

## Globe Drive

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Industry

### The end of Zenn

Canadian Zenn Motor Company will stop making Zenn LSV in 2010, focus on drive solutions product

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The next few months will prove decisive for Zenn Motor Company Inc., as it stops production of low-speed vehicles at its Quebec plant to concentrate on bringing a revolutionary energy storage technology to market.

The Toronto-based company said Monday its Zenn LSV 2010 model will be the final version of the electric car produced, as it turns its attention to the ZENNergy drive solutions product.

The company said the product will be powered by Texas-based EESstor Inc.'s electrical energy storage units, which capture electricity in a capacitor, a cylindrical electrical device.

EESstor, a privately held company, says it has created a ground-breaking alternative to traditional batteries that provides smaller, lighter, longer-lasting and less expensive energy storage.

In mid-September, Zenn said it was moving its focus to commercializing its drive solutions product as interest in electric vehicle technology grows in the automotive industry.

Many car makers, led by Toyota and Honda, are selling hybrid electric-gasoline powered vehicles in global markets, while restructuring General Motors has high hopes for its electric Volt car that should be in dealer showrooms late next year.

At Zenn, the company said its St-Jerome, Que. plant, which employs 11 people, will close in April.

“We are now firmly evolving from a manufacturer vehicle to a Tier 1 supplier,” Zenn spokeswoman Catherine Scrimgeour said Monday.

Khurram Malik, an analyst at Jacob Securities who covers clean technology, said this is the first time in a century that a game-changing storage technology could come to market fairly soon.

Malik said there have not been any major developments in energy storage in the past century, adding investors will know in the next few months whether the new technology works or not.

“It's revolutionary in the point that no one's got anything even close, he said. ”It's not like they're slightly better, the promised numbers that they're claiming are just beyond belief to the point where a lot of people don't believe they can actually do it.“

Malik said the future of Zenn is hinged on the EEstor technology, which has been successfully manufactured in labs, but has not been tested in large-scale commercial production.

“It's one of the situations that sound too good to be true, so you really need to see them actually deliver because how often have we been promised the next magic black box and when has it actually delivered? Almost never,” Malik said.

He said analysts are waiting for the company to deliver a unit off the production line in the next few months, and there will be a lot of volatility in the stock in the meantime.

The current Zenn vehicle — Zero Emission No Noise — is intended for urban commuters and applications such as resorts, gated communities, airports and campuses. It has been produced since 2006.

Earlier this year, Zenn was excluded from an Ontario electric car rebate program, which offers up to \$10,000 when buying plug-in hybrid and battery electric vehicles, because its cars have not been deemed safe for highway use.

The little three-door hatchback can attain 40 kilometres an hour, with a range of up to 80 kilometres.

Scrimgeour said the move had nothing to do with the Ontario government's decision, but results from changes in the marketplace.

“When we first went to the market as a manufacturer, there were very few electric vehicle manufacturers. Now most (original equipment manufacturers) have an electric vehicle program,” she said.

“We see our role as an organization being most effective as a Tier one supplier to those OEMS, rather than competing with them directly.”

Zenn said it will continue to fulfil service requirements for the vehicles already sold.

“We are now confidently turning the page in the evolution of Zenn Motor Company from a manufacturer of LSVs into a Tier 1 supplier to automotive and specialty vehicle companies,” said Ian Clifford, Zenn's chief executive officer.

“Recognizing the significant emphasis government, industry and consumers are placing on the electrification of transportation, we believe that our ZENNergy strategy is extremely well-positioned.”

Zenn's shares closed up nearly three per cent or 12 cents to \$4.42 apiece after Monday trading on the TSX Venture Exchange.