July 13, 2011

The Honorable Mary Nichols
Chair, California Air Resources Board
1001 "I" Street
Sacramento, CA 95812

Re: Supporting California Electric Vehicle Manufacturers with the AB118 AQIP Clean Vehicle Rebate Program

Dear Chairman Nichols:

Zero Motorcycles is a rapidly growing business that has created more than 60 green jobs in Santa Cruz, California over the last four years. We make high performance zero emissions electric motorcycles which are extremely fun and environmentally friendly. We appreciate all of the efforts of the ARB in supporting California incentives for electric vehicles, specifically electric motorcycles.

Highway capable Zero Emission Motorcycles can significantly impact ARB's goals to both reduce VMT and improve air quality. With an EPA UDDS range of 43 miles and a top speed of 67 mph, our 2011 Zero-S and DS Street Bikes (available now) are freeway capable and could serve more than 75% of California commuters. Hundreds of thousands of motorcycles are sold each year in California, often to replace cars for commuting. Doesn't it make sense to maximize leverage with incentives on the most affordable type of zero emissions vehicle?

One of the most significant achievements of the ARB has been the policies and programs it creates that improve the air Californians breathe while cultivating industries that create jobs and economic development throughout the State. As a result of your leadership in Sacramento, a number of emerging companies that produce and manufacture a wide range of clean vehicles have headquartered their operations in California, including CODA Automotive, Electric Vehicles International, Fisker Automotive, Miles Electric Vehicles, Tesla Motors, Vantage Vehicle International, and our company, Zero Motorcycles Inc. These companies will play an increasingly significant role in California's economy as the adoption of clean transportation expands both in California and abroad.

The proposed modifications to the CVRP program, as outlined in the staff report, will help ensure that the rapid adoption of clean vehicles in California continues. In addition to these changes, Zero Motorcycles Inc. requests that the ARB consider modifications to the Air Quality Improvement Program (AQIP) FY2011-12 funding plan that would make the program a more effective job creator, while maintaining its effectiveness at improving air quality.

To make the program directly impact employment in California, we propose that the ARB "set-aside" 15-20% of CVRP rebate funds for vehicles purchased from California suppliers. Additionally, we propose that the ARB consider offering a "premium rebate" for the purchase of vehicles from California suppliers, specifically a minimum rebate of $1,200 for California built Zero Emission Motorcycles.

These approaches are supported by Assembly Bill 118 (Núñez) and California precedent. For example, AB118 section 1(g) declares: "commercialization of alternative ... vehicle technologies in California have the potential to strengthen California's economy [by] ... stimulating high-quality job growth...". Under Section 44272 (b) (1), (2), (3), (7), (9), and (11) clean vehicles qualify for "preferences". In particular, section (7) stipulates a preference for projects that "provide economic benefits for California by

promoting California-based technology firms, jobs, and businesses". This approach is consistent with many other State programs. In addition to much needed tax revenue that is earned from California companies, the economic growth and job creation potential is invaluable, particularly to a state with an unemployment rate approaching 12%.

Early consumer incentives have proved extremely important in creating new markets. The State of California has ambitious goals for air quality improvement, GHG reduction, and green job creation. Zero Motorcycles can make a meaningful contribution with the help of these rebates. We estimate that we could increase our sales volume in California by as much as 50%, if these rebates remain available, which in turn will allow us to add hundreds of new jobs here in California over the next few years.

Please feel free to contact me if you have any questions. We thank you again for all the great work you to improve our air quality and stimulate the economy. We appreciate your thoughtful consideration on this critical issue.

Sincerely,

Karl Wharton
COO, Zero Motorcycles

Cc: Tom Cackette, Deputy Executive Officer, California Air Resources Board
Robert Cross, Chief, Mobile Source Control Division
Jack Kitowski, Chief, Emissions Reductions Incentives Branch
Lucina Negrete, Manager AQIP Section
Johanna Levine, Lead Staff, AQIP
Mark Williams, ZEV Incentives Programs
Meri Miles, ZEV Clean Vehicle Rebates Program
Jay Friedland, VP Strategy and Sustainability, Zero Motorcycles, Inc.