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February 24, 2010

To: Mary D. Nichols, Chairman
Members of the Board

Re: Toyota Comments on Proposed Amendments to New Passenger Motor Vehicle GHG Emissions Standards for Model Years 2012-2016 to Permit Compliance based on Federal GHG Emission Standards

Dear Chairman Nichols and Members of the Board;

Thank you for the opportunity to comment on the staff report circulated for this Board Hearing. Toyota remains committed to working through industry trade groups and directly with ARB, the Obama administration and other stakeholders to realize the commitments made at the White House on May 19th last year. Toyota proposes that discussions on post-16 model year requirements continue with the goal of an even more harmonized national solution inclusive of ARB, EPA and NHTSA positions. With that in mind, Toyota would like to make the following comments:

Stringency of Proposed EPA-NHTSA Standards

Toyota supports the proposed standards for the 2016 model year with the caveat that the rate of increase in the proposed passenger car targets for 2011-2012MY seems to be inconsistent with the subsequent model years. Therefore, Toyota recommends that this be adjusted by “smoothing” the curves between 2011 and 2016 model years to be more consistent with product and technology development cycles. This concern does not apply to the truck curves since there is a different shape of the base (2011 model year) curve.

ATV Credit

EPA is proposing National ATV credits for BEV, PHEV and FCEV during the 2012-2016 model year timeframe to promote these important technologies. Toyota fully agrees and supports this direction, including the inclusion of PHEVs. Since PHEVs will be in an early stage of commercialization during the 12-16 model years, Toyota believes that PHEVs should continue to be incentivized through eligibility for ATV credits through this timeframe.

Upstream Emissions for ATV

The accurate evaluation of and accounting for upstream (fuel production) emissions are an important step in reducing green house gas emissions from transportation. However, we believe that upstream emissions should be addressed outside the vehicle regulatory environment since they are outside the direct control of automobile manufacturers.

Therefore, we believe that the 0 g/mi value proposed in the NPRM is appropriate for the vehicle GHG regulation.

Backstop

Toyota does not support the addition of a backstop requirement as requested by CARB. While EPA appears to have broad discretion in setting the structure of GHG standards under the Clean Air Act, we believe NHTSA's ability to set backstop standards is limited to the domestic passenger car fleet. The addition of backstops by EPA would represent a further lack of harmonization between the two federal regulations. Please refer to our November 25, 2009 comments to EPA and NHTSA.

Early Compliance Credit

The standards embodied in the May 19, 2009 agreement pose a substantial challenge for the industry, and EPA should provide as much flexibility as possible so long as credits are based on actual overcompliance. Therefore, Toyota supports EPA's proposed early credit pathways.

Reporting

ARB requires manufacturer to submit emission test results of all sub configurations used to calculate CAFE and actual sales volume represented by those sub-configurations. In addition, ARB is requiring that the data be broken down state-by-state. Since the data is not currently available state-by-state at the sub-configuration level, it is extremely burdensome to prepare this data as proposed in the regulation. If ARB insists on requiring this data, optional methods such as submission by configuration using the average of sub-configuration values should be permitted. Another alternative could be the use of a state average for each manufacturer's fleet (car/truck) multiplied times the already submitted manufacturer's sales volumes.

Sincerely,

Michael Lord, Manager
Vehicle Regulation and Certification Engineering