(a) Loss occurrence approach

Source model, $f_\Theta(\theta)$

Representative scenario, θ_t

Loss disaggregation, $f_{\Theta|L}(\theta|l_t)$

Source parameter, θ_2

Source parameter, θ_1
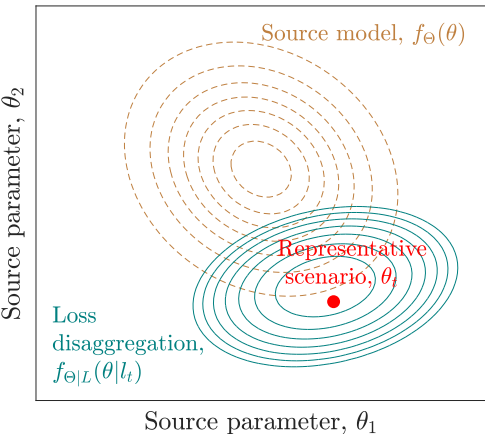
(b) Loss exceedance approach

Source model, $f_\Theta(\theta)$

Representative scenario, θ_t

Loss disaggregation, $f_{\Theta|L}(\theta|L \geq l_t)$

Source parameter, θ_2

Source parameter, θ_1