

Sara Rudy
09-10-4



Vehicle Environmental Engineering
Ford Motor Company

One American Road
World Headquarters
Dearborn, MI 48126-2798

December 10, 2009

Ford Motor Company Oral Testimony on

Agenda Item 09-10-4

**Public Meeting to Provide an Informational Update
On the Zero Emission Vehicle Regulation Revisions**

Presented by Sara J. Rudy

Good Morning. My name is Sara Rudy. I am an Emissions Regulatory Manager for Ford Motor Company. Ford welcomes the opportunity to share our perspective on California's Zero Emission Vehicle (ZEV) Regulation.

Before I talk about the ZEV regulation, I would like to spend a moment telling you about the progress that Ford is making in executing our long term sustainability plan. All of the investment that we are putting into our plan is contributing to improving the fuel economy and reducing the greenhouse gas emissions of our fleet. This includes converting three truck and SUV plants to build small cars, re-tooling our powertrain facilities to manufacture EcoBoost engines and more advanced six-speed transmissions, leveraging our global platforms, increasing our hybrid offerings and moving forward with an aggressive electrification strategy. While there are significant costs in making this transformation, it is the right thing to do for our customers. You will continue to see us offer more great products with advanced, innovative technologies to improve the fuel efficiency of our vehicles and to deliver outstanding quality and features that our customers desire.

With respect to the ZEV regulations, Ford is looking forward to working with Staff over the next year to develop a program that will allow for the successful commercialization of ZEV

technologies. Successful commercialization will require a profitable vehicle that our customers desire. To change the buying habits of the consumer, a multi-stakeholder effort is needed. All parties including automotive manufacturers, technology suppliers, energy providers, research laboratories, the government, and the consumer need to work collaboratively and be fully committed to achieving the aggressive ZEV goals that the ARB sets.

Ford has accelerated our electrification strategy and we are looking forward to introducing these vehicles to the market. However, the market for these technologies is still very uncertain. The cost of these technologies is high and the customer acceptability is a huge risk. That is why complementary measures, including incentives and infrastructure development, are needed to ensure the success of ZEV commercialization.

Any regulatory revisions will need to consider the status of the technology, costs, market acceptability, and lead-time. The ARB has set very aggressive volume mandates. Ford is prepared to meet the requirements, but is concerned if more aggressive targets are set considering the cost of the technology, the current economic conditions, and the lack of any real data on customer acceptance.

We appreciate the flexibility that the ARB is considering with allowing a performance-based alternative. We believe performance-based approaches allow for more market-driven and cost-effective ways to achieve long-term greenhouse gas goals.

Finally, we support California's efforts to achieve long term greenhouse gas reductions; however, we feel strongly that a single national program is needed to address vehicle greenhouse gas emissions. In May, there was a historic agreement, reflective of California's leadership, to have One National Program to control automotive greenhouse gas emissions. Ford supports this program and believes that the ARB, EPA, and the National Highway Traffic Safety Administration need to work together to ensure that the standards for 2017 and beyond follow the same One National roadmap.

In conclusion, Ford is committed to introduce zero emission vehicles to the market. However, more is needed to create a market-pull that will help make the ZEV program successful.