

February 11, 2009

The Honorable Harry Reid
The Honorable Max Baucus
The Honorable Daniel K. Inouye

The Honorable Charles E. Grassley
The Honorable Thad Cochran

Dear Senate Conferees:

The Electric Drive Transportation Association thanks both the House and the Senate for recognizing the stimulative and the sustainable importance of the electric drive vehicle industry. Electric drive vehicles -- battery electric, hybrid, plug-in hybrids and fuel cells -- displace oil with cleaner, domestically-produced electricity. The House and Senate bills include critical incentives for the production and sales of electric drive vehicles, which will increase the green technology workforce, redirect funds spent on foreign oil to domestic priorities and reduce greenhouse gas emissions.

Green Manufacturing Jobs

Grants and loan availability in the near term will speed the substantial industry investments in production facilities and engineering integration that are necessary to transform the vehicle industry and build an advanced vehicle fleet.

Based on the demonstrated size of the effort and the importance of the need, EDTA supports including in the final bill the House and Senate total of \$3 billion in funds for manufacturing grants and loans for advanced batteries and other key electric drive components like motors and power electronics, with \$2 billion for grants.

A \$2 billion investment, however, would be more effective if concentrated in grants for batteries and components, which have been the subject of an expedited rulemaking and could be distributed more rapidly.

Promote Investment and Sales through the Tax Code

To speed the growth of the plug-in electric drive vehicle fleet, the U.S. needs to enable private sector investment in facilities and infrastructure, as well as promote sales of plug-in electric drive vehicles. The Senate bill includes a comprehensive tax strategy for accelerating plug-in electric drive, including: expensing and loan options for large scale investments in new and re-equipped facilities; increasing the plug-in electric drive vehicle credit phase-out trigger to 500,000; providing consumers incentives to purchase a wider variety of road-ready plug-in electric drive vehicles; expanding and extending the alternative fuel vehicle recharging credit; and accelerating depreciation of smart meters.

The Senate's inclusive approach -- vehicles, fuels and consumers -- will grow the industry and the associated workforce that will build, sell and service the vehicles and infrastructure. We urge that you adopt the Senate position on electric drive tax incentives in its entirety.

Accelerate Deployment of Advanced Transportation Technologies

We support the House and Senate efforts to direct funds to promote near-term deployment of electric drive vehicles and infrastructure, which will speed validation of new technologies while growing the workforce needed to sustain them. In particular, we endorse the inclusion of \$200 million provided for EISA's Section 131 provided in both bills.

However, we urge you to clarify that eligible entities and technologies are those identified in the original program authorization. The House bill currently would omit private entities, such as investor owned utilities, who are leading the charge in many deployment efforts. Excluding them will only hinder the effectiveness of this important effort.

Specifically, we ask that you modify the House statutory language to ensure that all of the originally authorized participants, including private and non-profit entities and combinations of government authorities and other entities, are eligible, and ensure that the full ranges of originally authorized electric transportation technologies are eligible.

We also support the inclusion of funds for a Clean Cities-based deployment program for plug-in and emerging electric vehicles and urge you to provide the House level of \$400 million. A program that is national in scope and regional in application will greatly accelerate the deployment of electric drive vehicles and infrastructure, as well as the workforce that builds, sells and maintains them. Federal fleet purchases are also an effective tool in building markets and investment in advanced vehicles and we would appreciate the Congress' support for a robust effort to acquire electric drive vehicles.

Including a comprehensive electric drive policy in H.R. 1, as outlined above, will not only help to revive the economy, it will help to transform it into a 21st century engine that creates green jobs and sustainable transportation options.

We thank you for your consideration.