



## **ELECTRIC MOBILITY CANADA Comments and Recommendations on British Columbia's Consultation on Amendments to Establish an "Affordability Program" within the ZEV Standard.**

May 2025

### **ABOUT EMC**

Electric Mobility Canada (EMC) is the unifying and authoritative voice for the transition to electric transportation across Canada. Founded in 2006, EMC is the national EV industry association that enables and accelerates the transition to sustainable electric mobility through advocacy, collaboration, education, and thought leadership. Our goal is creating a cleaner, healthier, and more prosperous future for all Canadians.

Here is a sample of some of our [190+ current members](#):

- **OEMs and industry:** ABB, BRP, Eaton, Electrify Canada, EY, FLO, Girardin, Hitachi, Hyundai, Lion Electric, Nissan, Nova Bus, Rivian, Peterbilt, Rizon trucks, Siemens, Tesla, Voltari
- **Utilities:** BC Hydro, New Brunswick Power, SaskPower, Nova Scotia Power, Manitoba Hydro, Enmax, Milton Hydro, Alectra, Toronto Hydro, PowerOn, Burlington Hydro, Hydro-Québec
- **Academic:** British Columbia Institute of Technology, Humber College, Mohawk College, RRC, Polytechnic, Simon Fraser University, Saskatchewan Polytechnic, Concordia University

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### **INTRODUCTION**

EMC supports the Government of British Columbia's objectives to reduce costs associated with buying ZEVs in BC. ZEV policy has two main levers: supply tools, such as ZEV supply standards, through which increasing supply lowers clearing prices; and demand-side measures, such as purchase incentives. Well-crafted ZEV supply standards provide *certainty of outcome*: a specified proportion of ZEVs relative to all vehicles on the road will be delivered in each jurisdiction.

Compliance ratios, accounting for compliance flexibilities, are always met.

Industry then uses this regulatory certainty for business planning and investment purposes. When governments weaken or eliminate their programs, the needed business certainty is fundamentally undermined and ZEV manufacturing investment and infrastructure deployment plans are delayed. This regulatory certainty is not just needed by vehicle suppliers, but also by the industry at large and ancillary jobs and companies that support ZEV deployment, such as in the charging industry and utilities.

EMC notes that BC has consistently exceeded its ZEV standard minimum targets, over several years. We assume that there is an excess of credits in the credit banks (which never expire) that will allow industry-wide compliance for several years into the future, when combined with existing compliance flexibilities. These flexibilities were built into the program when first established to address trade disruptions and economic downturns. As such,

immediate action to respond to claims about Canada's counter-tariffs (which generally don't apply to EVs in Canada anyway<sup>1</sup>) or economic impacts is premature.

## WITH REGARD TO THE PROPOSED CHANGES TO INITIATIVE AGREEMENTS

### **BC's proposed increase from 5% to 20% towards total compliance is problematic**

By increasing the percentage of credits that may be generated from agreements towards compliance, BC is reducing stringency by an additional 15% relatively. EMC is not supportive of this change.

This proposed increase in initiative agreement crediting would lower the effective compliance ratios (before accounting for banking or the "grace year" flexibility) to 21% in 2026, from a headline of 26%. In 2024, BC LDV ZEV sales hit 24%, so the new effective target would be below levels achieved two years prior. The effective 2030 compliance ratio would drop to 73%.

#### EMC's recommendations

- We recommend that Initiative Agreements provide a maximum contribution to compliance of 5%, to maintain ongoing supply growth in the EV market.
- We further recommend that this value decrease to 0% by 2030.

### **EMC does not support initiative agreements that reduce ZEV supply.**

EMC does not support initiative agreement pathways that reduce ZEV supply in BC. Where initiative agreements directly contribute to BC's ZEV supply, they may be appropriate. For example, the existing used vehicle import pathway brings additional ZEVs into the BC market that would not otherwise have been possible to credit through the ZEV supply standard which focuses only on new-vehicle sales.

#### EMC's recommendations

- Only advance initiative agreements that contribute to additional supply of ZEVs and which do not reduce program stringency through crediting demand actions.
- Any initiative agreements established should be equally accessible to all ZEV industry players regardless of their business model (i.e. an initiative agreement pathway should be equally accessible to Rivian as Toyota).
- BEVs cost more up front but are less costly to operate over time. Initiative agreements should reflect the fact that PHEVs have higher monthly maintenance costs than BEVs due to having two powertrains to maintain and conventional fuel.

A growing number of carmakers will offer new entry level EVs between 2025 and 2028, making them more affordable to consumers. Some of these models are already offered in other market where EV regulation is stringent. Loosening the regulation will in fact **delay** the arrival of such affordable models to British Columbia.

### **Reducing electric vehicle purchase price**

EMC supports restoring a one-time-only ZEV purchase incentive for ZEVs with an MSRP of **\$55,000** or less. The proposal to reward 0% financing could support more affordable ZEVs but should not be implemented in the manner contemplated. Instead, consider other mechanisms to encourage retailers to sell cars with 0% financing. Perhaps via a tax credit to the retailer or other means, outside of the ZEV Regulation.

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<sup>1</sup> See EMC study examining tariffs by ZEV vehicle model. The results show that most models and OEMs are unaffected by tariffs due to their point of origin or remission from tariffs due to Canadian manufacturing: <https://emc-mec.ca/news-post/electric-mobility-canada-finds-that-most-ev-models-offered-in-canada-are-not-subject-to-counter-tariffs/>

A point of purchase fee-bate system<sup>2</sup> such as the one adopted in 2007 by the federal Conservative government is also an option to consider. It provided:

- A rebate for the purchase of a greener car.
- Neutral treatment of a broad range of vehicles with average fuel **efficiency that are widely purchased by Canadians**.
- A fee for gas guzzlers.

This past federal fee-bate program was **revenue neutral** and had the advantage of not only helping the transition to less polluting cars but also acted as a deterrent towards the purchase of the most polluting ones.

## CONCLUSION

EMC supports the intent of the Affordability Program but not the implementation approach through the supply mandate. Increasing demand while reducing compliance obligations under the ZEV standard is likely to increase, rather than decrease, average ZEV purchases prices in BC.

EMC does not support increasing the total credits eligible to be earned through initiative Agreements as this will weaken program stringency and result in compliance levels in 2026 that were already achieved back in 2024.

Any new initiative agreement pathways should focus on increasing ZEV supply to the market and be equally accessible to all ZEV manufacturers regardless of business model.

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## CONTACT INFORMATION

Daniel Breton, President and CEO  
[Daniel.breton@emc-mec.ca](mailto:Daniel.breton@emc-mec.ca)

Electric Mobility Canada  
<https://emc-mec.ca/>

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<sup>2</sup> <https://www.budget.canada.ca/2007/plan/bpc3-eng.html>