



EMC member exclusive: Federal budget debrief

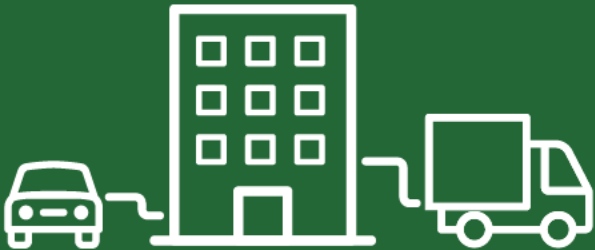
Budget 2024: Helping Canada get more EVs on the road

On Tuesday, April 16, I attended the Federal Budget Lockup on Parliament Hill.



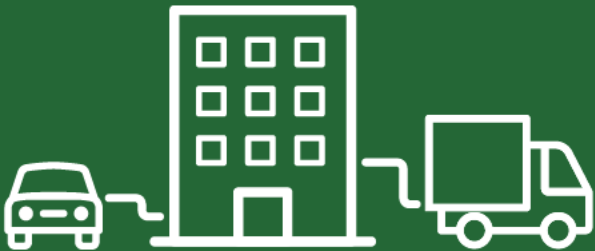
Budget highlights

- **New [iZEV](#) funding (p223):** Canada will be investing \$608 million over two years starting in 2024-2025, this new funding is welcome news for anyone who is interested in buying an EV.
- **New EV supply chain investment tax credit (p181):** A new 10% tax credit will be available to companies who invest in one of the following three EV supply chain segments: EV assembly, EV battery production, Cathode active material production
- **No new funding for the Zero Emission Transit Fund ([ZETF](#)):** While the above two announcements are good news for the Canadian EV industry and consumers, EMC is concerned by the fact that no new funding has been announced for electric transit buses and electric school buses through the ZETF program, which could have a significant negative impact on jobs and on GHG emissions reduction in Canada.
- **No new funding for MHD Trucks**
- **No announcement for the Zero Emission Vehicle Infrastructure Program ([ZEVIP](#)):** EMC members and partners are anxiously waiting for the updated version of the ZEVIP that has been on hold for almost a year. We need to accelerate the deployment of convenient and reliable EV charging infrastructure across Canada as EV adoption ramps in the coming years.



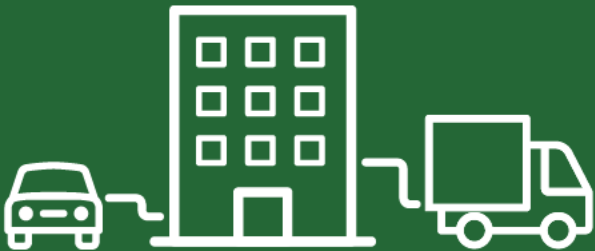
EV supply chain tax credit

- It represents **~\$1.1B investment over ten years**, with >90% of expected claims (costs-to-government) falling in the post-2029 period to 2035. However, the credit will be applicable “to property that is acquired and becomes available for use on or after January 1, 2024”, which means the GoC’s expectation is that there will be minimal development and implementation of projects anticipated until 2029 at the earliest.
- The tax credit will not be available to any taxable entity that isn’t also claiming the Clean Technology Manufacturing credit from Budget 2023 (so they are a pair: for buildings and equipment, respectively).



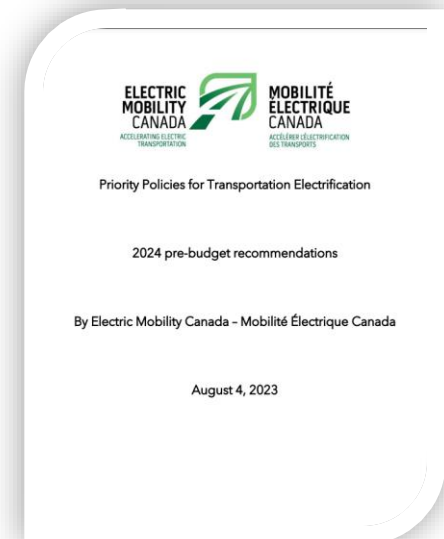
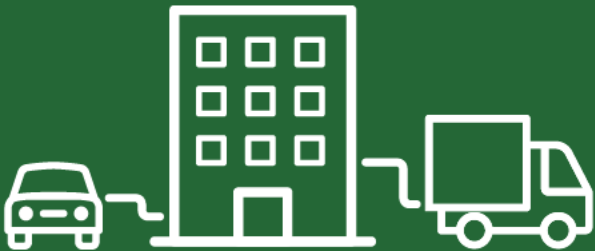
EV supply chain tax credit

- It will be set to phase out abruptly in 2033, decreasing by 50% in that year before expiring entirely in 2035. This is fiscally prudent – the government is setting a deadline – but it means project proponents need to move quickly to maximize the potential benefits. And it means government will increasingly expect the electric mobility industry to stand on its own into the 2030s (consider similar timeline of phase-out of credits for residential EV charging under the Clean Fuel Regulations).
- More information about the design of the credit is promised in the 2024 Fall Economic Statement.



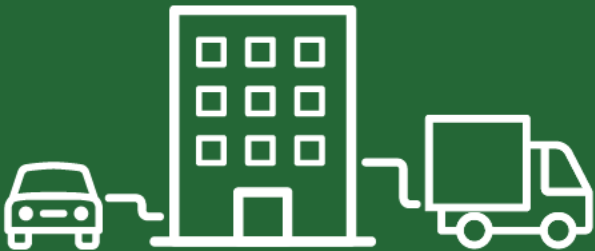
ZEVIP

- In our [pre-budget recommendations](#) provided to the GoC in August 2023, EMC recommended that a new ZEVIP funding stream for MHDV charging infrastructure be implemented (e.g. at hubs, depots, truck stops, etc.). This is a missed opportunity.



Canada-US Energy Transformation Task Force

- The CTM and EVSC investment tax credits are being partly governed by this forum between countries. The renewal is a sign of the importance of Canada's globally powerful ability to knit itself into the U.S. auto supply chain—but also a sign of the deep challenges we face, which could never have been resolved in a single year.
- It signifies the need for the Canadian electric mobility industry to build and support durable policy-making partnerships that cross international borders. But, it's an open question whether these mechanisms and such partnerships can endure the changes in political leadership that may come in 2024 and 2025, respectively, across the U.S. and Canada.





My Canada drives *electric.*

Questions?