

January 8, 2010

Via: e-mail to eaac@calepa.ca.gov

Larry Goulder, PhD
Chair, Economic and Allocation Advisory Committee
California Environmental Protection Agency
1001 I Street
Sacramento, CA 95814

**Re: Toyota Comments and Request for Re-emphasis
Draft EAAC Report, January 7, 2010**

Dear Chairman Goulder and Members of the Committee,

Toyota appreciates the hard work and difficult challenges facing the EAAC on the eve of submitting recommendations to the ARB about making use of allowance values. Toyota also appreciates the gravity of the next round of difficult considerations as the debate continues about how to spend the many billions of proceeds that may be generated.

Under Section 4.1 entitled "The Alternatives" the draft outlines four general ways that proceeds can be used to: (1) prevent adverse impacts; (2) finance investments and other public expenditures; (3) provide public dividends and (4) reduce future taxes. Unfortunately, we think that the Section 6 recommendations concentrate on devoting allowance values between too many alternative purposes - and that the anticipated picking of winners and losers will be divisive.

California should invest these assets wisely to ensure that the AB 32 trilogy (reducing climate change, strengthening the state's economy and promoting green jobs) is a tangible and demonstrable success. As Toyota recently explained to the CPUC in related proceedings, allowance values belong to the public at large. *The fairest and best allocation of these values is for these proceeds to be held in trust for infrastructure projects to ensure that all three of the trilogy objectives are met.*

Section 6 should be revised to prioritize investments in essential green infrastructure to ensure the application of the right technologies and to promote jobs and economic development within many communities. Holding these investments in trust for infrastructure is an interrelated solution that meets the needs of all.

Thank you for the opportunity to share these comments. A copy of Toyota's comments to the CPUC is available online.

<http://docs.cpuc.ca.gov/efile/CM/107948.pdf>

Very truly yours,

A handwritten signature in blue ink, appearing to read 'TYK', with a horizontal line extending to the left.

Takehito Yokoo
General Manager of Advanced Powertrain Department
Toyota Motor Manufacturing North America, Inc.

cc: Ashley Dunn
via adunn@arb.ca.gov