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FISKER AUTOMOTIVE, INC.

Consultation on reducing CO2 emissions from road vehicles

Fisker Automotive is pleased to have the opportunity to respond to the European Commission as it prepares initiatives to cut greenhouse gas emissions from road vehicles. Fisker Automotive thanks the Commission for considering our comments on this consultation and would like to remain engaged throughout this regulatory process and future policy-making activities.

Introduction

The European Commission's public consultation[1] questionnaire on reducing CO2 from road vehicles provides an opportunity to include additional comments in section F.1. This document expands upon topics addressed in the questionnaire. Specifically, Fisker Automotive makes the following two comments:

1) The current emissions standards for new passenger cars are achievable with the present rate of improvement; the Commission is therefore presented with an opportunity to set more aggressive targets that will drive significant emissions reductions.
2) The current emissions standards provide a disincentive for non-compliance; a balanced approach would also provide an incentive for automakers that over comply with the targets, such as the ability to trade emissions credits.

Feasibility of emissions targets

- **Data suggests current targets will be met ahead of schedule**
- **Vehicle electrification is an opportunity to drive significant emissions reductions**

Regulation (EC) No 443/2009 sets an average emission performance standard for new passenger cars of 130 g CO2/km by 2015. A press release[2] from the European Commission notes that, if the current rate of improvement in the average CO2 emissions of cars registered in the EU is maintained, the 130 g CO2/km target will be met before the 2015 deadline.

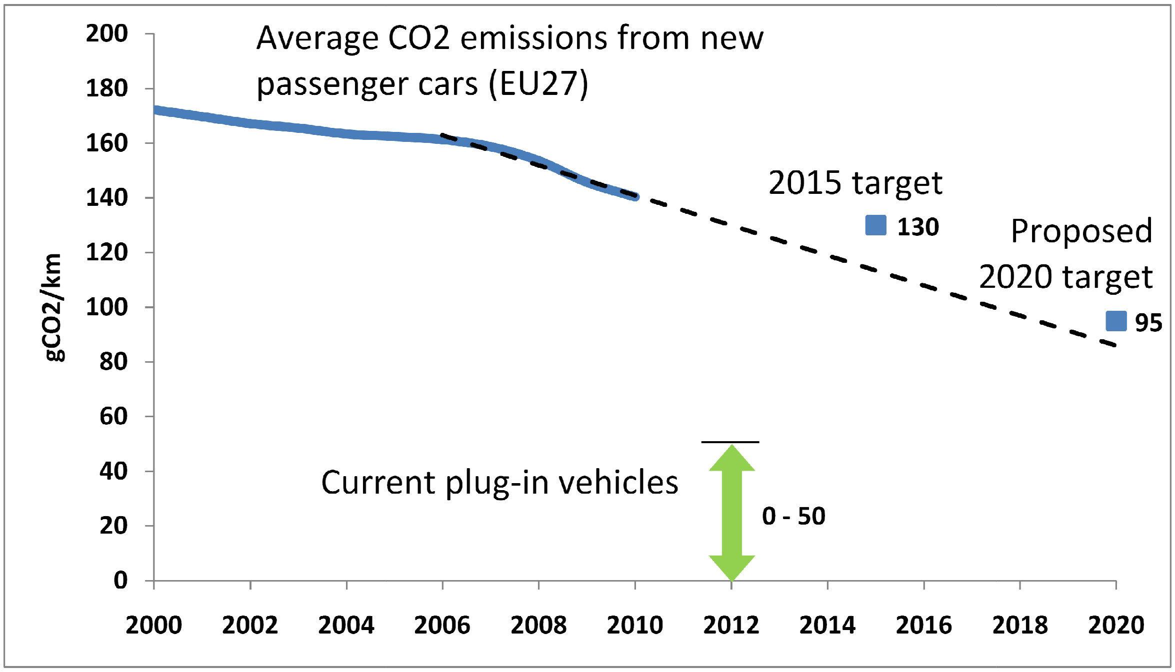
Additionally, Regulation (EC) No 443/2009 proposes a 2020 target of 95 g CO2/km. Data[3] from the European Environment Agency (EEA) suggests that this goal will also be attainable if the average CO2 emissions of new passenger cars continues to decrease at the same rate as exhibited in the most recent five years of data (2006-2010).

If the current rate of incremental improvement is sufficient to meet the current targets as proposed, a more aggressive set of targets would help drive non-incremental improvements in the industry. The growth of plug-in electric vehicles within the passenger car market has afforded the automotive industry a unique opportunity to realize this non-incremental emissions reduction. An

[1] http://ec.europa.eu/clima/consultations/0012/index_en.htm
[2] http://ec.europa.eu/clima/news/articles/news_2011062901_en.htm
[3] http://www.eea.europa.eu/data-and-maps/data/co2-cars-emission

electric vehicle with extended range (EVer) like the Karma sedan is capable of achieving approximately 50 g CO2/km – today. Other low emission plug-in vehicles such as the Opel Ampera (Chevrolet Volt) and Nissan Leaf are available or will be available soon. As more plug-in models become available, the European Commission has an opportunity to drive the widespread adoption of these vehicles by setting more aggressive emissions targets.

Figure 1: Feasibility of current emissions targets and range of plug-in vehicle emissions



Policies to reduce road vehicle emissions

- **An incentive is needed to balance the current disincentive for non-compliance**
- **Allowing emissions trading for vehicle fleet emissions would create a new market opportunity for automakers**

An incentive program for automakers that reduce their fleet emissions beyond the target level would provide a more balanced regulation. Regulation (EC) No 443/2009 outlines a schedule of fines that may be levied against automakers for exceeding the emissions targets, starting in 2012. These fines represent a disincentive that automakers will attempt to avoid by meeting the bare minimum compliance level. However, there is little motivation for automakers to exceed the targets without a complementary incentive provision for over compliance.

The pooling provision of Regulation (EC) No 443/2009 provides an opportunity for an over-compliant automaker to enter into a commercial agreement with a non-compliant automaker. Pooling provides only the potential for an indirect incentive, not a clear signal that over-compliance will be rewarded.

One method of providing a robust incentive would be to include road vehicles in the EU Emissions Trading System (EU ETS), or a similar credit trading market. The current system[4] extends to aviation, but does not extend to road transport. Including road transport in the EU ETS would provide at least two important market signals:

1) Allowing an automaker to trade credits based on the emissions displaced by its vehicle fleet would provide a clear incentive to lower average fleet emissions. Automakers that invest in technology resulting in low fleet average emissions could create value from this credit market.
2) Allowing ground transport emissions to be traded would establish comprehensive regulation over the full well-to-wheel emissions associated with transportation: upstream emissions would clearly be the responsibility of fuel refining and electricity generation facilities, while downstream (tailpipe) emissions from vehicles would be the responsibility of automakers.

About Fisker Automotive

Fisker Automotive is a privately owned automobile manufacturer headquartered in Anaheim, California. Fisker Automotive builds environmentally conscious vehicles with passion, style and performance for the global market. Fisker's first vehicle is the Karma sedan, an electric vehicle with extended range (EVer ™).

In addition to a European distributor network, Fisker Automotive has a presence in Europe with an office in Germany (Fisker Automotive GmbH). Our manufacturing partner for the Fisker Karma is Valmet Automotive in Uusikaupunki, Finland. Valmet has a track record of producing high quality, premium automobiles, including manufacturing the Boxster for Porsche. Europe is an important market for Fisker, representing 40 percent of global sales.

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Transparency Register ID Number: 56004707328-30

[4] http://ec.europa.eu/clima/policies/transport/index_en.htm