



**The House of Commons Standing Committee on Environment and Sustainable
Development**

Zero Emission Vehicles

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Witness:

Canadian Vehicle Manufacturers' Association

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Madam Chair, committee members, thank you for the invitation to take part in your consultations on Zero Emission Vehicles (ZEV).

The Canadian Vehicle Manufacturers' Association (CVMA) is the industry association representing Canada's leading manufacturers of light and heavy-duty motor vehicles. The CVMA's membership includes Fiat Chrysler Automobiles (FCA) Canada Inc.; Ford Motor Company of Canada, Limited; and General Motors of Canada Company. CVMA members are responsible for the majority of vehicles manufactured in Canada, directly employing over 22,000 Canadians in well-paying, high-skilled jobs.

I would like to make three key points today about zero emission vehicles and the measures that could be taken to incentivize the production and purchase of ZEVs.

1) Ford, FCA and GM are committed to electrification

CVMA members are investing billions of dollars in electrification and are committed to helping the government achieve its ZEV adoption and climate objectives.

FCA is investing over €9 billion in the design, development and production of electrified vehicles. Here in Canada FCA recently committed CAD \$1.58 billion with the Windsor plant being retooled to produce electric vehicles.

Ford is investing more than USD \$11.5 billion in electric vehicles through 2022. Earlier this month Ford committed CAD \$1.8 billion in new investments in Canada to build new battery electric vehicles at the Oakville Assembly Complex.

Between 2020 to 2025 General Motors is allocating more than USD \$20 billion of capital and engineering resources to electric and autonomous vehicle programs. GM is well on its way to an all-electric future with a commitment to 20 new electric vehicles by 2023 and plans for additional models beyond that.

2) Vehicle manufactures are responding to ZEV demand

Some have suggested ZEV supply is the reason uptake has not been higher. The evidence shows otherwise. ZEV sales have grown rapidly year-over-year from 2015 to 2019 at an average rate of 72% (see exhibit 1).

Manufacturers are meeting demand to enable this rapid sales growth. With dozens of new models coming to market in the next couple of years, consumers will have access to an even broader range of electric vehicles.

3) ZEV adoption requires a holistic approach

The most effective way to increase ZEV adoption is to bring the cost down for Canadians through consumer incentive programs. 96% of all plug-in vehicle sales in Canada have occurred in three provinces where consumer incentives are or were in place (see exhibit 2). Price parity with ICE vehicles is not expected until later in the decade, incentives are a powerful tool to accelerate the transition.

In addition to consumer incentives, there are two other important levers to boost adoption – charging infrastructure and education. Canada is making remarkable progress on charging infrastructure and we applaud the investments made by government. However, more is required to address consumer concerns with convenience and range anxiety. Education is another driver of ZEV adoption. Consumer concerns persist around range capabilities, charging times, safety and the total cost of ownership that need to be addressed.

Before I conclude, I would like to make one final point about the transportation sector's role in helping Canada achieve its climate objectives.

Light-duty vehicle emissions in Canada are responsible for 12% of total GHG emissions. Thanks to constant innovations from automakers, Canada's **new** light duty vehicle emissions have declined by 26% since 2005 and are on track to achieve the 30% Paris Agreement target (see exhibit 3).

While ZEV adoption is clearly an important tool in Canada's efforts to meet its climate reduction goals, it won't be sufficient on its own. Other efforts should be considered to lower overall fleet emissions. Fully 35% (approximately 10 million vehicles) of light-duty vehicles on the road are 12 years old or older, contributing many times more GHGs than new vehicles.

New vehicles represent 6-7% of vehicles on the road each year, and of that only 3.2% of new vehicles purchases are of ZEVs (0.2% of the total fleet). Increasing the proportion of ZEVs in new vehicle purchases alone will not have a significant impact on **total** fleet.

This is why we recommend a more comprehensive approach to emissions reductions that includes things such as a scrappage program. A vehicle scrappage program would help to get older vehicles off the road and reduce overall emissions from the 35% of the fleet of higher polluting vehicles rather than only focusing on the 7% portion of the fleet that represent new low GHG emitting vehicles.

I look forward to your questions. Thank you.