

Dear Candace:

Greetings. I appreciated being able to attend the January 27 brainstorming session and thought I'd write with just a couple of additional comments about the choice of pathways – in particular, about making sure that they reflect realistic possibilities. That leads to a couple of reactions to the sample that was given. I understand that it was “just a sample” for illustrative purposes and that many more scenarios will be considered. But even that one sample presented issues:

(1) In example 1 (allowance trading): I now understand that, in this sample, you were isolating “allowance trading among sources” as the key variable. I wonder, however, whether it would be more realistic to acknowledge, as part of the basic assumptions, the allowances that will be in the system. The base scenario assumes that the facility will receive 50% of freely allocated allowances. It seems like the base scenario should also assume that 25% of purchased allowances would be from the auction rather than from other sources. Otherwise, if you assume that all of the purchased allowances will come from facilities outside of the community, then the benefits outside of the community would be unrealistically skewed upwards.

(2) In example 2, you note that the offsets come from an urban forestry project. How likely is that urban forestry projects would provide such a significant volume of offsets? (especially if you try to extrapolate the impact of the program from one example) What's the likelihood that urban forestry projects are going to be considered credible under the offset criteria CARB is developing? The answers to these questions might be “quite likely,” but, again, I want to be careful about using examples to suggest certain benefits when the examples might provide a misleading view of the way things would play out on a larger scale.

Good luck with the project. I hope to listen in on the workshop on Feb. 8<sup>th</sup>.

Best, Alice Kaswan

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