

$$(B) \text{ Effective } EPE_{t_k} = \sum_{k=1}^n \text{ Effective } EE_k \times \Delta t_k$$

(that is, effective EPE is the time-weighted average of effective EE where the weights are

the proportion that an individual effective EE represents in a one-year time interval)

where:

$$(1) \text{ Effective } EE_{t_k} = \max(\text{Effective } EE_{t_{k-1}}, EE_{t_k}) \text{ (that is, for a specific date } t_k,$$

effective EE is the greater of EE at that date or the effective EE at the previous date); and

(2) t_k represents the k^{th} future time period in the model and there are n time periods

represented in the model over the first year, and