



Toronto's Zenn Electric Car Sells in California, Banned at Home

By Hugo Miller



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Aug. 22 (Bloomberg) -- Mike Borbely likes his Canadian-made Zenn electric car so much he's planning to install solar panels on his garage roof so he can charge it for free.

“The Zenn really takes care of the lion's share of my commuting needs,” said Borbely, a 45-year-old home designer from San Jose, California. He drives the boxy two-seater, which has a top speed of 25 miles (40 kilometers) an hour, to visit clients, he said.

Good thing Borbely is from California. He couldn't buy the Zenn in Toronto. **Zenn Motor Co.** has no customers in its hometown because the Ontario government has banned low-speed electric cars such as the Zenn from public roads, **citing safety concerns.**

At least 40 U.S. states, including California and Washington, and the Canadian provinces of British Columbia and Quebec deem electric cars like the Zenn to be safe as long as they don't exceed their mandated maximum speeds. Ontario says **more research is needed.**

“It's been somewhat mind-boggling; the U.S. has been much more welcoming than Canada,” Zenn Motor Co. Chief Executive Officer **Ian Clifford** said in an interview at his Toronto office. “Why is this niche treated so differently in the two countries?”

Off Limits

The Ontario Ministry of Transportation this month ordered studies of low-speed electric cars to see if they are safe for public roads. The government has been testing the vehicles in parks across the province since 2006. Until the studies are complete, as late as 2011, Zenns will be off limits in Canada's most populous province.

“We want low-speed electric vehicles on our roads, and we are looking at how it can be done safely,” Transportation Minister **Jim Bradley** said in a **statement** announcing the new research.

Small electric cars like the Zenn typically meet only three of 40 safety standards required of regular passenger cars for brakes, bumpers and other components or functions, said Emna Dhahak, a spokeswoman for the Ministry of Transportation in Toronto.

Ontario's ban hasn't deterred investors. Zenn has **jumped fivefold** on the Toronto Stock Exchange since its initial public offering in 2005, boosting its market value to C\$160 million (\$153 million). The stock fell 10 cents to C\$4.80 yesterday.

No Emissions

The Zenn, an acronym for “zero emissions, no noise,” is the result of six years of tinkering by Clifford, 45, a former photographer and technology entrepreneur. He sold his Toronto Internet marketing company, digIT Interactive Inc., in 2000 to focus on developing an electric car.

His team originally planned to revive and convert the **Dauphine**, a French sedan built by Renault SA

more than 40 years ago. Zenn built prototypes and sold them at the 2001 Toronto auto show.

Further experimentation led to a more modern design, and the company teamed up with France's **Microcar** SA to make a chassis and shell. Assembly began at Zenn's plant in Saint-Jerome, Quebec, in late 2006.

Zenn's niche is a tiny one. The company, which has 40 employees, has sold 350 Zenns, about a third of them in California. It lost \$6.98 million last year on sales of \$2.3 million.

General Motors Corp., the biggest U.S. automaker, says it will produce 10,000 Volt electric cars in the model's first full year after it hits the market in 2010. Toyota Motor Corp. plans a plug-in version of its best-selling Prius hybrid, also in 2010.

"We don't want to become a GM or Toyota," but a developer of new electric drive systems, Clifford said.

Running Cost

The basic Zenn, without options such as air conditioning, a sunroof and power windows, sells for \$15,995. The car plugs into a conventional electrical outlet and can go 30 to 50 miles on a single charge, depending on how fast it's driven and whether the air conditioning is used.

The attraction for Zenn drivers is an operating cost of two cents a mile, according to the company. That's about a third of the cost of running a gas-electric hybrid vehicle and a sixth of what it takes to drive a conventional car, the company says.

Todd Madeiros, president of **Greenrides**, an electric car dealership near San Jose, says he sells an average of three Zenn cars a month, about half his monthly volume. Queries from potential customers have soared since gasoline topped \$4 a gallon earlier this year, Madeiros said.

"We're getting four times the calls we were three months ago," he said. Madeiros says he will open a second dealership in San Luis Obispo on the California coast by the end of next month.

Bigger, Faster

Zenn CEO Clifford says he's not going to spend more time trying to get the Ontario government to approve the present Zenn.

While the company plans to add four-seat and truck utility versions of its low-speed Zenn for approved markets, Clifford says he will develop a bigger, faster vehicle called the cityZENN by early 2010. It will be sold initially in Europe, where the certification process is quicker, he said.

According to Clifford, the car should reach speeds of 125 kilometers an hour, and go 400 kilometers between power charges, aided by a new technology being developed by privately owned **EESstor Inc.** of Cedar Park, Texas. Dick Weir, EESstor's founder and president, declined to comment.

San Jose Zenn owner Borbely says he's heard of the cityZENN. "Boy, if that did come out it would revolutionize everything," he said.

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