

June 26, 2014

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

RE: AQIP Funding Plan for FY 2014-2015

Dear Chairman Nichols:

On behalf of Hyundai and Kia, we wish to express our support for the increase in Incentive funding for fuel cell vehicles in the Air Quality Improvement Program (AQIP) and Low Carbon Transportation Greenhouse Gas Reduction funding plan for FY 2014-2015. We also appreciate and support maintaining incentives for battery electric and plug-in electric vehicles at their current levels.

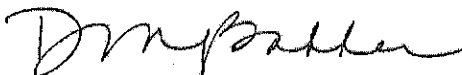
Two weeks ago, Hyundai handed off its first mass-produced fuel cell vehicle, a Tucson, to our first customer. Customers will be able to lease the vehicle for \$499 per month with \$2,999 down, including unlimited free hydrogen refueling and free valet maintenance. With the launch of our lease program for the Tucson FCEV, we are demonstrating our strong commitment to the fuel cell vehicle market. Additionally, with the assistance of funds provided by the California Energy Commission, we will be opening a public refueling site at our Chino, CA R&D facility at the end of October which will have a 700 bar dispenser providing 100% renewable hydrogen.

We believe fuel cell vehicles are an important ZEV technology to help California and the nation achieve our greenhouse gas goals. Yet, while we are committed to the technology, fuel cell vehicles face significant challenges with regards to the cost of the vehicle. These monetary incentives help to bridge the gap between what customers consider an affordable price and the cost of the technology. Hopefully, we will reach a time in the not too distant future when we can reduce and phase out incentives for this technology. Currently these incentives are helping to kick start the market and utilize the existing and growing hydrogen refueling infrastructure. Hyundai fully supports the \$5,000 per vehicle incentive effective starting in June as proposed.

Additionally, Hyundai and Kia support maintaining the battery electric and plug-in vehicle incentives at \$2,500 and \$1,500 per vehicle, respectively. While other OEMs have already introduced this technology and some are established in the market, the rollout of our vehicles will be coming over time with the first being the Kia Soul EV this September. We believe these incentives are important in helping us enter the market and we want to ensure they are available to all OEMs equitably.

Thank you for your consideration of our comments.

Sincerely,



Deborah Bakker, Director  
Regulatory Affairs