

Ted Harris
10-6-4

June 24, 2010

Mary Nichols, Chairman
California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: Proposed AB 118 Air Quality Improvement Program Funding Plan for Fiscal Year 2010-11 and the Governor's Office of Economic Development

Dear Chairman Nichols and Members of the Air Resources Board:

Electric Vehicles International (EVI) is a 20-year pioneer in alternative fuel technologies and a leading manufacturer of zero-emission vehicles. In 2009, EVI moved our headquarters from Mexico to Stockton, California, to help transition the state's large number of dirty diesel, heavy-duty vehicles to a zero-emission, very low-carbon fleet.

In April, 2010 Governor Schwarzenegger's Office of Economic Development, along with the California Air Resources Board (ARB), Energy Commission and others, created a Red Team designed to maintain and expand the manufacturing of heavy-duty, zero-emission trucks in California, in order to create clean technologies and green jobs needed to reduce criteria pollutants and achieve the goals of AB 32.

The Governor's Red Team includes the Governor's Office of Economic Development, California Air Resources Board staff, California Energy Commission staff, California Alternative Energy & Advanced Transportation Financing Authority, California State Dept of Treasury, San Joaquin Valley Air Pollution Control District, Congressman Cardoza's Office, Congressman McNerney's Office, City of Stockton, San Joaquin County, San Joaquin Partnership, PG&E, and others.

Thank you again for the time and dedication of ARB staff participating on the Governor's Red Team. We support staff's proposed resolution today to provide the ARB Executive Officer the authority to carryout implementation measures recommended by the Governor's Office of Economic Development to help clean the air and create green jobs in California.

Sincerely,


Ricky Hanna
President and CEO, Electric Vehicles International

Attachment: Update on the Governor's Office of Economic Development's Red Team

Update on the Governor's Office of Economic Development Red Team

June 24, 2010



ELECTRIC VEHICLES INTERNATIONAL
VEHICLES | CONVERSIONS | POWERTRAINS

Overview

- Background
- Benefits
- Opportunities
- Actions Needed



ELECTRIC VEHICLES INTERNATIONAL
VEHICLES | CONVERSIONS | POWERTRAINS

Electric Vehicles International

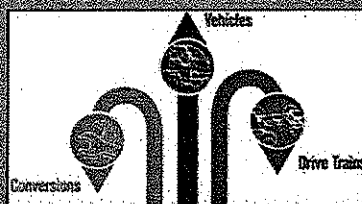
- Electric vehicle company with 20-years proven track record
- Innovator with \$25mm investment in zero emission R&D
- Green job team with over 50 years of manufacturing and sales experience



ELECTRIC VEHICLES INTERNATIONAL
REDESIGN CONVERSIONS POWERTRAINS

Electric Vehicles International

- Manufactures zero emission vehicles
- Vertically integrates clean electric PowerTrain systems
- Specializes in zero emission fleet trucks
- Deploys tried and tested clean technologies—over 1,000 EV's deployed worldwide
- Eliminates mobile toxic particulate pollution and smog emissions
- Reduces dependence on fossil fuel use and implements AB32



ELECTRIC VEHICLES INTERNATIONAL
REDESIGN CONVERSIONS POWERTRAINS

Moved to California

In 2009, EVI moved manufacturing from Mexico to California:

- Driven to California by AB 32, AB118, and Governor's LCFS



- Attracted to California's market for electric vehicles

- Committed to improving air quality and achieving state's climate change policies



ELECTRIC VEHICLES INTERNATIONAL
VEHICLES | CONVERSIONS | POWERTRAINS

Investment

- \$3,500,000 over last 12 months into CA economy

- \$500,000 manufacturing tenant improvements



- Millions more planned investment to expand manufacturing, research, development, and job training



ELECTRIC VEHICLES INTERNATIONAL
VEHICLES | CONVERSIONS | POWERTRAINS

Implements State Policy Goals

- EVI implements AB 32 and greatly exceeds the goals of the Low Carbon Fuel Standard (LCFS)
- EVI heavy-duty trucks are CARB-approved Zero Emission Vehicles
- Fully electric EVI vehicles dramatically improve local and regional air quality, creating cleaner communities throughout California



ELECTRIC VEHICLES INTERNATIONAL
VEHICLES | CONVERSIONS | POWERTRAINS

Green Job Creation

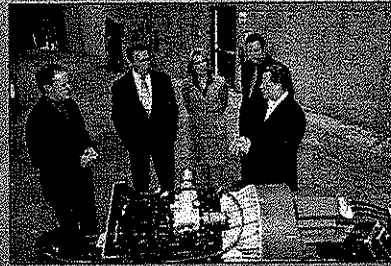
- Currently employing 30 displaced workers
- Jobs are located in a state Enterprise Zone
- Training employees to hone clean-tech skills
- Expanding opportunities for the entire region
- Hiring highly-skilled workers displaced by NUMMI plant closure, and creating more green jobs if California can be competitive



ELECTRIC VEHICLES INTERNATIONAL
VEHICLES | CONVERSIONS | POWERTRAINS

Recognition

- Success story of clean tech business moving to California
- Pioneer laying groundwork for attracting new green companies
- Reinforcing the green reputation of California



ELECTRIC VEHICLES INTERNATIONAL
VEHICLES | CONVERSIONS | POWERTRAINS

Governor's Red Team

- Governor's Office established Red Team to maintain and expand ZEV manufacturing and green jobs
- Governor's Office of Economic Development
- CA Air Resources Board
- CA Energy Commission
- CA Alternative Energy & Advanced Transportation Financing Authority (CAEATFA)
- CA State Dept of Treasury
- San Joaquin Valley Air Pollution Control District
- Congressman McNamara
- Congressman Cardoza
- City of Stockton
- San Joaquin County
- San Joaquin Partnership
- ECA



ELECTRIC VEHICLES INTERNATIONAL
VEHICLES | CONVERSIONS | POWERTRAINS

Reduces California's Growing Dependence on Diesel Fuel

- Diesel is responsible for 70% of the cancer risk
- While gasoline demand is projected to decrease, diesel fuel use is a growing source of GHG and other emissions in California
- EVI trucks reduce California's demand for diesel fuel

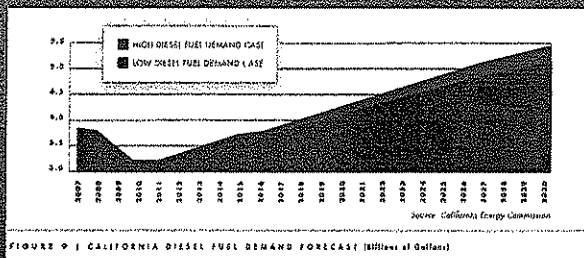


FIGURE 9 | CALIFORNIA DIESEL FUEL DEMAND FORECAST (Billions of Gallons)



ELECTRIC VEHICLES INTERNATIONAL
VEHICLES | CONVERSIONS | POWERTRAINS

EVI Climate Change and Health Benefits

- Reduces GHG by 75% per mile, compared to conventional dirty diesel trucks.
- Removes 100% mobile-source toxic diesel particulate pollution.



ELECTRIC VEHICLES INTERNATIONAL
VEHICLES | CONVERSIONS | POWERTRAINS

Opportunity to Transform Zero Emission EV Market

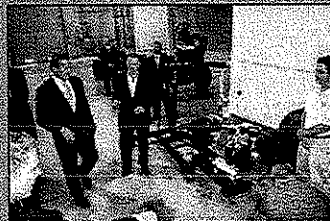
- Leveraged investments and adequate ARB incentives can transform the EV market
- California is the biggest potential market for EVs
- EVI's proposal to fully integrate a complete EV truck manufacturing process can help position California as the global leader of zero-emission fleet truck innovation and green manufacturing



ELECTRIC VEHICLES INTERNATIONAL
VEHICLES • CONVERSIONS • POWERTRAINS

California Manufacturing Solutions

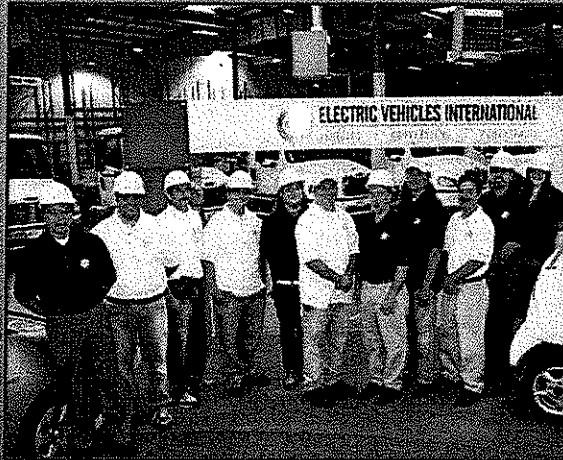
- Challenge: Upfront costs and Unequal Federal Incentives
 - Cost is the primary factor in market acceptance of EV's
 - Other states received federal incentives that disadvantage California EV manufacturing and limit green job growth
 - The future of California's EV market depends on near-term incentives, certainty and cost reductions
- Solution: Reduce Cost
 - Expand near-term ARB incentives for zero emission, fully electric heavy-duty vehicles
 - Support California-manufactured ZEV incentives to help stimulate clean technologies and green jobs for California
 - Provide the ARB Executive Officer the flexibility to carryout the implementation measures recommended by the Governor's Office of Economic Development concerning Commercial Zero-emission vehicles



ELECTRIC VEHICLES INTERNATIONAL
VEHICLES • CONVERSIONS • POWERTRAINS

6/24/2010

Thank You



ELECTRIC VEHICLES INTERNATIONAL
PERICLES SUBMISSIONS PERMITTING