



224 Airport Parkway, Suite 620
San Jose, California 95110
(408)501-7864 Fax (408)501-7861
<http://www.svlg.net>

CARL GUARDINO
President & CEO

Board Officers:
MICHAEL SPLINTER
Chair

Applied Materials
WILLIAM D. WATKINS
Vice Chair

Seagate Technology
ROBERT SHOFFNER
Secretary/Treasurer
Citibank

WILLIAM T. COLEMAN III
Immediate Past Chair
Cassatt Corporation

AART DE GEUS
Past Chair
Synopsis

Board Members:
JOHN ADAMS
Wells Fargo Bank
JOHN AMBROSEO

Coherent, Inc.
NED BARNHOLT
KLA-Tencor

TOM BOTTORFF
Pacific Gas & Electric
MARK DEAN

IBM Corporation
RAQUEL GONZALEZ
Bank of America

JON HOAK
Hewlett-Packard Company
LEONARD KWIATKOWSKI

Lockheed Martin Space Systems
RICHARD LEVY
Varian Medical Systems

PAUL LOCATELLI, S.J.
Santa Clara University
HIROAKI NAKANISHI

Hitachi Global Storage Technologies
LEN PERHAM
Optima Corporation

KIM POLESE
SpikeSource, Inc.
BYRON SCORDELIS

Greater Bay Bancorp
DAVID J. SHIMMON
Celerity, Inc.

ABHI TALWALKAR
LSI Logic
DAN WARMENHOVEN

Network Appliance
KENNETH WILCOX
SVB Financial Group

JOANN ZIMMERMAN
Kaiser Permanente
Working Council Chair

LEON BEAUCHMAN
AT&T

Established in 1978 by
DAVID PACKARD

May 23, 2007

The Honorable Robert F. Sawyer, Ph. D.
Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Dear Chair Sawyer;

I write on behalf of the Silicon Valley Leadership Group to urge the Board to consider modifying the Zero Emissions Vehicle Program to encourage automakers to produce plug-in hybrid electric vehicles (PHEVs) and to consider all credit options/incentives, including partial "gold" credits, for PHEVs in the workshop and hearings that will follow your May 24 meeting.

By way of background, the Silicon Valley Leadership Group is a public policy trade organization founded 29 years ago by David Packard of Hewlett Packard. Today the Leadership Group comprises more than 210 employers, including many of the nation's largest high tech and bio tech firms. Collectively our members provide more than 250,000 jobs, or one of every four private sector jobs in Silicon Valley.

Our members have made reducing our nation's greenhouse gas emissions a high priority. We applaud CARB's efforts to help California achieve its ambitious emission reduction goals through a variety of innovative programs, including the Zero Emission Vehicle Program.

We believe PHEVs offer one of the most viable near-term solutions for substantially reducing transportation-related greenhouse gas emissions, pollution, and fossil fuel consumption. According to the ARB's Independent Expert Review Panel, PHEVs are the closest to commercialization of any ZEV technology. We believe it is the state's interest to use the ZEV program to encourage automakers to bring this technology to market more quickly. And, we believe that allowing automakers to earn gold credits, or partial gold credits, would be a powerful tool to accomplish that end.

We appreciate staff's concern that PHEVs are not fully zero emission vehicles. However, as the expert panel noted, PHEVs have the potential to achieve significant electric drive use. Existing ZEV regulations utilize a sliding scale of credits for conventional gasoline hybrid vehicles depending upon the strength of their electric drive systems. A similar system could be employed for PHEVs, whereby manufacturers could earn silver or partial gold credits in proportion to their all electric (zero emission) range.

PHEVs not only provide significant direct benefits, they can also serve as a bridge to other full ZEV technologies, such as fuel cell and battery electric vehicles. For these reasons, we believe it is critical that the Board give full consideration to allowing automakers to earn partial gold credits for the portion of the time they are driven in all electric mode (pure zero emission), or as determined by some other metric. We urge the Board to keep this option on the table as it enters into the ZEV proceedings. The workshop and hearing process will allow the Board to weigh the pros and cons of adopting such a program, and how it might be structured to best effect. Thank you for considering our views.

Sincerely,

Laura Stuchinsky
Director, Transportation & Land Use