

Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

By:

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- **Recommendation 1:** That Canada solidify its commitment to vehicle electrification by legislating light-duty [zero-emissions vehicle \(ZEV\) sales targets](#) in a vehicle sales mandate like those in Quebec and British Columbia, and consider legislating targets for medium-and-heavy duty vehicles to support [Canada's Drive to Zero Pledge](#).
- **Recommendation 2:** That Canada continue the [iZEV program](#) for individuals and businesses, and expand the program to include incentives for pre-owned zero-emission vehicles.
- **Recommendation 3:** That Canada accelerate Measurement Canada's ongoing work to enable energy-based pricing (i.e. per kWh) for charging services through targeted investment.
- **Recommendation 4:** That Canada allow crown corporations to access existing infrastructure funding programs like Natural Resources Canada's [Zero Emission Vehicle Infrastructure Program \(ZEVIP\)](#).
- **Recommendation 5:** That Canada finalize and publish the Clean Fuel Standard (CFS) liquids regulations in 2022, which sends a strong long-term signal for investment in charging infrastructure and other activities that reduce barriers to passenger and fleet EV adoption.

A Resilient Recovery – putting Canadians back to work while meeting our climate commitments

COVID-19 has disrupted the way of life for all Canadians, and immediate support has, rightfully, been the federal government's priority. However, as efforts to manage the pandemic and its economic impact shift towards supporting the re-opening of the economy, Canada must ensure that recovery measures help Canada build back better.

Federal stimulus and recovery efforts can create jobs, encourage economic diversification and equity, spur cleantech innovation, cut both greenhouse gas pollution and illness-causing air pollution, and make Canada more resilient.

The electrification of transportation can play a critical part in this resilient recovery as transportation accounts for 25 per cent of Canada's total greenhouse gas emissions¹, and the pre-COVID clean energy sector was one of Canada's fastest-growing sectors.²

Each recommendation below will help Canada build a resilient economic recovery by reducing emissions, driving investment and assisting Canadians to return to work and the road in a cleaner, more resilient way.

Recommendation 1: Legislate ZEV sales targets into sales mandates

In 2019, the federal government set a target that by 2025, 10 per cent of new light-duty vehicles sold in Canada would be ZEVs, 30 per cent by 2030, and 100 per cent by 2040.³ This electrification target is important but does not include the legislative requirements to bolster EV sales in Canada and make EVs more available to Canadians. Consumers looking to make the switch to an EV are constrained by product availability, with some consumers being placed on waiting lists that can be over a year long. In some cases, consumers are making alternative non-EV purchases out of necessity due to wait times.⁴

Despite this barrier, consumer interest is strong, with year over year sales growth of over 60 per cent.⁵ In terms of EV market share, British Columbia and Quebec are leading the way⁶, with 9 per cent and 5.5 per cent of EV sales being electric in 2019, respectively.^{7,8} Both provinces have incentives, infrastructure policy and have legislated targets for EV sales. These factors will make it significantly easier for consumers to purchase an EV in BC and Quebec, which modelling shows will increase the total number of EVs sold over time.⁹

¹ Government of Canada, "Greenhouse gas sources and sinks: executive summary 2020". <https://www.canada.ca/en/environment-climate-change/services/climate-change/greenhouse-gas-emissions/sources-sinks-executive-summary-2020.html#toc5>.

² Clean Energy Canada, "Missing the Bigger Picture: Tracking the Energy Revolution 2019," May 2019, cleanenergycanada.org/report/missing-the-bigger-picture.

³ Clean Energy Canada, "Canada targets 100% zero-emission vehicle sales by 2040," January 2019, cleanenergycanada.org/canada-targets-100-zero-emission-vehicle-sales-by-2040.

⁴ Ecology Action Centre, "Electric Vehicle Adoption in Nova Scotia 2020-2030", June 2020, ecologyaction.ca/sites/default/files/imagesdocuments/EAC%20EV%20Adoption%20Study%20%20Final%20%28Embargo%29%20%281%29.pdf.

⁵ Statistics Canada, "New motor vehicle registrations, 2019", July 2, 2020, www150.statcan.gc.ca/n1/daily-quotidien/200724/dq200724b-eng.htm.

⁶ Electric Mobility Canada, "Electric Vehicle Sales in Canada – Q3 2019," November 2019, https://emc-mec.ca/wp-content/uploads/EMC-Sales-Report-2019-Q3_EN_v2.pdf.

⁷ Source for overall sales growth and Quebec EV market share: Statistics Canada, "New motor vehicle registrations, 2019."

⁸ Source for British Columbia EV market share: BC Government Media Release, *Province puts in place rules for 100% electric-vehicle sales by 2040*, <https://news.gov.bc.ca/releases/2020EMPR0031-001416>.

⁹ Axsen, J., and M. Wolinetz (2018). Reaching 30% plug-in vehicle sales by 2030: Modeling incentive and sales mandate strategies in Canada, Transportation Research Part D: Transport and Environment, 65, 596-617.

A national mandate that considers regional differences and incentives would increase the availability of, and access to, EVs for consumers across Canada.

In addition to light-duty vehicle sales targets, Canada has also signed onto the Drive to Zero Pledge “committing to eliminate barriers and implement mechanisms that accelerate the viability and growth of zero emission technology”¹⁰ for commercial vehicles. The supply and availability of commercial vehicles is even more constrained than passenger vehicles at present. Although forecasts for new vehicle models are promising¹¹, ensuring access to these vehicles for Canadian businesses will require an ambitious policy signal, like a sales mandate for commercial vehicles in Canada. Canada would not be alone. California recently implemented sales mandates for commercial trucks, and 15 other states have signed a memorandum of understanding to work towards 100 per cent ZEV sales by 2050 and 30 per cent by 2030.¹²

Recommendation 2: Continue and expand the iZEV program to include used EVs

In Budget 2018, the federal government created the iZEV rebate program to reduce the upfront costs of new ZEVs, making them more affordable for consumers and businesses. The iZEV program addresses one critical barrier to EV adoption, vehicle purchase price. Since the launch of the program, EV sales have increased dramatically across the country, with over 33,000 Canadians taking advantage of the rebate.¹³ This program has allowed more Canadians to reduce their emissions while also lowering their fuelling costs. As of January 2020, over a third of the \$300 million program had been allocated, and funds are anticipated to be nearly exhausted by the end of the year.¹⁴ Recapitalizing the iZEV program in 2021 for five years (2021-2026) will continue the program's positive impact and provide market certainty.

The iZEV program's success can be leveraged to help lower-income Canadians purchase used ZEVs. New vehicle buyers and used vehicle buyers are typically separate consumer groups. A dedicated incentive for both will ensure that the GHG benefits of ZEVs and access to these vehicles reach the broader vehicle buying market in Canada.

Incentives for ZEVs will also play a role in Canada's economic recovery via employment and revenue for new and used vehicle dealers. Statistics Canada's jobs multipliers indicate that 13.975 direct, indirect and induced jobs are linked to every \$1 million of output at dealerships.¹⁵

Recommendation 3: Accelerate Measurement Canada's ongoing work to support energy-based pricing for EV charging services

Measurement Canada is currently developing standards for meters in charging stations that will give electric vehicle charging station owners/operators the ability to charge energy-based

¹⁰ Brenna Owen, “Canada's National Observer: Canada Becomes the First Country to Sign Pledge for Zero Emission Commercial Vehicles,” Drive to Zero, May 2019, globaldrivetozero.org/2019/06/11/canadas-national-observer-canada-becomes-first-country-to-sign-pledge-for-zero-emission-commercial-vehicles.

¹¹ Calstart, “zero-emission trucks, buses, off-road equipment on track for 78% rise in models in 2020, doubling by 2023,” June 2020, calstart.org/green-car-congress-zero-emission-trucks-buses-off-road-equipment-on-track-for-78-rise-in-models-in-2020-doubling-by-2023.

¹² Stephen Edelstein, “California mandate: Commercial trucks go electric starting in 2040, all-EV by 2045,” Green Car Reports, June 2020, shorturl.at/lrEMY.

¹³ The Canadian Press, “Federal electric-car rebate uses nearly half its 3-year budget in 8 months,” January 2020, <https://www.cbc.ca/news/canada/british-columbia/electric-car-rebate-canada-half-its-3-year-budget-in-8-months-1.5443129>.

¹⁴ Ibid.

¹⁵ Statistics Canada, “Table 36-10-0013-01 Input-output multipliers, summary level, Motor vehicle and parts dealers [BS441000],” <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610001301>.

(per kWh) fees for charging services. These standards will enable owner/operators to bill EV drivers for the energy they use to power their vehicles.

Currently, owners of charging stations must sell charging services (i.e. electricity for charging an EV's battery) by time or session. This system is inequitable, as different EVs draw different amounts of electricity over the same period. For example, the driver of a Chevrolet Volt is billed the same amount as the driver of an Audi e-tron, although the Audi draws 1.7 times more electricity during a 30-minute charging session.

Funding should be allocated to enable energy-based pricing for charging services on [Level 2](#) and [Direct Current Fast Charging \(DCFC\)](#) stations – where there is the greatest need for more equitable pricing for drivers – in both the near-and-long-term. With a pathway to support near-term consumer access to equitable energy-based pricing, and the development of metrology standards for Level 2 and DCFC stations, today's EV drivers will have access to more equitable pricing and charging station owners will be able to more accurately pass on costs to consumers.

Recommendation 4: Allow crown corporations to access existing zero-emissions infrastructure funding programs

Natural Resources Canada (NRCan) delivers funding programs dedicated to expanding access to charging where Canadians work, live and play. The [ZEVIP](#) provides companies, municipalities, provinces, utilities, provincial crown corporations, Indigenous organizations and other entities with funding towards the deployment of EV charging stations. However, federal crown corporations are not eligible for this funding despite having large fleets and real estate, ambitious climate goals, and shovel-ready transportation electrification projects that can have a significant impact.

For example, Canada Post operates a large fleet of vehicles across Canada. In 2018, this fleet was responsible for 66.1 kilotonnes of CO₂ equivalents.¹⁶ Its fleet emissions alone are larger than the combined total emissions of Parks Canada (38 KTCO₂e) and Fisheries and Oceans Canada (29 KTCO₂e).¹⁷ Canada Post is gradually greening its fleet through the adoption of alternative fuel vehicles like ZEVs¹⁸, but the transition to a greener fleet could be accelerated by offsetting the cost of deploying the charging equipment.

The electrification of crown corporation fleets could significantly reduce overall emissions and reduce fleet operational costs. It is widely understood that a perceived lack of reliable charging infrastructure can be a major barrier to the adoption of EVs for fleets. Supporting access to stations via funding will help fleets accelerate the transition to electric.

Given that [ZEVIP](#) currently covers a portion of the cost to deploy charging stations for private companies and other orders of government, crown corporations should also be granted access to this funding as they will accelerate the electric transition for some of Canada's largest fleets.

¹⁶ Canada Post, "2018 Corporate Responsibility Report," 2019, www.canadapost.ca/cpc/assets/cpc/pdf/aboutus/2018_csreport_en.pdf.

¹⁷ Treasury Board Secretariat, "Trends in greenhouse gas emissions by federal organization," March 2020, www.canada.ca/en/environment-climate-change/services/environmental-indicators/greenhouse-gas-emissions.

¹⁸ "Corporate Responsibility Report," *Canada Post*.

Recommendation 5: Finalize and publish the Clean Fuel Standard liquid fuels regulations in 2022

Environment and Climate Change Canada (ECCC) is currently developing the [Clean Fuel Standard](#) (CFS). The CFS has the potential to reduce Canada's emissions significantly while driving investment in clean fuels. Some estimates place the new clean fuel economic activity at up to \$5.6 billion a year by 2030 for the construction, operation, and supply of new facilities.¹⁹ For transportation electrification, the CFS will stimulate needed investment in charging infrastructure and other activities that reduce barriers to passenger and fleet EV adoption.

Canada should seek to finalize the CFS liquids regulation in 2022 to ensure that the investment signal for clean fuels like electricity is long-term and strong.

¹⁹ Clean Energy Canada, "What a Clean Fuel Standard Can do for Canada," 2018, cleanenergycanada.org/report/clean-fuel-standard-report.