



THE ZEV PETITION IN QUÉBEC – THE POSITION OF ELECTRIC MOBILITY CANADA

March 3, 2014

Background – Québec's EV Leadership

Electric Mobility Canada (EMC) is Canada's national membership-based not-for-profit organization dedicated exclusively to the promotion of electric mobility including plug-in hybrid (PHEVs) and battery electric vehicles (BEVs) both referred to as EVs in this note.

We have been working with leading electric vehicle stakeholders in every province and with all levels of governments for almost 10 years now to accelerate the adoption of EVs and without a doubt Québec remains one of Canada's leading jurisdictions for EVs.

The EV policies that Québec has adopted are world-class in their design to promote the adoption of EVs that has led to the highest sales of EVs in 2013 of any province. In fact, one issue we are aware of is that some EV buyers faced difficulties and frustrations when trying to purchase EVs in recent months as the levels of EV stock at their local dealerships had already been sold and delivered to customers. The good news is that EV sales are on the rise in Québec and there is a need for more EV inventory.

Work Underway to Increase EV Inventory in Québec

Since late 2013, EMC has been collaborating with vehicle manufacturers (OEMs) and the Québec Government to address the issue of EV supply in Québec. This collaboration extended to the setup of meetings to explore the current situation and improvement options going forward.

In early February each OEM had a meeting with Québec Government EV officials and this provided an opportunity for the OEMs to review their individual EV sales plans in Québec. All those who participated felt the meetings were very useful and that there was a willingness on the part of OEMs to contribute to improving the situation.

One fundamental message discussed in the meetings is that EV inventory is purchased by individual dealers to support their local markets. In some markets, dealers were pleasantly surprised to see higher sales rate of EVs than they had planned but this left them without EV inventory. This is not uncommon with the launch of any new product. OEMs communicated that they are committed to work with dealers to increase the inventory levels of EVs to address the level of consumer acceptance.

Flowing from these initial meetings, further meetings will take place involving the Québec Government and the industry associations representing the OEMs. These meetings will also involve the Québec-based association of vehicle dealers - La Corporation des concessionnaires d'automobiles du Québec - who can play a very important role in addressing the improvements needed. EMC is pleased to have been invited to participate in these meetings and to provide comments, such as this note, on the identification of needed improvements as well as the development and application of solutions designed to increase the adoption of EVs.

The ZEV Petition In Québec

We are also well aware of the petition urging the Québec Government to adopt a Zero Emission Vehicle (ZEV) regulation as a means to accelerate the adoption of EVs. EMC also supports the view of the petitioners that there are actions that can be taken to improve the supply of EVs but we do not support the need for a California-style regulation at this time for the following reasons:



- It is true that EV sales in California are brisk but the views are divided on why this is so. Most feel that the state financial incentives added to the federal incentives make it financially very attractive to EV buyers and that this is the main driver behind the EV sales. Others feel the ZEV regulation also has a positive impact on making more EV models available to potential buyers, which may also be a contributor to increasing sales.
- The decision to buy an EV is not only influenced by the EV models manufactured by OEMs but by their availability in the dealers' showroom and the training received by the dealers' staff.
- OEM's and dealers together can influence the training of salespeople and their discourse to potential EV buyers. Accelerating the sale of EVs therefore needs both groups to collaborate.
- Despite the existence of ZEV regulations in California, it is anticipated that in coming years, the sales of EVs in California may fall significantly short of those set out in the regulations. The reason for this is that ZEV regulations by themselves are considered insufficient to create the appropriate conditions required for consumers to purchase EVs.
- The experience of Norway, where financial incentives are part of a broader program of supportive measures, is a perfect example of the effectiveness of creating the conditions where the consumer perceives the EV as the best personal transportation solution. EMC is encouraged to see the Québec Government undertake a similar broad scope of policies to be a leader in creating pro-consumer EV policy conditions.
- Finally, EV inventory is owned by dealers in local markets. As the sales increase this will lead to more inventory being ordered to respond to increase consumer demand.

The Québec Government always has the option to introduce ZEV type regulations at a future time but for now, EMC believes that Québec has already chartered a course for success with the ***Transportation and Electrification Strategy 2013-2017***. This strategy lays out a robust and vibrant plan that has the goal to drive EV adoption rates through policies, incentives, fleet usage (including taxi fleets) and infrastructure that encourage EV sales and use, rather than adopting additional requirements on retailers, consumers and automakers in a specific ZEV mandate. One of the best policy actions that was recently announced was the extension of the current EV customer incentives for another three years that provides dealers a very positive signal and confidence to order more inventory.

EMC is committed to work in collaboration with Québec officials and the leading provincial stakeholders to accelerate EV adoption. Never before has there been as broad a range of EVs for consumers to choose from and never before has there been as much collaboration between automakers, government, environmentalists, utilities, and other EV stakeholders. It is for this reason, and the strength of Québec's EV strategy, that we strongly believe that the key to success lies in working to implement the current Québec EV strategies without the need for a ZEV mandate at this time.