



Written submission for the pre-budget consultations in advance of the upcoming federal budget

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Recommendations

- 1) That the government accelerate the electrification of Canada's fleets and parking lots through the purchase and installation of 3,000 charging stations to support increased purchase of electric vehicles (EV) by government and its employees.
- 2) That the government increase the ambition of NRCan's ZEVIP and EVAFIDI programs to support the expanded deployment of critical EV charging infrastructure.
- 3) Support residential energy efficiency through the creation of a financial support program for residential charging.

Introduction and Overview

AddÉnergie and FLO are pleased to submit recommendations to the House of Commons Standing Committee on Finance's 2021 pre-budget consultations and would also welcome the opportunity to appear before the Committee this fall.

Founded in 2009 in Québec, AddÉnergie is a North American leader in EV charging solutions. Our company showcases Québec and Canada's expertise in this sector, particularly in Canada and the United States, where AddÉnergie's fully owned subsidiary, the FLO EV charging network, deploys charging stations. Our corporate family has grown to 185 direct jobs. Our charging stations and network solutions are manufactured and designed in Canada and approximately 85 per cent of our expenses are paid to Canadian suppliers, including sourcing high quality Canadian aluminum for our industry-leading charging stations. Once installation costs are included, approximately 90 per cent of the complete investment in our charging stations goes to Canadian employees and suppliers.

The entire value chain of transportation electrification has been impacted by the economic slowdown due to the COVID-19 crisis, no different from many other sectors of Canada's economy. Our company and our sector were experiencing strong momentum prior to the pandemic. In the third quarter of 2019, EV and charging station sales were strong, but sales in our industry are likely to have dropped significantly as private companies have moved to preserve liquidity in light of a first, and in anticipation of a second COVID-19 wave. In the coming months, AddÉnergie will be focused on helping advance Canadian transportation electrification and preserving and, ideally, growing jobs and capacity for growth and Canadian innovation, while navigating a possible second COVID-19 outbreak and its impact on private sector demand for charging stations in our key North American markets.

The work of expanding innovation on transportation electrification and ensuring we have Canadian leaders in this space is all the more critical in light of the possible impacts on transportation from COVID-19. To be sure, the virus has caused many Canadians to rethink how they commute, and many plan to work from home more often, and, hopefully, make better use of active transportation options. Others, however, are looking to move further away from cities, avoiding public transportation and increasing their use of personal vehicles at the expense of transit. Finding alternatives to light duty vehicles is particularly challenging for rural Canadians, or Canadian's under-served by higher order public transit, which can take many years to build. While the net effect of these significant changes cannot yet be known with certainty, it is safe to say that advancing the decarbonization of personal automobiles remains a critical Canadian environmental priority.

Recommendations in detail

- 1) That the government accelerate the electrification of Canada's fleets and parking lots through the purchase and installation of 3,000 charging stations to support increased purchase of electric vehicles by government and its employees:**

The Government of Canada can be a catalyst in the electrification of transportation, leading by example in electrifying its significant fleets and parking lots. Canada has already set targets for greening its fleets and investing in low-carbon real property, via its *Greening Government Strategy* (the Strategy), and now is the right time to invest and take ambitious action. The Strategy outlines

that, starting in the 2019-20 fiscal year, 75 per cent of new light-duty unmodified administrative fleet vehicles should be zero-emission, a target that has not yet been attained. The Strategy also recognizes the importance of investing in government properties to achieve GHG reductions. Installing charging infrastructure at government parking lots should be implemented with the view of facilitating both goals, in addition to other important and complementary investments that can and should be made by government to support expanded use of public transit and active transportation by employees.

The purchase and installation of 3,000 Level 2 charging stations for government facilities would be an important step towards attaining greening government commitments and boosting local economies. This would be an investment of approximately \$40 million, including installation costs by local contractors and electricians. Along with the electrification of government fleets, this could result in potential benefits totalling \$187 million in the context of Canada's economic recovery. The phased purchase of light duty EVs to replace gas-powered vehicles should not result in additional overall cost to government. This is because the total cost of ownership for an EV is typically lower than equivalent fossil-fuel powered vehicles, when considering lifetime operational and maintenance costs. Expanding charging station deployment in government parking lots also helps government employees save money and reduce their own environmental impact, supporting employee engagement.

AddÉnergie stations are highly competitive internationally and part of standard buying programs in British Columbia, Quebec and Canada. Since our charging stations are manufactured at our Shawinigan plant and the entire network to which they are connected is developed at and managed from our facilities in Canada, the economic impact of such an investment by the government would be particularly concentrated domestically. At least 85 per cent of our operating expenditures are directed to Canadian suppliers and employees.

The proposal to purchase and install 3,000 charging stations would also have strong regional benefits across Canada, following the location of Canadian parking lots. The cost to purchase a level 2 charging station – which is appropriate for this proposal – is between approximately \$3,200 and \$4,500. The installation costs vary, but range between \$4,000 and \$10,000, depending on various constraints such as charger location. The installation costs are almost always carried out by local qualified electricians and contractors, meaning installation in government parking lots across Canada will create an equitable regional distribution of economic benefits.

2) That the government increase the ambition of NRCan's ZEVIP and EVAFIDI programs to support the expanded deployment of critical EV charging infrastructure.

Both Natural Resources Canada's (NRCan's) Zero Emission Vehicle Infrastructure Program (ZEVIP) and the EV and Alternative Fuel Infrastructure Deployment Initiative (EVAFIDI) have been very effective in accelerating the deployment of Canadian public charging infrastructure in many regions across Canada, deployment and visibility of which is critical to the adoption of EVs, because it helps Canadian's feel comfortable that they will be able to charge their EVs during longer drives, or when they can't charge at home. For the same reasons that expanding government deployment of charging stations can lead to important greenhouse gas emissions reductions and support Canada's clean technology industry and local economies, we believe that this budget presents an important opportunity to increase the ambition around charging station deployment in all regions and segments of Canada.

Because of their success to-date, we recommend expanding targets for the already very successful Zero Emission Vehicle Incentive Program (ZEVIP) and the Electric Vehicle and Alternative Fuel Infrastructure Deployment (EVAFID). The following specific targets should be set for each use case covered under these two programs for fiscal year 2021-2022 and for the following five years:

- Public fast charging stations (EVAFID/ZEVIP) above/beyond previous commitment: 1,500 (2021-2022), 5,000 (over five years);
- Light duty consumer vehicle charging (public workplace, multi-family): 10,000 (2021-2022), 30,000 (over five years); and
- Fleet vehicle charging (light/medium/heavy-duty): 750 (2021-2022), 5,000 (over five years).

NRCan may need to increase funding percentages or per charger caps until coverage is adequate in under-served areas of deployment, such as in the prairies and rural communities. A similar approach may be needed for specific use cases, such as transit or medium/heavy-duty or specific types of fleets. We also suggest allowing for up-front payment when using a delivery partner model to disburse funds under these two programs, which we understand may require Treasury Board approval, but which would support non-profit and community-based delivery of critical programs on a more targeted regional basis in some cases.

3) Support residential energy efficiency through the creation of a financial support program for residential charging:

Numerous factors could lead to a significant decline in new EV sales in Canada in 2020, due to the impact of the COVID-19 pandemic, including lower consumer demand, supply chain interruptions or lack of availability of certain makes or models.

Measures to help boost and stimulate the acquisition of new EVs will have a positive impact on several fronts, from supporting Canada's economic recovery, to accelerating the electrification of transportation and reducing greenhouse gas emissions.

While the introduction of a federal EV purchase incentive has encouraged growth in EV sales across the country, another important factor to increasing EV adoption is the presence of a strong charging infrastructure, including Level 2 charging at home.

Installing home charging infrastructure is an investment that goes beyond the lifespan of EVs purchased today. "Smart" networked charging stations (stations that are connected to the internet and allow remote control of the quantity and timing of charging) can lead to significantly more optimal charging behaviour, which can help avoid unnecessary stress on, and investment in the electrical grid, and, in jurisdictions with varying levels of carbon intensity of their electrical generation mix, can support lower-emission charging (by encouraging charging at times with cleaner generation).

A residential charging incentive program makes sense on its own (as deployed in BC and Quebec, for example), but could also be a useful integration as part of a broader energy efficiency incentive for Canadian homes, since EV charging supports and enables both fuel switching to clean electricity, and the more efficient use of energy, since EVs use energy more efficiently than most equivalent fossil-fueled vehicles.

Conclusion

AddÉnergie and FLO appreciate the opportunity to provide submissions during this consultation. We believe that COVID-19 has created some of the most challenging social and economic issues our country and business community have faced, but it has also created the conditions that will allow Canada to take a step back, and make strategic investments in a strong and sustainable recovery that will have environmental and economic benefits for years to come.

As we work together as a nation to address the challenges of COVID-19, we hope these and other recommendations provided as part of Canada's pre-budget consultation support you in making strategic decisions that address Canada's environmental objectives and the health of Canadians, while also advancing the development and expansion of Canada's vital clean technology economy. We look forward to doing our part as a leading Canadian clean technology company to advance these objectives together with government.

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