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CLEAN CAR SOLUTIONS

A GUIDE TO ESTABLISHING CORPORATE INCENTIVE PROGRAMS FOR FUEL – EFFICIENT VEHICLES

This package is designed as a guide for corporations interested in making a hybrid-vehicle purchasing incentive program a part of their employee benefit package. It offers various information for use in developing and promoting such a program, including an explanation of the need for “cleaner” commuting, the benefits of high efficiency-low emission vehicles and the basic workings of hybrid vehicles.



We also provide some examples of existing corporate incentive programs and include a list of websites and contacts that may be useful in creating your own.

If you are not able, or simply not ready, to create your own corporate incentive program, we provide information for alternative strategies, such as car pooling and pollution offsets.

Alternatively, you can simply use the information in this package to inform your co-workers of the steps they can take to “clean-up” their commutes.



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HOW TO SET UP A CLEAN CAR INCENTIVE PROGRAM AT YOUR COMPANY

- ✓ Make the case for corporate hybrid car incentive plans
- ✓ Provide company examples

Help your decision-makers see the value in the program:

A value-added for employees

A demonstration of your company's commitment to environmental stewardship

- ✓ Provide information about an 'offset' program
- ✓ Let your employees know how hybrid cars work
- ✓ Offer an outline of current tax incentives

Consider distributing these fact sheets with benefits-package information

- ✓ Offer a list of useful contacts/websites

Additional resources to help management and employees with their decision



Including hybrids in an employee energy fair, or as part of the company fleet, is an excellent way to promote your program and your commitment to stewardship.



THE CASE FOR HYBRID VEHICLE INCENTIVE PROGRAMS

Emissions from vehicles are the primary source of ozone and smog, accounting for 30-40% of this form of air pollution. Every gallon of gas burned emits 22 pounds of carbon dioxide, making vehicle emissions one of the top causes of global warming. Today, low-emission transportation choices are no longer limited to environmentalists and eco-conscious legislators. All over the country businesses are helping employees to purchase hybrid gas-electric vehicles. Such employee incentive programs benefit both employee and employer.

Benefits

1. *Less pollution* – Companies can reduce their negative impact on the environment by stimulating their work force to choose a cleaner drive to and from work. Hybrid cars produce up to 80% fewer emissions than equivalent vehicles.
2. *Fuel economy* – A hybrid vehicle can save as much as 50% of the fuel consumed by a traditional car. In these times of volatile gasoline prices and longer commutes to the office, that translates into fewer trips to the filling station – and the potential to cut emissions of CO₂ and other gasses in half.
3. *Expanding selection of vehicles* - There are 11 hybrids available in 2006 representing six brands. By 2012 this number could be 44. The choice now extends to SUVs as well as sedans. Ford has just announced that by the end of the decade more than half its Ford, Lincoln and Mercury models will have hybrid versions. Toyota aims eventually to have 100% of its vehicles run by hybrid motors.
4. *Dealership incentives* – Many dealers offer incentives to promote their line of hybrid vehicles.
5. *Federal incentives* – The Federal government offers a \$2,000 tax break for the purchase of a new hybrid car. The new energy bill signed into law in August, 2005, provides full dollar tax credits of up to \$3,150 for some hybrids.
6. *State incentives* – It's worth checking with dealers in your state, as they are likely to be the best source of information about vehicle excise-tax, toll, and registration-fee programs. For example:
 - a.) In Connecticut new hybrids with an EPA-estimated highway mileage rating of at least 40 mpg are exempt from sales tax.
 - b.) Some states allow single occupancy driving of hybrid in car-pool lanes.
 - c.) Some cities allow free parking for hybrid cars.



SOME SUCCESSFUL COMPANY PROGRAMS

Below are some examples of corporations that have implemented successful incentive programs to promote fuel-efficiency among their employees.



Timberland has a corporate-wide commitment to minimize its impact on global warming and is working towards a goal of someday emitting no net carbon dioxide. While the outdoor clothing retailer has cut its energy consumption through efficiency projects and switching to electricity generated by wind and solar, personal transportation continues to represent a significant source of carbon emissions. By offering its 6,000 employees a cash incentive to bridge the cost differential between conventional and hybrid gas-electric vehicles, the company is helping to show support for the new technology while helping its workers save money and the environment.

Under the program launched in December 2004, Timberland will reimburse the employees \$3,000 (or the local currency equivalent) for the purchase of a hybrid car. This incentive is paid as a lump sum (considered taxable income) up on production of proof of purchase. To be eligible, employees must have completed a minimum of two years continuous service. After receiving the incentive, an employee will not qualify for another payment for five years. To qualify, the vehicle must be classified as a hybrid by the US Department of Energy and the Internal Revenue Service. Vehicles purchased must be new and bought directly from the original equipment manufacturer or their licensed dealer representative. The car, or SUV, must be owned and operated by the employee for at least one year after purchase and should be the primary means of commuting to and from work. Timberland requires employees to provide a vehicle registration and valid identification number at the one-year anniversary date, to verify vehicle ownership.



Google offers its full-time US-based employees a broader range of options in the form of a \$5,000 subsidy towards the purchase of a vehicle with an EPA fuel economy rating of 45mpg or better. In addition Google contributes \$2,500 toward leased vehicles in this category. To qualify the vehicle must also be rated a PZEV (partial zero emission vehicle). The company places no limit on the number of employees who can participate in the scheme. In addition, Google provides a fleet of low-emission buses which shuttle workers to and from its Mountain View, California headquarters.

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Hyperion, a software company based in California, offers \$5,000 to employees for the purchase of a hybrid car. The initiative, “Drive Clean to Drive Change,” does set a limit of 250 employees per year. According to CEO Godfrey Sullivan, the program creates “an enormous amount of goodwill around the globe, far beyond the cost of the program.” He also says that the hybrid incentives help his company to recruit and retain the best employees. The campaign, launched in 2004, has attracted the attention of the *Wall Street Journal*, *USA Today*, National Public Radio, and CNBC.

STM Microelectronics

One of the world’s largest semiconductor companies, STM has an incentive program for North America-based employees who drive fuel-efficient vehicles. To qualify for an additional monthly allowance of \$83.34, vehicles must have a fuel consumption rating between 39.2 and 46.9 mpg. Vehicles with 47 mpg or better receive an extra \$166.67 per month.

University of Miami (Florida)

University staff members who drive hybrids can save 50% of their parking permit price.

CONSIDER OFFERING AN OFFSETS REWARDS PROGRAM

Companies that cannot fund and administer a hybrid car incentive may want to encourage their employees to carpool. In order to make this a more attractive option, the company could designate parking spaces nearest the office exclusively for car-pooling and hybrid car users only. If staff pays for parking at the site, the company could offer a discount to car-poolers or hybrid drivers.

Companies can also consider using an offset program – like the *CoolDriver*sm, featured below – as part of a benefit package. There are numerous possibilities, including offsetting all of an employee’s driving for a year or offsetting the employee’s work-related emissions, including those from commuting. If the company wanted to offer an incentive to employees to purchase hybrids, the company could agree to pay for total offsets—and then give an employee a gift certificate or cash reward for the amount of offsets the he or she avoids by driving a hybrid or low- or zero-emissions vehicle. *An example:* If an employee drives the U. S. average of 40 miles a day in a vehicle getting the U. S. average 22 miles per gallon (and emitting about 22 pounds of CO₂ per gallon), he or she will generate 5 tons of CO₂, for which offsets will cost about \$132. If he or she drives a hybrid or low-emission vehicle, they will cut their emissions approximately in half, for a savings on offsets of \$66 a year. An employee driving a zero-emission vehicle would get the whole \$132 gift certificate. A company could choose to offer other benefits instead of gift certificates or cash such as a health-club membership.

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CoolDriversm

Introduction

Clean Air – Cool Planet and NativeEnergy have created an action campaign, **CoolDriver**, which allows drivers and passengers to simply and effectively help put the brakes on global warming. The program is now available at convenient retail locations featuring point of purchase displays and online at www.CoolDriver.org.

With each \$3 donation at the register, participants help build new renewable energy sources that will keep 500 lbs of CO₂ pollution out of the air on their behalf – that's equal to about 500 miles or two weeks of driving. The CoolDriver campaign is sponsored by Clean Air – Cool Planet and NativeEnergy business partners who have already taken steps to address their own CO₂ footprints and are now helping to build public awareness about effective solutions to global warming and our nation's addiction to fossil fuels.



CoolDriver's CO₂ pollution reductions come from a combination of Native American wind farms and family farmer owned methane projects that will displace electricity produced from fossil fuels like coal, oil and natural gas – and so create the global warming "offset".

Website visitors can sign up for automatic monthly driving offsets that are directly purchased from NativeEnergy, and receive a certificate acknowledging their action, a key chain and a bumper sticker to help build further awareness.

CoolDriver Step #1:

Drive no more than you need to, keep your tires properly inflated, and try to use efficient vehicles to get where you need to go.

CoolDriver Step #2:

"Offset" the carbon dioxide (CO₂) pollution from your driving, so your driving will have a net-zero impact on global warming!

CoolDriver Step #3:

Enjoy driving with CoolDriver!



Find out more about CoolDriver, the partners with whom we are already working, and you can help make a world of difference.

For more information, please contact: 800.924.6826

www.CoolDriver.org www.NativeEnergy.com www.Cleanair-Coolplanet.org

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HOW DO HYBRID CARS WORK?

Any vehicle that uses more than one source of power is a hybrid. In fact, we are surrounded by hybrids already, in the form of diesel-electric locomotives and buses and nuclear-electric submarines. Hybrid-electric vehicles combine the benefits of gasoline engines and electric motors. They can be configured to serve different purposes, such as better fuel economy or increased power.

The reason conventional cars have such big engines is to provide power for quick acceleration. When they are not accelerating, cars use only a small percentage of their horsepower. Most drivers use peak engine power less than one percent of the time. The gasoline engine of a hybrid car is typically smaller than in most conventional cars. It uses advanced technologies to increase efficiency, such as smaller, lighter parts, and fewer cylinders. Efficiency is further increased by operating the engine closer to its maximum load. Because the engine is smaller and weighs less, and the car is made from lighter materials such as carbon fiber and aluminum and magnesium, the hybrid needs less power for these tasks – and overall – than its conventional counterparts, and uses less fuel.

The electric motor on a hybrid car is very sophisticated. Advanced electronics allow it to act as a conventional motor, drawing energy from the battery to power the car or assist acceleration, or as a generator, with the electric motor applying resistance to the drive-train, causing the wheels to slow down and using their resistance to generate electricity to charge the battery when you decelerate. In addition, hybrids use a regenerative braking system to slow the car down and return energy to the batteries. This way, energy that is normally wasted during coasting and braking is instead converted into electricity. This electricity is stored in a battery until needed by the electric motor.

There are additional ways in which hybrid cars improve fuel efficiency and cut pollution. The gas engine of a hybrid car automatically switches off when the vehicle comes to a stop and automatically restarts when the accelerator pedal is pressed. In low-speed, stop-and-go traffic, the vehicle can run entirely on the electric motor. There is therefore no fuel burned when the car is stopped or moving slowly, keeping emissions to a minimum.

Hybrid cars also encounter less aerodynamic drag than conventional cars, thanks to their reduced frontal areas. Sometimes wheel housings are covered to minimize drag. Hybrid cars use special tires that are both stiffer and inflated to a higher pressure than conventional tires, causing about half the drag of conventional tires.

There are many different types of hybrid vehicles on the market today, with different designs resulting in different capabilities. It is wise to review your needs in comparison to options before you buy.



FEDERAL TAX INCENTIVES

The '05 Energy Bill contains revised incentives (in the form of tax credits) for hybrid cars. The American Council for Energy Efficient Economy (ACEEE) has produced a list of 2005 hybrid car models and provisionally estimated the associated tax credits as outlined in the new law.

Current models

Make	Model	Estimated tax credit
Ford	Escape Hybrid (2wd)	\$2,600
Ford	Escape Hybrid (4wd)	\$1,950
Honda	Accord Hybrid	\$650
Honda	Civic Hybrid (auto)	\$2,100
Honda	Civic Hybrid (manual)	\$1,700
Honda	Insight (auto)	\$2,600
Lexus	RX400h	\$2,200
Mercury	Mariner Hybrid	\$1,950
Toyota	Highlander Hybrid (2wd)	\$2,600
Toyota	Highlander Hybrid (4wd)	\$2,200
Toyota	Prius	\$3,150

Future models (based on estimated specs)

Make	Model	Estimated tax credit
Chevrolet/GMC	Silverado/Sierra	\$250
Lexus	GS450h	\$1,300
Nissan	Altima	\$1,300
Toyota	Camry	\$1,300



USEFUL CONTACT INFORMATION

Clean Air – Cool Planet:

Bob Sheppard

Deputy Director

bsheppard@cleanair-coolplanet.org

www.CoolDriver.org

A website with information on how to ‘offset’ pollution from your daily commute into work

www.ucsusa.org

Union of Concerned Scientists: Citizens and scientists for environmental solutions; for information about the CLEAR Act, and hybrid cars.

www.MixedPower.com

For articles about hybrid cars, frequently asked questions and a CO₂ savings calculator.

www.legaldatabase.com

For tax law relating to hybrid cars.

www.hyridcars.com

For information on local and regional hybrid car incentives.

www.epa.gov

For information on government standards for fuel economy and emissions.

www.fueleconomy.gov

Find information on gas mileage, greenhouse gas emissions, air pollution rating and safety information for new and used cars and trucks. Provides links to hybrid car sites.

www.eere.energy.gov/cleancities

US Dept of Energy’s Clean Cities Vehicle Buyers Guide for Consumers.

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Clean Air - Cool Planet is the Northeast's leading non-profit finding and promoting solutions to global warming. From offices in Portsmouth, NH, New Canaan, CT, and Boston, MA, we create partnerships in the region to implement solutions to climate change and build constituencies for effective climate action.

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