

# Comments on the Draft Scoping Plan Update and Analysis

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# Observations on the Scoping Plan Analysis

- **Scoping plan policies should have only a modest impact on California GSP, if everything goes as expected (assumed in the model).**
- **The costs differences between scoping plan alternatives could grow dramatically under uncertainty, and those differences are not well captured in the current analysis.**
  - **Cap and trade and “pure” tax deal with uncertainty better**
  - **There is a lot of uncertainty behind many assumptions in the modeling**
- **The potential for emissions leakage could also vary dramatically between scoping plan alternatives, and those differences are also not well captured in the analysis.**
- **Certain types of costs are missing in the types of models employed in the scoping plan analysis, this could produce a downward bias in the costs of some measures.**

# Summary

- A primary strength of cap & trade (and a tax) is the ability to adjust to surprises (uncertainty)
- This advantage is not well reflected in the current modeling results
  - Modeling therefore understates the degree to which cap & trade is preferred to the other alternatives
- Legacy factors (experience; regional partners) favor improving upon existing C&T system over a disruptive shift to a carbon tax