NUMMI
New United Motor Manufacturing, Inc.

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June 17, 2008

Via Facsimile to 916.324.5942
Mr. Kevin Kennedy
California Air Resources Board
1101 I Street
Sacramento, CA 95814

Re: *Comments regarding the June 3rd AB 32 Technical Stakeholder Working Group Meeting on Establishing the Cost Effectiveness of Regulations*

Dear Mr. Kennedy:

As you know, NUMMI is the Toyota/GM venture in Fremont, California that employs about 5000 team members and produces approximately 400,000 vehicles per year. Also, NUMMI has attracted to California 25 affiliated major part supplying companies that employ a total of approximately 4000 additional team members. We appreciate the opportunity to share with you our comments regarding *Establishing the Cost Effectiveness of Regulations* as presented at the *June 3rd AB 32 Technical Stakeholder Working Group Meeting.*

NUMMI sees environmental stewardship as a very high priority. Through its concerted voluntary efforts, NUMMI has been a model of conservation and environmental innovation over the years. Its systematic review of manufacturing processes has resulted in very high levels of source reduction, water conservation, energy conservation, recycling and the like. Along with all of its other environmental concerns, NUMMI is taking a strong interest in finding workable solutions leading to the reduction of greenhouse gases.

NUMMI truly appreciates efforts to find ways to protect the environment while not endangering high paying manufacturing jobs such as those NUMMI and its suppliers offer. As presented at the June 3rd meeting, NUMMI supports CARB's existing method of calculating cost effectiveness for the criteria pollutants based on annualized capital costs and using this method in its proposed *Cost of A Bundle of Strategies (i.e., Approach #1)*. We recommend that the same method be used to determine cost effectiveness for control measures under AB 32 as is done for the criteria pollutants because it is objective and reflective of actual costs.

We do not recommend diluting the cost effectiveness analysis with subjective societal or pollutant "co-benefits." Such co-benefits are often based on assumptions not reflective of actual costs of implementation.

NUMMI urges CARB to retain its existing method to calculate cost effectiveness and to adopt its proposed *Cost of A Bundle of Strategies (i.e., Approach #1)*, which 1) assesses the range of all control measures' cost effectiveness, 2) ranks control measures according to relative cost effectiveness and 3) selects the most cost effective control measures to meet AB 32 requirements until its target is reached. *Approach #1* avoids the often subjective costs associated with *co-benefit* calculations and focuses on technology needed to cost effectively achieve the AB 32 target.

Thank you for considering our concerns. If you would like to discuss these issues further, please contact our consultant, Tony Fisher, at 916.833.0723.

Sincerely,

Kelley McKenzie

K. Kelley McKenzie
General Counsel