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March 8, 2013

Mary Nichols, Chair
Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments on: Cap and Trade Revenue Investment Suggestion

Dear Ms. Nichols:

We are writing to make a suggestion on investment of the cap and trade revenues that supports the goals of reduced greenhouse gas (GHG) emissions, generation of renewable energy, and job creation in California. Western United Dairymen (WUD) is the largest dairy producer trade association in California representing over half of California's dairy families. WUD assists its members in a variety of ways that support the hard working families producing wholesome nutritious milk in California.

Though agriculture, and dairy in specific, are very small contributors to the State's GHG emissions overall, there are some things that dairies can do to reduce their emissions. One of these is to voluntarily install digesters that produce biomethane from manure and other organic materials. WUD is familiar with this technology and has administered a grant for the California Energy Commission (CEC) entitled "Dairy Power Production Program" where we assisted in getting 18 methane digesters constructed on California dairy farms.

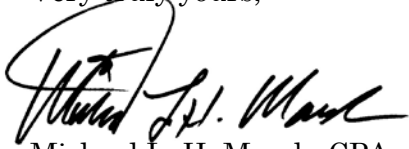
The biomethane from these projects can be used in a variety of ways such as producing renewable electricity, natural gas pipeline injection, or as fuel for CNG vehicles. WUD is proposing that cap and trade revenues be used to fund the installation of dairy digesters with the biomethane used to power fleets of urban transit buses with a low carbon fuel. The San Joaquin Valley would be an ideal location for this project as it is home to most of the dairies in the State and has several municipalities already running CNG bus fleets. One example would be the City of Modesto. This project would reduce GHG emissions at the dairy as well as from the buses for a win, win for all.

Dairy digesters are specifically mentioned in the "Cap and Trade Auction Proceeds Investment Plan" as an example of a potential project for investment of the proceeds. This project could also

be located in an area within a disadvantaged community where a portion of the proceeds must be invested, as required by statute.

WUD appreciates your consideration of these comments. If you have any questions on this letter please contact our Director of Environmental Services, Paul Sousa at 209-527-6453.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael L. H. Marsh". The signature is fluid and cursive, with a large initial "M" and "L".

Michael L. H. Marsh, CPA
Chief Executive Officer