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Zenn gearing up for EEStor-powered car

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Toronto-based electric vehicle maker [Zenn Motor](#) (TSX: [ZNN](#)) is moving forward with plans for a highway speed vehicle to be powered by [EEStor](#) in Cedar Park, Texas, announcing plans to roll out the new cars in the fall of 2009.

Zenn's shares were at Cdn\$3.72 in afternoon trading, up 62 cents, or 20 percent, on the news.

The company currently makes low-speed electric vehicles, shipping its first production vehicles in October 2006 and selling almost 250 units last year.

"We need to move away from chemical battery technology to a whole new way of storing energy for electric vehicles, with a solid infrastructure to support global roll out," said Ian Clifford, CEO of Zenn, at the company's annual general meeting.

"Through their massive improvements on energy storage and power density, EEStor will virtually eliminate all of the shortcomings of existing and proposed chemical battery technology."

Secretive ultracapacitor firm EEStor, backed by Zenn and Kleiner Perkins Caufield & Byers, is developing a solid-state electrical energy storage unit which it says will be longer lasting, lighter, more powerful, and environmentally friendly than current battery technologies.

"EEStor's technology is a tenth the weight and volume of lead-acid batteries, and significantly smaller than the most advanced chemical batteries today," said Clifford.

Zenn said EEStor has publicly committed to commercialization in 2008, and that EEStor's first production line would be used to supply Zenn.

Zenn holds 3.8 percent of EEStor after investing \$2.5 million in the ultracapacitor company in April. Kleiner Perkins invested a reported \$3 million in EEStor in 2005.

EEStor granted worldwide exclusive licenses for its storage units to Zenn for use in car conversions as well as for new small and medium-sized low speed and highway capable vehicles, but EEStor has already made at least one deal for other uses of its technology.

In January, Bethesda, Md.-based [Lockheed Martin](#) (NYSE: [LMT](#)) announced that it signed a deal with EEStor to use the company's ultracapacitors for military and homeland security applications (see [Lockheed Martin to use EEStor's ultracapacitors](#)).

Lockheed Martin, the world's No. 1 defense contractor, did not disclose financial terms for the exclusive international rights agreement.

Zenn's Clifford, who said he's asked daily about the current status of EEStor, said his company is in regular contact with the energy storage developer and makes frequent visits down to EEStor's production facility in Cedar Park, an Austin suburb.

"To be very clear, this is not a lab that they are building. It is a full, state of the art production facility that is nearing completion, and we remain very pleased with their progress."

Zenn's own manufacturing plant is in St. Jerome, Quebec, and it's currently the only company building electric cars in Canada.

But Zenn sells most of its vehicles in the U.S., having only received regulatory approval for the sale of its low speed vehicles in Canada late last year (see [Zenn electric cars cleared for Canada](#)).

The highway speed vehicle, to be called the cityZenn, will have a top speed of 80 miles per hour and a range of 250 miles, according to Zenn. The company said the EESstor powered car will be rechargeable in less than 5 minutes.

Zenn did not disclose a price for the new car, but Clifford said it would be cost-competitive with combustion engine vehicles.

As for manufacturing the cityZenn, Brian Cott, Zenn's COO, said, "We are working to secure an established host platform from a shortlist of major OEMs."

The company currently uses a prefabricated host vehicle from France's Microcar for its low-speed vehicles.

Cott said the company's marketing team is looking at "key global markets" for the release of the highway speed car.

Zenn, which is making some big moves for a small company, could also be making some changes to how it's publicly traded.

Richard McGraw, Zenn's chairman, said the company plans to move to the main board of the Toronto Stock Exchange from the TSX's venture exchange in the "very near future."

The company could also show up on a listing further south.

"We have discussed a U.S. listing, and, under the right circumstances, we will pursue that," said McGraw.

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