale Market Prices
- (3) Higher PCIA
- (4) Lower PG&E Rates
- (5) High Opt-Out

Other than the variable being tested, all other assumptions are from Scenario 1.