ELECTRIC MOBILITY CANADA
ACCELERATING ELECTRIC TRANSPORTATION

MOBILITÉ ÉLECTRIQUE CANADA
ACCÉLÉRER L'ÉLECTRIFICATION DES TRANSPORTS

Electric Mobility Canada Priority recommendations – August 1st, 2025

1- **Maintain Canada's Electric Vehicle Availability Standard (EVAS) with the commitment to reassess the targets in 2030.**
But, *if* any changes are made, only amend section 30.12 (*ZEV sales targets*) and leave all other sections of the regulation as-is. **–** Link to background information

2- **Adopt a National EV Charging Infrastructure Strategy as a nation-building initiative to accelerate the deployment of home, public, and fleet charging; powering Canada's clean, competitive economy and creating quality jobs in communities across the country. –** Link to background information

Strengthening Canada's Grid as Critical Infrastructure for Clean Transportation

- Incentivize electricity regulators to authorize proactive grid upgrades in areas with strong potential for fleet electrification.
- Enable local utilities to raise capital for electrification by revising the federal departure tax threshold, as committed in Budget 2024.

Making Residential Charging a Foundation of the EV Transition

- Recapitalize and streamline ZEVIP to support EV-Charging retrofits: Invest $250 million over four years to make existing condos and apartments EV-ready[1], improving affordability by covering up to 50% of electrical upgrades, installation costs, and charging stations.
- Extend the residential credit generation pathway in the Clean Fuel Regulation under credit category 3 (CC3), which otherwise sunsets in 2035.
- Integrate EV-readiness into the Model National Building Code and support provincial adoption to ensure more affordable, long-term access to home charging.
- Provide targeted home charging incentives through energy efficiency programs to reduce installation costs for lower-income households and used EV buyers.

Scaling Public Charging Infrastructure as Critical Clean Transportation Asset

- Update and meet national EV charging deployment targets through sustained federal-private collaboration.
- Recapitalize and streamline ZEVIP to support a reliable public charging network, with a focus on underserved regions.
- Establish a funding stream to support both capital and operating costs of fast chargers in rural and remote areas and include funding for battery energy storage when grid capacity is insufficient to operate DCFCs.
- Consider offering additional credit pathways, such as those utilized in the California and Washington clean fuel standards, in the Clean Fuel Regulation under credit category 3 (CC3), to catalyze private investment in public fast charging in rural and remote areas.
- Implement policy and regulatory reforms to unlock private investment in fast charging infrastructure.

[1] "EV Ready" parking features an adjacent electrical outlet (e.g., a junction box or a receptacle), at which an EV charger can be installed in the future when needed.

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Building Critical Charging Infrastructure for Medium- and Heavy-Duty Fleets

- Establish a dedicated funding stream for fleet charging infrastructure across private and public MHDV fleets, including public, shared, and depot-based models.
- Fund early-stage fleet charging planning to overcome adoption barriers among fleet operators.
- Require managed charging in federally funded fleet charging projects to reduce grid impact and operating costs.
- Invest in publicly accessible MHDV charging hubs, including rest stop-based DCFC and megawatt (MW) charging infrastructure.

3- Reinstate and Modernize Federal Light-Duty ZEV Incentives – Link to background information

- **Reinstate federal purchase and lease incentives for new and used electric light-duty vehicles** (LDVs), including two-wheel and four-wheel EVs and adopt a predictable, gradually declining incentive to provide certainty to consumers and the auto industry: 2025: $5,000 | 2026: $4,000 | 2027: $3,000 | 2028: $2,000 | 2029: $1,000
- **Adopt a fee-bate system so the funding is financially neutral for government**
- **Reinstate the 100% first-year capital cost allowance (CCA) for ZEV LDVs** purchased or leased by businesses and self-employed workers.
- **Gradually phase out the CCA for new ICE LDVs** on a similar timeline, aligning tax policy with Canada's climate goals.
- **(Alternative proposal) Fund EV incentives from polluters through a strengthened OBPS update to the Federal minimum benchmark.** Industrial polluters should fund the transition cost for Canadians to EVs which will reduce pollution, support Canadian jobs, and improve Canada's air quality.

4- Strengthen and Expand Medium- and Heavy-Duty ZEV Incentives – Link to background information

- **Sustain and expand the iMHZEV program** for medium- and heavy-duty ZEVs, ensuring that funding, eligibility, and program timelines match the pace of industry transition.
- **Integrate infrastructure support into iMHZEV to streamline access**: Allow fleets to bundle vehicle and charging/refueling infrastructure funding in a single application to simplify uptake and accelerate deployment.
- **Introduce dedicated incentives for vehicle conversions**, enabling the electrification of existing internal combustion vehicles meeting minimum range requirements (e.g. delivery trucks, utility vehicles) where feasible.
- **Reinstate the 100% first-year Capital Cost Allowance (CCA)** for eligible medium- and heavy-duty ZEVs (new and conversions) to support business investment in cleaner transportation. Without renewal, this incentive will be fully phased out by 2026.

5- Work with Industry to Establish National MHD ZEV Sales Targets – Link to background information

- Collaborate with provinces, fleets, and manufacturers to establish realistic, phased-in sales targets for new medium- and heavy-duty zero-emission vehicles, including Class 7–8 trucks and school buses, that reflect market and technology readiness.
- Finalize "made-in-Canada" vehicle emission standards for medium- and heavy-duty vehicles, currently under development by Environment and Climate Change Canada (ECCC), to secure deep reductions in greenhouse gas and air pollutant emissions from MHDVs and reinforce domestic leadership in low-carbon transportation.

6- Maintain the Clean Fuel Regulations, including Category CC3 for electricity, to sustain private investment in public EV charging. – Link to background information

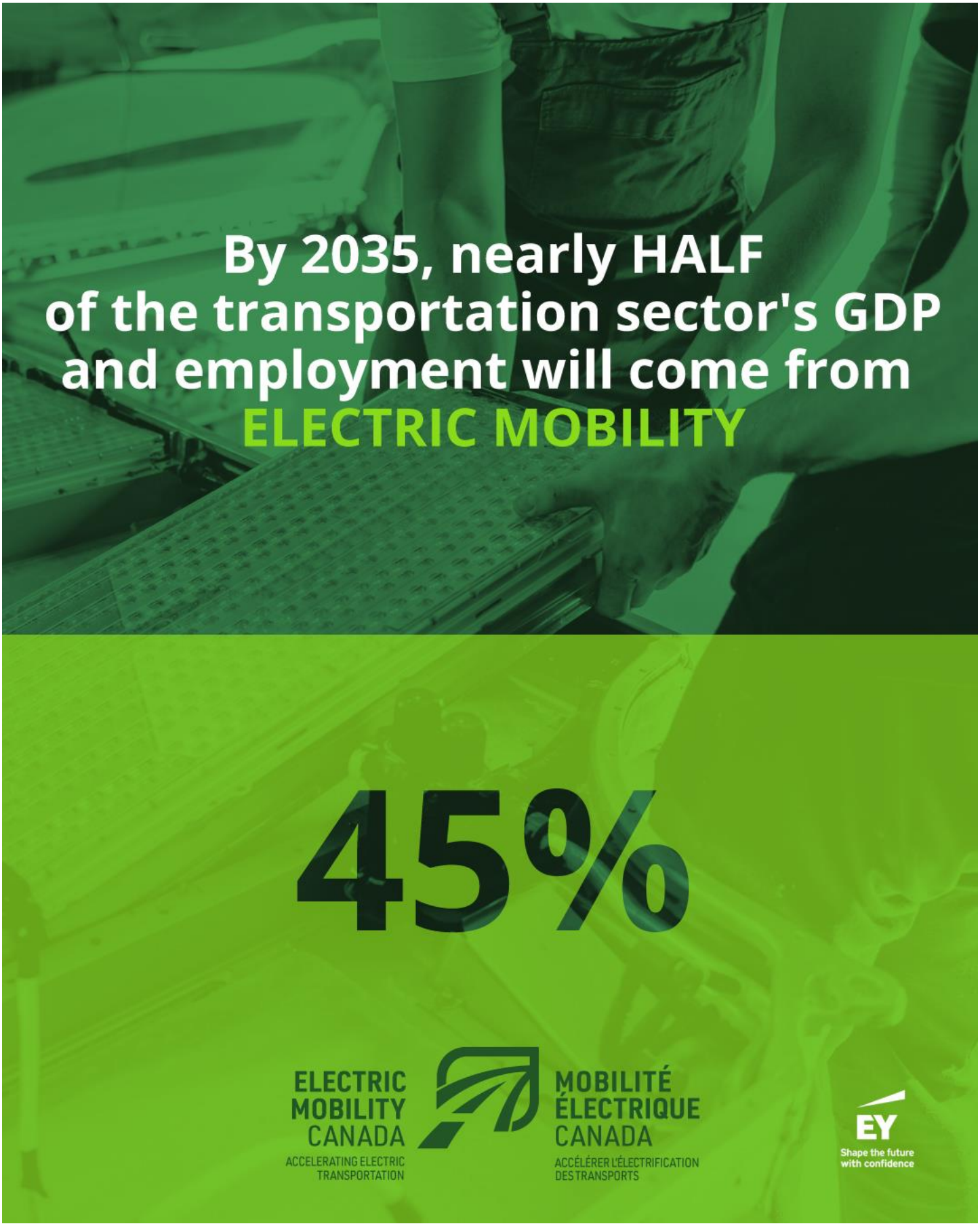
7- **Develop and implement a Canadian EV supply chain strategy** that supports innovation, economic development, and domestic value creation across the full value chain: from critical minerals, to manufacturing, to commercialization, to recycling and end-of-life battery management. – Link to background information

8- **Fund National EV Awareness and Workforce Training Programs to Support Consumer Readiness and Industry Capacity**. – Link to background information

9- **Ensure Trade Policies Support Canada's EV Industry and E-Mobility Growth –** Link to background information

- **Avoid Tariffs on Critical EV Infrastructure and Components:** Exclude tariffs on EV charging equipment, electrical components, and replacement parts that are essential for the growth of Canada's EV infrastructure. Ensure that CUSMA-compliant EV components remain tariff-free to avoid hindering infrastructure expansion.
- **Maintain Access to Affordable EVs through Trade Exemptions:** Exempt light, medium, and heavy-duty electric vehicles (EVs) from tariffs, especially for imports from countries with which Canada has free trade agreements (FTAs), ensuring that EVs remain affordable and accessible to Canadian consumers.
- **Include EV Sector in Trade Negotiations:** Advocate for the inclusion of Canada's growing EV industry in trade discussions, particularly with the United States and Mexico, to ensure that free trade agreements reflect the strategic importance of the EV sector.
- **Foster International Collaboration in the EV Space:** Develop strategic partnerships with international markets such as the European Union, South Korea, and Mexico to expand the Canadian EV industry's reach and promote the import of affordable CETA-compliant electric vehicles.
- **Prioritize Non-Relocatable Projects and Domestic Supply Chains:** Focus on projects tied to domestic resources and infrastructure that cannot be relocated outside of Canada, such as renewable energy, EV charging networks, and critical minerals (extraction, refining, and recycling). Strengthen the Canadian EV industry's position as a global leader in clean technologies.
- **Reduce Provincial Regulatory Barriers to Accelerate Clean Technology:** Work to eliminate regulatory obstacles between provinces, accelerating the implementation of clean technologies and enabling smoother interprovincial trade in EV and related sectors.
- **Support Export of Canadian EV Solutions:** Expand export support programs to help Canadian EV technology and service providers access international markets and grow global competitiveness.

Backgrounder content


By 2035, nearly HALF
of the transportation sector's GDP
and employment will come from
ELECTRIC MOBILITY
45%
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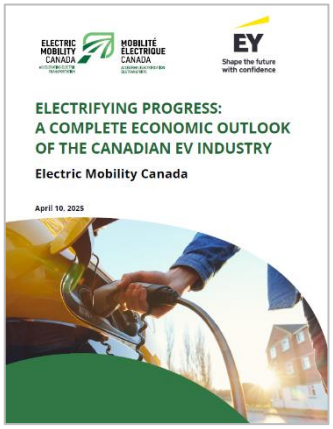
Introduction: The Economic Power of eMobility in Canada's Nation-Building Strategy



Canada stands on the brink of a transformative opportunity with the electrification of its mobility sector. eMobility, encompassing electric vehicles (EVs), charging infrastructure, and associated technologies, has emerged as a pivotal economic driver that will shape the country's future. According to the *Electrifying Progress: A Complete Economic Outlook of the Canadian EV Industry* report by Electric Mobility Canada (EMC)[2], this sector is not only key to Canada's environmental future but is also an engine for economic growth and job creation.

As global markets shift toward sustainability, Canada's eMobility transition represents a critical pathway for nation-building. The sector is positioned to redefine Canada's economic landscape, with extensive growth expected in GDP contributions and job creation.

Key Insights from EMC's eMobility Economic Forecast (Medium Scenario)

- **GDP Contributions:**
  - The share of eMobility in Canada's mobility sector is projected to increase dramatically, from **17% in 2026 to 61% by 2040**.
  - By 2040, **$171 billion in GDP** contributions will be attributed to eMobility, representing 61% of Canada's mobility sector.

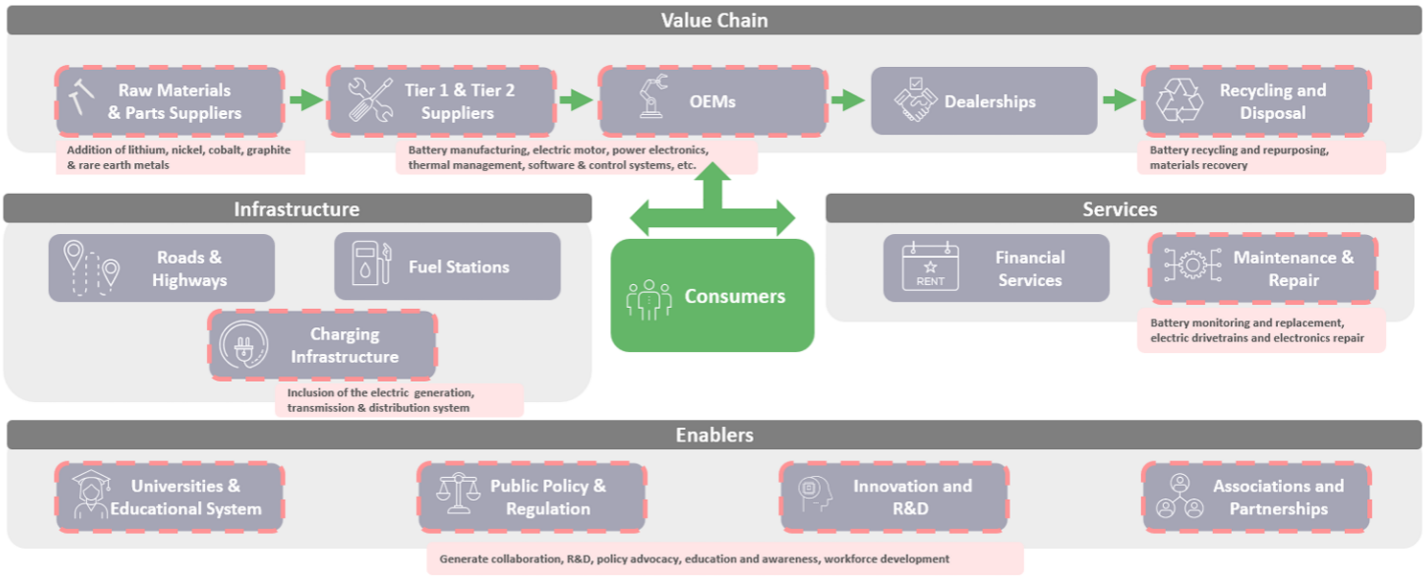
- **Employment Growth:**
  - Employment within eMobility is expected to grow from **16% of total mobility jobs in 2026 to 58% by 2040**. This represents a significant shift in workforce allocation, contributing to an estimated 1.34 million mobility jobs in Canada by 2040.
  - **Triple Growth**: In the medium scenario, eMobility's GDP and employment contributions will more than triple between 2026 and 2035, cementing its role as a key pillar of the Canadian economy.

eMobility's Broader Economic Impact

The electrification of Canada's mobility ecosystem will have a profound impact across various sectors:

Manufacturing Value Chain	Infrastructure Development	Services and Technology
eMobility will drive innovation in manufacturing processes, creating opportunities for Canada to become a global leader in electric vehicle production, battery manufacturing, and component supply chains. The Canadian automotive and tech sectors stand to gain from new production facilities, partnerships, and R&D initiatives.	With the growth of public and private charging networks, grid integration, and smart city technologies, Canada will require substantial infrastructure investments, leading to job creation and economic diversification. The development of EV charging stations, battery recycling facilities, and energy storage solutions will significantly contribute to Canada's green infrastructure goals.	The services surrounding eMobility, such as software development for charging networks, fleet management, and vehicle-to-grid (V2G) technologies, will expand rapidly. Canada can become a leader in clean technology services, advancing in areas such as AI integration for smarter EV systems and data-driven solutions for better energy management.

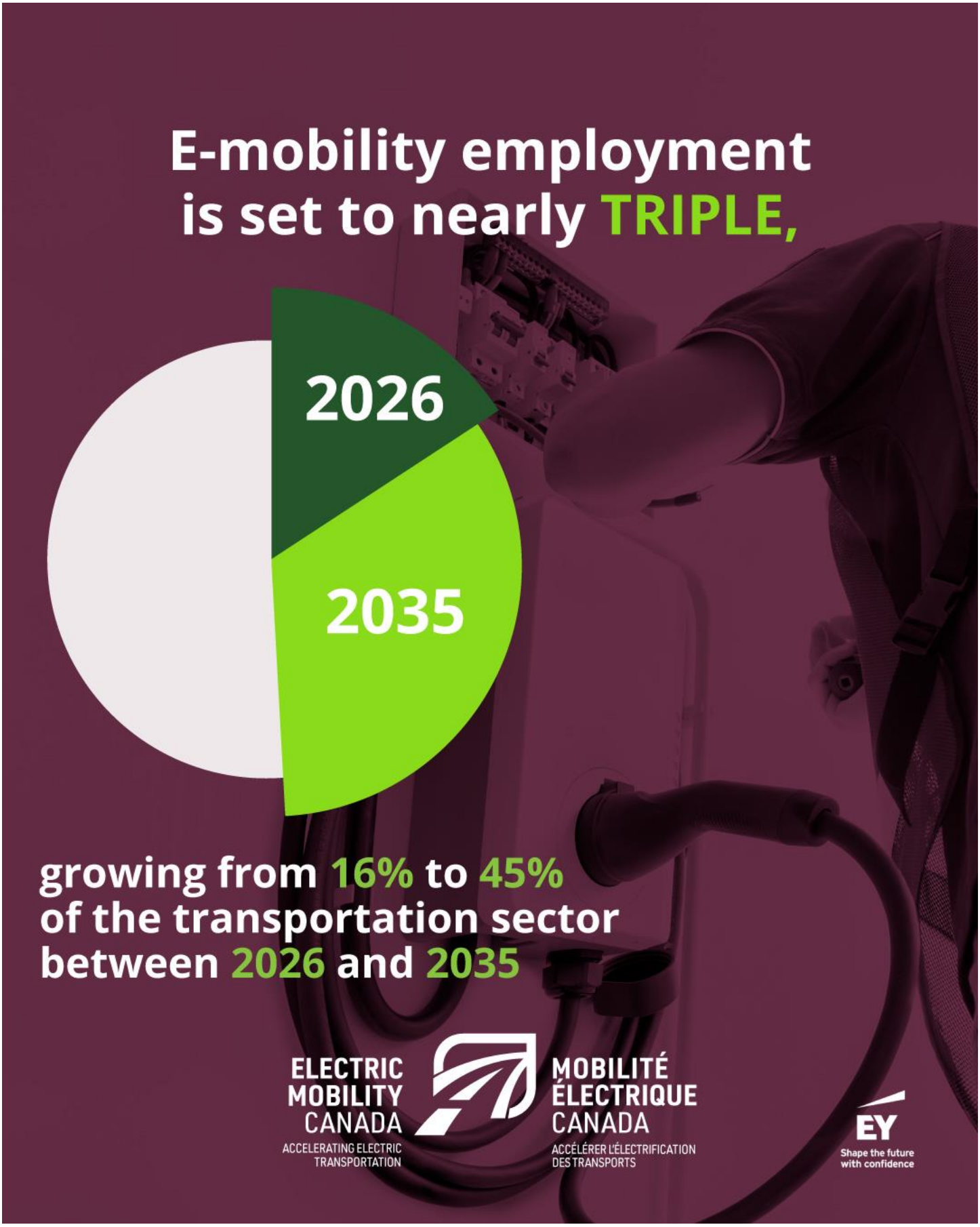
[2] https://emc-mec.ca/wp-content/uploads/2025/04/PUBLIC-OFFICIAL-April-10-2025-EMCs-Economic-Report_EN.pdf



Legend: Key changes due to EV transition → Manufacturing flow

A Nation-Building Opportunity

As Canada looks to solidify its position in a rapidly changing global economy, eMobility should be at the center of its nation-building strategy. By investing in the eMobility sector, Canada will ensure the creation of high-quality jobs, contribute to its economic diversification, and help solidify its role as a leader in clean technologies. In doing so, Canada will not only address its climate goals but also unlock significant economic opportunities, making eMobility a vital part of the country's long-term economic resilience.


E-mobility employment
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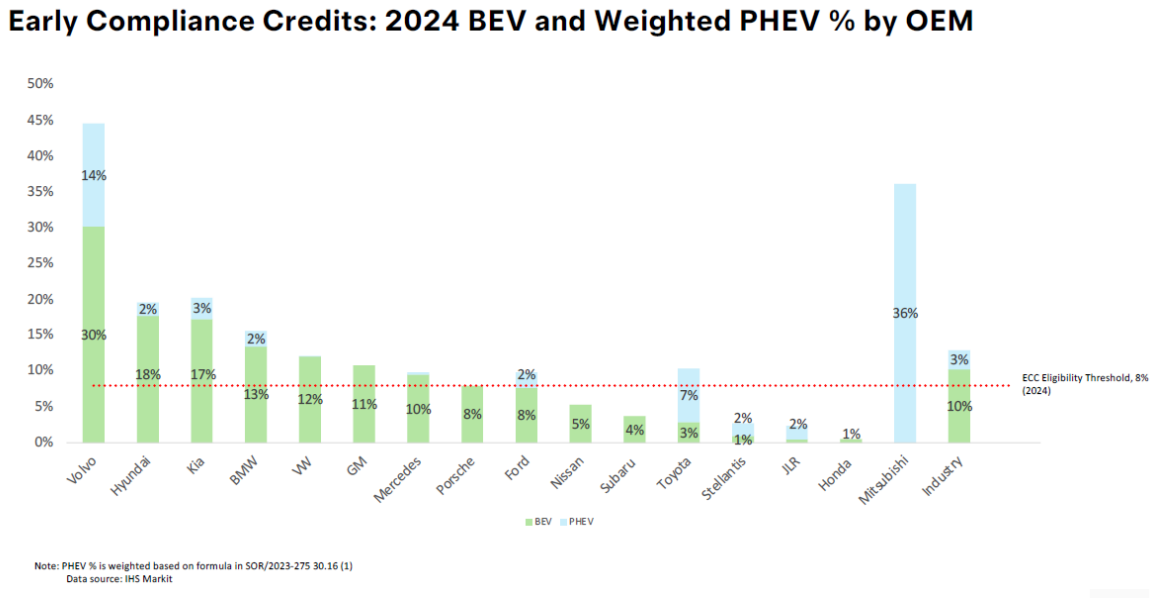
1. Maintain Canada's Electric Vehicle Availability Standard with a commitment to reassess targets in 2030

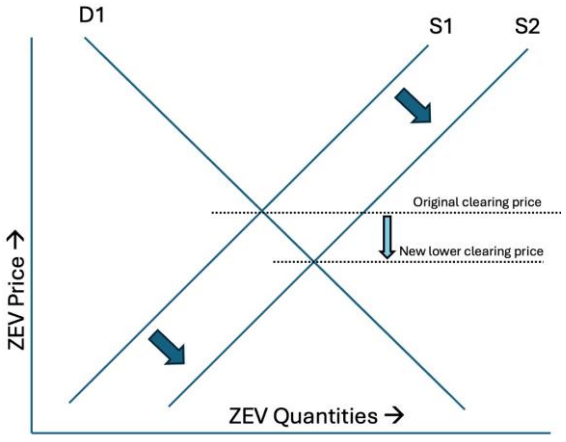
Maintaining EVAS, with a mid-point review by 2030, strikes a balanced approach: it provides policy certainty while allowing for adjustments considering technological, supply chain, or market developments. The US political situation should have changed by 2030 so there is no reason to get rid of the AVAS altogether, way past the current Trump administration lifespan.

- Maintain existing targets through to 2032 (83%) but commit to a reassessment in 2030.
- If any changes are made to the regulation, only amend section 30.12 (ZEV requirements) and leave all other sections of the regulation as-is:
- Do not lower the 2026 target of 20% - 2026 Model Year has already started. Changing it would be ***retroactive regulation.***

According to our calculations, legacy carmakers will have to reach **14% to 17% ZEV sales for 2026** instead of 20% because or early compliance credits that they already have accumulated.



- **Lower Prices:** The EVAS lowers ZEV purchase prices for consumers by requiring increasing vehicle supply each year.



The Economics of a ZEV Standard
In this basic example, demand for ZEVs (D1) is unchanging while OEMs are required, by the Availability Standard, to deliver more vehicles to the market. S1 represents the base level of ZEV supply in any given year. S2 is the required increase in supply directed on OEMs by the ZEV Availability Standard regulation. ZEV Standards move the supply curve to the right.

The result is lower market clearing prices for consumers:
ZEVs become more affordable relative to the status quo. ZEV quantities sold increase due to that lower price.

- **Investment predictability**: A stable and credible regulatory framework is key to unlocking long-term investment across the EV ecosystem, including electrical grid modernization, charging infrastructure, battery supply chains, dealer training, and aftermarket services. Infrastructure investors rely on credible forecasts of EV uptake, which EVAS helps provide.
    - Expanding compliance pathways to include hybrid electric vehicles (HEVs) would undermine the policy's core objective. HEVs are combustion vehicles without plug-in capability; they do not require charging and therefore have no impact on the business case for public or private charging infrastructure. Including them in the EVAS compliance pool risks inflating ZEV credit totals while undermining deployment signals for charging networks and related infrastructure.
- **Alignment with other jurisdictions**: Canada's EVAS follows the example of successful regulatory frameworks in Canada and globally, which have driven EV market development and product diversity. Diluting targets or compliance integrity would risk weakening Canada's competitiveness as a destination for EV supply and investment.
- **Global competitiveness and industrial strategy**: The EVAS must be understood not just as an environmental regulation, but as a foundational signal for Canada's industrial policy. Our battery manufacturing, critical mineral development, and EV supply chain investments depend on a stable and growing domestic market for zero-emission vehicles. Other major economies, including the EU, UK, South Korea, and Japan, already require increasing EV sales and are preparing carbon border adjustment mechanisms[3]. Without a clear and credible market signal like EVAS, Canada risks falling behind in the global race for clean technology manufacturing, while tying its fortunes to a U.S. market that may delay or reverse its transition.
- **Compliance costs already offset by government investments:** Federal and provincial governments have committed over $40 billion in programming to support the industry in Canada including for factory investments, charging and demand incentives.

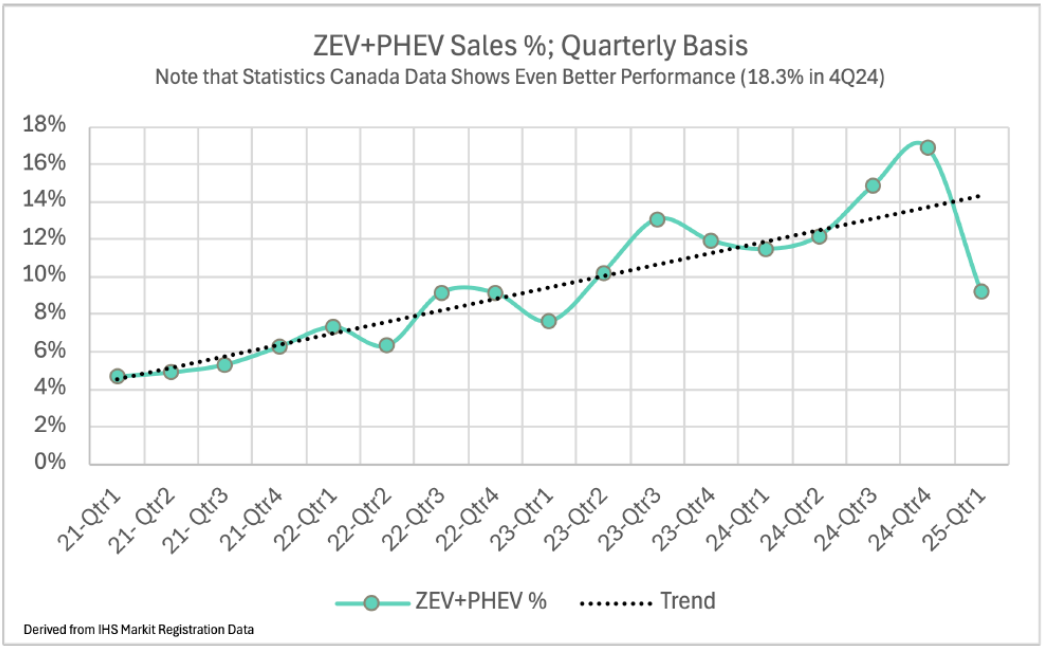
The EV Availability Standard is Achievable and already Designed with Flexibility in Mind

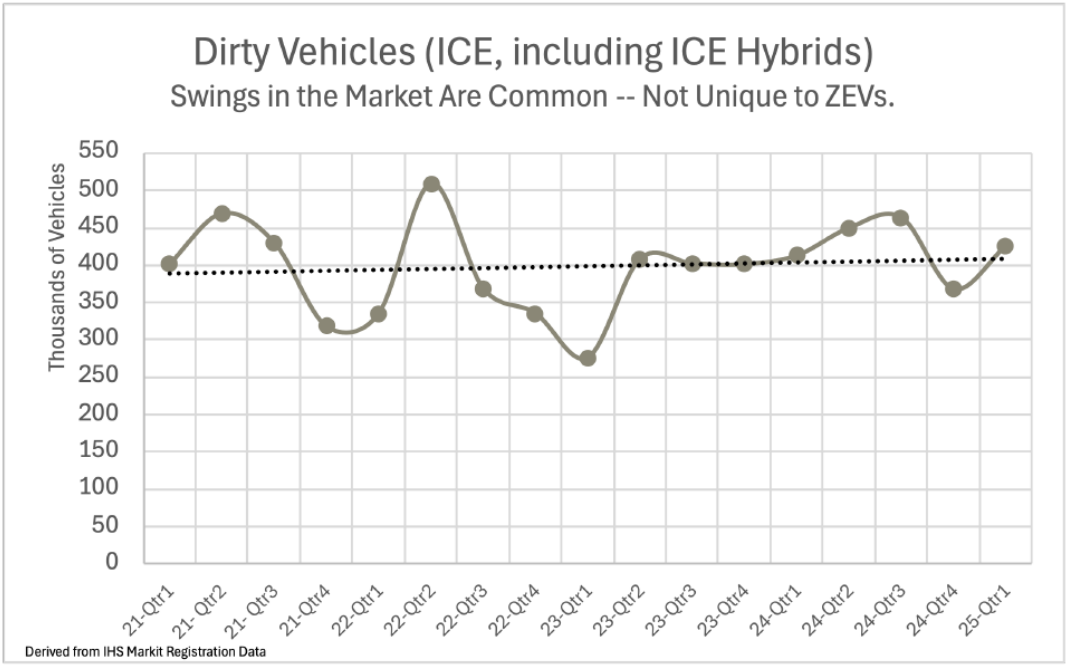
Calls to abandon or drastically alter Canada's EVAS due to short-term EV sales fluctuations are not grounded in the actual policy mechanics nor in the long-term market trend. The Standard is not a cliff, but a glidepath. In fact:

- **No manufacturer has the obligation to demonstrate compliance until 2028** under the current regulation.
- **Automakers can earn Early Compliance Credits (ECCs)** based on ZEV sales in 2024 and 2025, meaning that deliveries made today count towards their future compliance, lowering the effective targets (in 2026 and 2027).
- **Flexibilities like credit banking, multi-year compliance windows and early compliance credits *for legacy OEMs only*** make the initial 2026 target of 20% an aspirational signal, not a hard requirement for that year. The effective target, with the ECCs, is between 14-17%, not 20%. In addition, OEMs have a 3-year compliance window, leaving ample time to adjust.

[3] **Carbon Border Adjustment Mechanisms** are trade tools that place a carbon price on imported goods based on their carbon intensity, they level the playing field between domestic producers subject to carbon pricing (like Canada's) and foreign producers from countries with weaker or no carbon regulations.

Moreover, the concern that EV demand is collapsing is not supported by the data. Q1 2025 saw a drop in EV sales as federal purchase incentives were temporarily paused, but that is not unusual. In fact, this drop in EV sales was preceded by a significant increase in Q4 2024, as many consumers anticipated changes in EV rebate programs across Canada and rushed to purchase EVs to secure incentives. Canada's EV market is cyclical at the best of times. Regular dips are always followed by rebounds. (see graphs below).

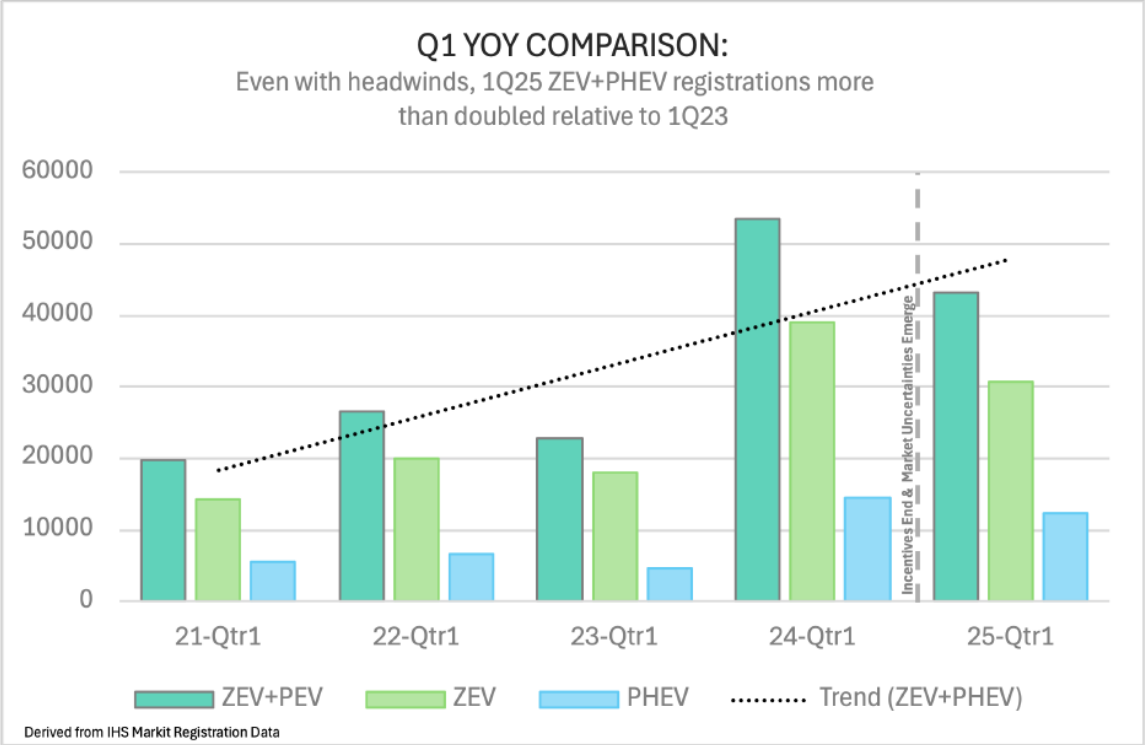




Even with recent headwinds, **Q1 2025 EV sales were more than double Q1 2023 (see graph below)**, despite:

- Elevated interest rates
- Global supply chain pressures
- Ongoing trade uncertainty
- Sudden pauses or ends to federal and provincial incentives

This kind of growth in the face of challenge is not a sign of a failing policy, it's proof of durability.



Meanwhile, the Standard is already working as intended: **automakers are responding by introducing more EV models into the Canadian market.** This increased variety directly expands consumer choice and supports uptake. Some manufacturers have ramped up EV availability to generate ECCs which is exactly what the regulation was designed to incentivize.

Claims that EV-only companies like Tesla or Rivian are sitting on large unused credit banks are false. Under current rules, ***they cannot receive ECCs***, unlike legacy OEMs that qualify for transitional flexibility.

The bottom line: two quarters of uneven sales do not justify scrapping a regulation built for long-term transformation. Canada's ZEV policy was constructed with cycles in mind. Serious climate and industrial policy must be grounded in actual market trends, not reactionary narratives driven by short-term data or vested interests.

Early Compliance Credits (ECCs) help manufacturers meet ZEV targets

The charts below illustrate credit compliance, not raw vehicle sales. Under the ZEV regulation, each PHEV is weighted based on a regulatory formula (e.g. accounting for seating capacity), which affects how many ECCs it earns. Manufacturers whose BEV and weighted PHEV sales exceed the red threshold line are generating surplus credits.

Some OEMs are excluded from the graphs due to either small market share (e.g. Mazda) or because they are 100% EV companies (e.g. Tesla, Rivian). Their performance is fully captured in the industry-wide bar.

We do not yet have a projection for 2025 due to the evolving nature of the sales and credit data.

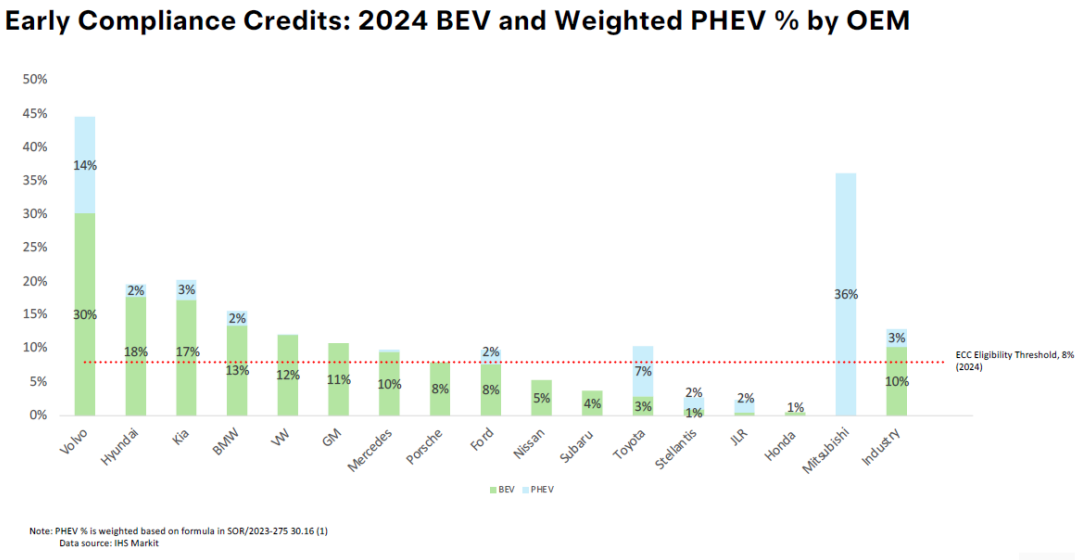


Image: Early compliance performance (2024)

This chart shows the proportion of BEV and PHEV credits earned by each OEM in 2024, measured against the 8% ECC eligibility threshold. Note that these percentages represent credit shares, not vehicle sales, due to PHEV weighting. OEMs above the red line are earning ECCs to apply toward future compliance.

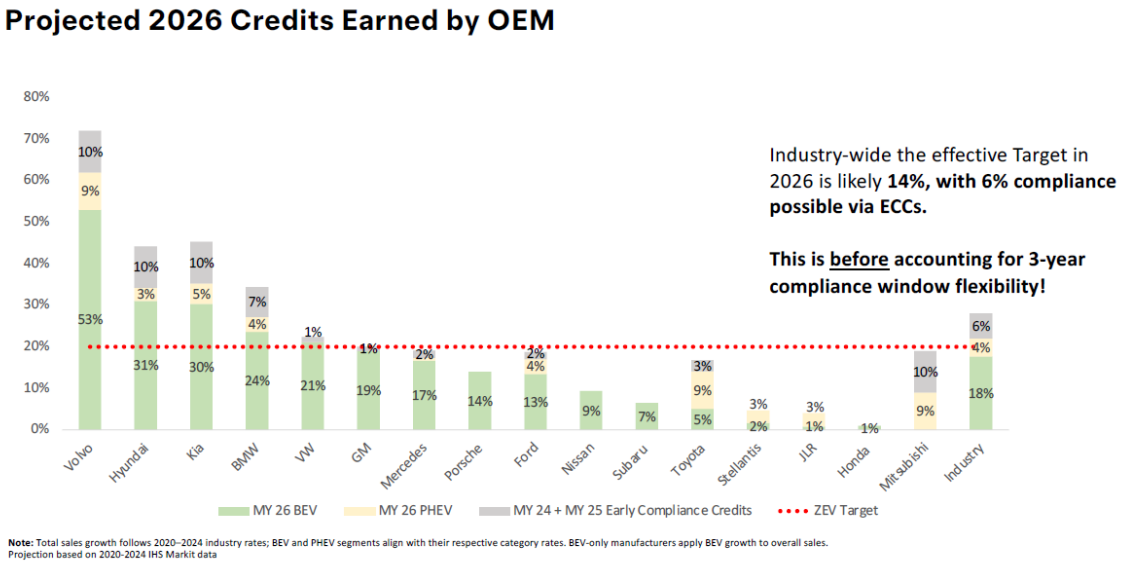


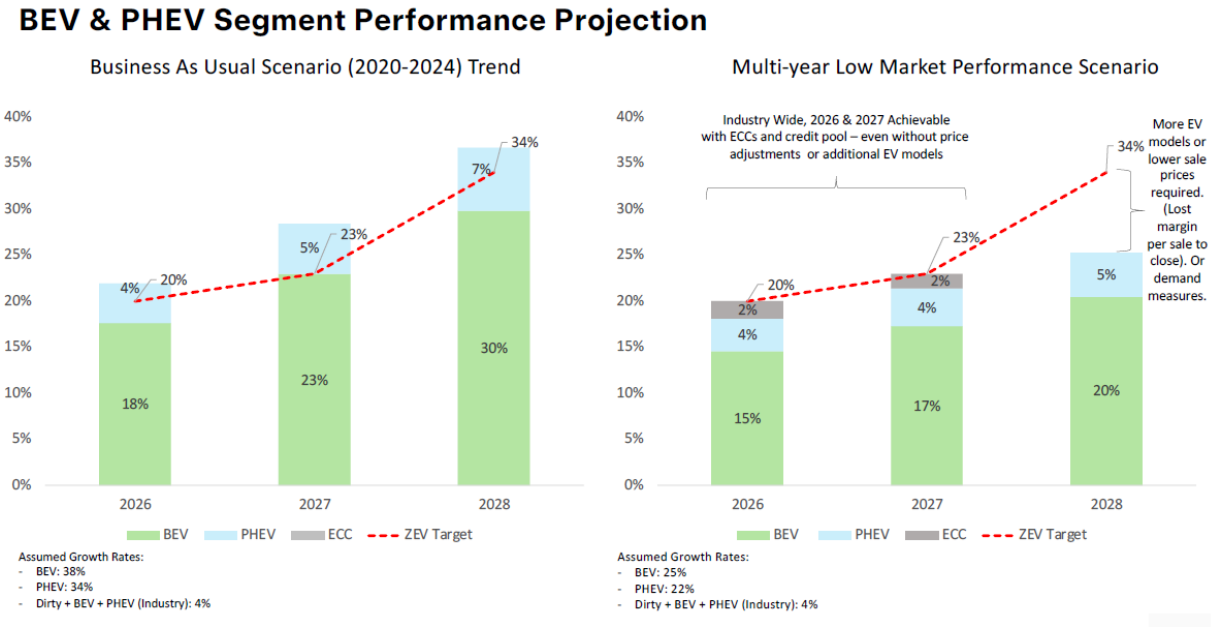
Image : Projected 2026 compliance (credit basis)

This graph estimates how many credits each OEM could generate in 2026 based on a business-as-usual (BAU) growth trend derived from 2020–2024 sales. Thanks to ECCs earned in earlier years, many OEMs can meet up to 6% of the 2026 target via carry-forward, narrowing their actual compliance gap. These projections do not yet account for the three-year credit banking and borrowing flexibility built into the ZEV regulation.

Industry-wide outlook for 2026–2028

Two scenarios show how industry performance might evolve relative to the ZEV target:

- **Left panel (BAU scenario):** Reflects historical EV growth trends (BEV: 38%, PHEV: 34%). With ECCs, the industry surpasses 2026 and 2027 targets and nears the 2028 target.
- **Right panel (low-growth scenario):** A more conservative projection (BEV: 25%, PHEV: 22%). Even in this case, ECCs help bridge the gap to 2026 and 2027 targets. But by 2028, compliance would likely require **either lower vehicle prices** (to boost sales) or **a broader product offering** from OEMs to meet consumer demand under a growing supply obligation.



Why the EVAS is Essential: Market Access, Industry Certainty, and Consumer Affordability

The EVAS is more than a sales regulation, it is the **market-enabling framework** that underpins Canada's ability to compete for EV supply, attract infrastructure investment, and deliver consumer affordability in a volatile global automotive landscape.

While some legacy automakers have raised several objections to the policy, most can be directly addressed and, in many cases, **reveal the necessity of the regulation rather than its drawbacks.**

A. Ensuring Consumer Choice and Market Access

Myth: "The ZEV Standard limits consumer choice by forcing EVs on Canadians."

Response: In practice, the opposite is true. Without a regulated standard, Canadians are denied access to many of the more affordable EV models, particularly in provinces without ZEV mandates. Many OEMs naturally prioritize EV supply to jurisdictions with binding rules (e.g.,Québec and BC), leaving the rest of Canada underserved.

- A regulated standard ensures **basic EV availability across all regions**, expanding, not limiting, consumer choice. It ensures that vehicle supply is not a barrier for those who want to purchase an EV.
- It does not dictate **which EVs** OEMs must sell, only that a growing share of their sales must be zero-emission.

B. Affordability and Fuel Savings for Canadian Household

Myth: "ZEV Standards increase vehicle prices."

EVs are already a more affordable option for many consumers, when total cost of ownership (TCO) is considered, especially in the face of volatile gasoline prices and higher maintenance costs of internal combustion engine (ICE) vehicles.

- EVs have **lower operating costs**: Fuel savings of up to 60–70% and significantly lower maintenance costs, representing estimated savings of **$3,000 per EV per year.**

The EVAS is a fiscally neutral mechanism to support ZEV affordability. **Regulated supply reduces markups and long wait times by normalizing inventory**, which brings down prices through competition. A study recently published in Environmental Science & Technology has shown that a "strong ZEV sales standard can induce 95−100% ZEV sales by 2035, while inducing more ZEV-supportive strategies by the automakers, including an average 22% reduction in the prices of ZEVs"[4].

C. Myth: Thousands of jobs will be lost in the EV mandate keeps moving forward"

It's actually the opposite as explained in EY's economic report. Some people in the industry see industry jobs as solely auto assembly jobs while EV industry jobs go far beyond that:

- Critical mineral mining and refining
- Battery assembly
- EV assembly, from cars to trucks, buses, school buses, motorcycles, boats and off-road vehicles
- EV infrastructure manufacturing
- EV infrastructure deployment and maintenance
- EV research and development
- Electricity production and distribution
- EV education, from high school to college to universities
- EV training and awareness
- EV sales, from cars to trucks, buses, school buses, motorcycles, boats and off-road vehicles
- EV repair and maintenance

D. Debunking the "Chinese EV Invasion" Myth

Some OEMs have claimed that Canada's EVAS could open the floodgates to low-cost Chinese EVs, putting domestic industry at risk. This is a false and misleading narrative.

The EVAS does not govern which countries can export vehicles to Canada, nor does it create new access for Chinese automakers. The regulation applies only to **automakers already operating in the Canadian market**, and it requires that a growing **percentage of their sales be zero-emission**. It does not mandate a

[4] Axsen, John and Chandan Bhardwaj. Subsidies, Standards, or Both? Trade-Offs among Policies for 100% Zero-Emissions Vehicle Sales. Environmental Science & Technology, 2025. https://pubs.acs.org/doi/epdf/10.1021/acs.est.4c11772?ref=article_openPDF

specific number of vehicles, nor does it allow manufacturers to import vehicles from unapproved jurisdictions to fill quotas.

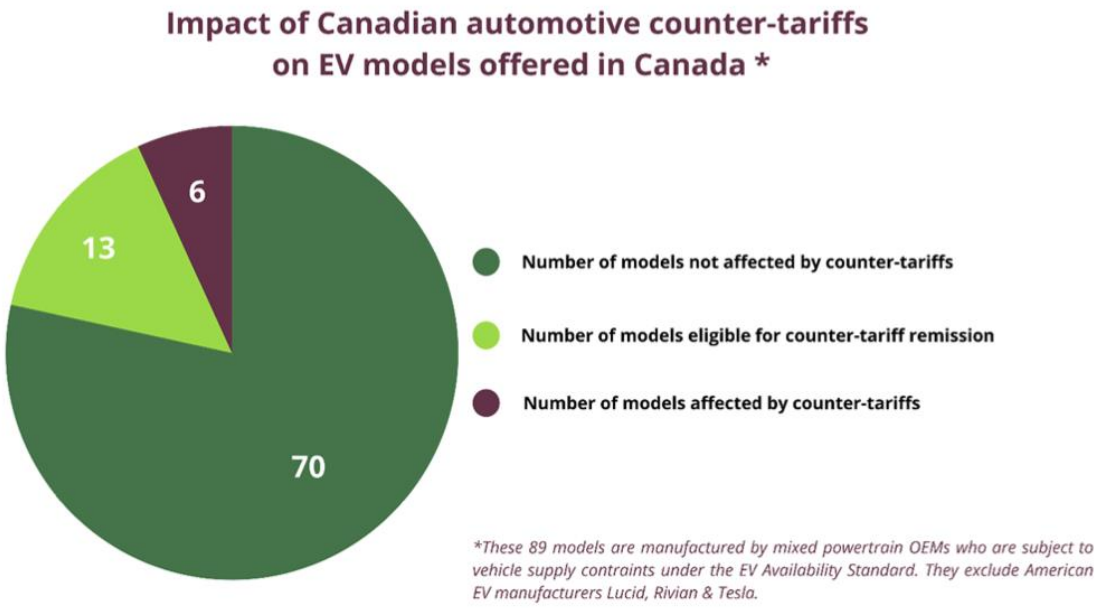
Canada's current **100% tariff on Chinese EVs**, announced in 2024, remains a separate and effective trade policy instrument that controls the pace and terms of any future access. If and when the market opens to broader competition, the ZEV Standard will play a critical role in ensuring that **North American automakers have adapted and scaled their EV offerings** to remain competitive.

The idea that the EVAS alone would "decimate" domestic industry by inviting a surge of Chinese imports is not only inaccurate, but also a **deliberate attempt to delay regulatory progress** under the guise of economic patriotism.

The **biggest risk to Canadian industry is not too much competition; it's falling behind in the global EV transition.** A predictable, long-term ZEV requirement gives North American manufacturers the policy certainty needed to scale up domestic EV production and ensure global competitiveness.

E. Tariffs and EVs: misconceptions spread by legacy industry

A lot has been said about how tariffs and counter-tariffs would impact EV affordability. That's we did thorough research on what EV and PHEV models would be impacted by them in Canada. What we found was clear. Of all the models offered by legacy carmakers in Canada, **93% are not subject to counter-tariffs.**



Health and environment: mums the word

While many traditional industry representatives do emphasize the challenges that regulation represents, **they ALL remain silent on the challenges that not regulating will bring to Canadians.**

Public Health Benefits of the EVAS: $90 billion

The health benefits of meeting Canada's EV sales mandate (EVAS) are estimated to exceed **$90 billion**, according to a March 2023 analysis by The Atmospheric Fund (TAF)[5]. These benefits result primarily from reduced air pollution, which lowers the incidence of cardiovascular and respiratory illnesses, prevents premature deaths, and reduces the burden on Canada's healthcare system.

This estimate does **not** include the additional economic and climate benefits associated with electrification, such as:

- Reduced lost productivity from pollution-related illness
- Lower household healthcare costs
- Fewer missed work and school days
- Lower insurance and disability costs for governments and employers

The proposed EV Sales Mandate (EVAS) is not just a climate or industrial policy; it is a public health imperative. Cancelling or weakening Canada's EV sales targets would have **lethal consequences**.

Eliminating the EV sales mandate could result in more than 11,000 premature deaths in Canada by 2050 due to continued exposure to traffic-related air pollution. This would stem from a slower phaseout of internal combustion engine (ICE) vehicles and the prolonged use of gasoline and diesel fuels in densely populated areas.

These deaths are preventable; they represent a cost of inaction.

Air pollution from vehicles is linked to increased risks of:

- Asthma and respiratory illness in children
- Heart disease and stroke in adults
- Cognitive decline in seniors
- Cancer and premature death from chronic exposure to fine particulate matter (PM2.5) and nitrogen oxides (NOx)

The health risks are **not evenly distributed**. Urban, low-income, and racialized communities bear a disproportionate share of this pollution burden, compounding existing inequities in health and access to clean air.

Critically, the **EVAS provides a predictable and enforceable path** to phasing out ICE vehicle sales and replacing them with zero-emission vehicles, which emit no tailpipe pollution. Delaying this trajectory or replacing it with voluntary or weaker measures would lock in preventable deaths and increase healthcare costs for decades.

Bottom Line

The EV Availability Standard is not a ban on internal combustion vehicles. It is a **supply-side policy tool** to ensure Canadians have a fair share of the EV models being developed and sold globally. Removing it or weakening its targets via additional compliance pathways would not protect consumer choice or dealership interests, it would simply leave Canadian consumers and businesses further behind in the global transition to modern transportation.

[5] https://taf.ca/canadas-electric-vehicle-sales-targets-will-reduce-air-pollution-and-provide-at-least-90-billion-in-health-benefits/

2. Adopt a National EV Charging Infrastructure Strategy as a nation-building initiative to accelerate the deployment of home, public, and fleet charging; powering Canada's clean, competitive economy and creating quality jobs in communities across the country.

2.1. Strengthening Canada's Grid as Critical Infrastructure for Clean Transportation

- Incentivize electricity regulators to authorize proactive grid upgrades in areas with strong potential for fleet electrification.
- Enable local utilities to raise capital for electrification by revising the federal departure tax threshold, as committed in Budget 2024.

Grid Readiness and Capital Access for Utilities

Many jurisdictions are facing local grid constraints due to increasing electrification demands, especially in transportation and building sectors. These constraints often require major infrastructure upgrades, including new substations and feeders, to accommodate higher loads. However, regulatory frameworks frequently limit utilities to reactive investments based on confirmed demand rather than proactive upgrades in anticipation of future growth. This is especially problematic in high-potential fleet electrification zones (e.g., industrial parks, logistics hubs), where long lead times and uncertain funding mechanisms can delay EV adoption.

To address this, federal incentives or guidance should encourage provincial regulators to authorize forward-looking grid investments (including *non-wires solutions* such as demand response, peak load management and others), particularly in geographies where electrification can scale rapidly.

Additionally, many local distribution companies (LDCs), particularly municipally owned utilities, face structural barriers to accessing capital markets. One such barrier is the **federal departure tax**, which disincentivizes municipalities from allowing non-municipal ownership (such as Canadian pension funds) of utility assets. Currently, if more than 10% of a municipal utility is sold to a non-municipal entity, the departure tax is triggered, limiting potential investment.

The federal government should follow through on its **2024 Fall Economic Statement** commitment to explore increasing the departure tax threshold from 10% to 49%. This change would enable greater capital access from Canadian institutional investors while retaining majority public ownership, helping utilities finance the major upgrades needed to support Canada's electrification goals without requiring federal spending.

2.2. Making Residential Charging a Foundation of the EV Transition

- Recapitalize and streamline ZEVIP to support EV-Charging retrofits: Invest $250 million over four years to make existing condos and apartments EV-ready[6], improving affordability by covering up to 50% of electrical upgrades, installation costs, and charging stations.
- Extend the residential credit generation pathway in the Clean Fuel Regulation under credit category 3 (CC3), which otherwise sunsets in 2035.
- Integrate EV-readiness into the Model National Building Code and support provincial adoption to reduce long-term charging costs.

[6] "EV Ready" parking features an adjacent electrical outlet (e.g., a junction box or a receptacle), at which an EV charger can be installed in the future when needed.

– Provide targeted home charging incentives through energy efficiency programs to reduce installation costs for lower-income households and used EV buyers.

Home Charging: Making Access Universal and Equitable

The majority of EV charging happens at home, but access to residential charging remains highly unequal. Over **30% of Canadians live in apartments or condominiums** (Statistics Canada, 2021), where charging installation is often costly and technically challenging. Without intervention, this creates a structural barrier to EV adoption for millions of Canadians.

To address this, the federal government should invest **$250 million per year for five years** to retrofit existing multi-unit residential buildings (MURBs). This would support **1.6 million units becoming EV-ready by 2030**, with funding covering up to 50% of costs related to electrical upgrades, make-ready infrastructure, and charger installations.

> «*Three out of five (60%) people aged 20 to 44 live in apartment buildings in Metro Vancouver compared to half of people aged over 44. And yet, younger people are generally more interested in EVs: 77% of those aged 18 to 44 are inclined to go electric, according to a Clean Energy Canada and Abacus Data study to be released later this spring, compared to around 62% for those aged 45 or older.*»[7]

In parallel, **new buildings must be built EV-ready by default.** Embedding EV-readiness into the **Model National Building Code** and promoting its adoption by provinces will reduce retrofit costs in the future and create consistent expectations across the country. Harmonized code requirements also help remove trade barriers in the building and construction sector.

> *«Crucially, the cheapest, easiest EV charging retrofit is the one that doesn't need to happen in the first place.* ***Installing EV charging in new builds is three to four times cheaper than upgrading an existing building.*** *There are currently no federal regulations requiring EV readiness in new construction despite a new housing plan promising nearly 4 million new homes over the next decade.»*[8]

> *«Quebec is currently the only province with EV readiness requirements for new homes in its building code and is in the process of extending the requirement to all apartment buildings before the end of 2025, with new draft regulations just released [in March 2025].»*[9]

As EV adoption grows, residential charging in multi-unit residential buildings (MURBs) remains constrained not just by retrofit costs, but also by lack of consumer protection. Load management and charging providers often lock buildings into exclusive contracts lasting 10 years or more. In the absence of rate regulation, some providers charge as much as $2/hour for Level 2 charging in Ontario (sometimes even more), far exceeding the equivalent cost of home charging and leaving residents with no competitive alternatives. Without safeguards, these monopolistic arrangements risk undermining public investments in MURB charging and may discourage EV uptake. Ensuring cost parity for residents is essential to affordability and equity in the EV transition.

Finally, **lower-income households and used EV buyers face the steepest barriers** to installing home charging, particularly the cost of electric panel upgrades or charger installation. Targeted federal incentives, delivered through energy efficiency programs, should ensure these households are not left behind in the transition. This is essential for achieving equitable access to clean transportation and ensuring the full benefits of electrification are shared across income levels.

[7] https://cleanenergycanada.org/report/electrifying-the-lot/
[8] Idem
[9] Idem

2.3. Scaling Public Charging Infrastructure as Critical Clean Transportation Asset

- Update and meet national EV charging deployment targets through sustained federal-private collaboration.
- Recapitalize and streamline ZEVIP to support a reliable public charging network, with a focus on underserved regions.
- Establish a funding stream to support both capital and operating costs of fast chargers in rural and remote areas and include funding for battery energy storage when grid capacity is insufficient to operate DCFCs.
- Consider offering additional credit pathways, such as those utilized in the California and Washington clean fuel standards, in the Clean Fuel Regulation under credit category 3 (CC3), to catalyze private investment in public fast charging in rural and remote areas.
- Implement policy and regulatory reforms to unlock private investment in fast charging infrastructure.

Public Charging: Expanding Reliable Access Across Canada

Public charging infrastructure is a foundational enabler of EV adoption. Without visible, accessible, and reliable charging, consumer confidence stalls, especially in regions where home charging is not feasible. To support this transition, Canada must both update and meet national charging deployment targets, in coordination with private sector partners. These targets must reflect real-world accessibility across all regions, not just metropolitan corridors.

A stable, long-term funding mechanism is essential. NRCan's **Zero Emission Vehicle Infrastructure Program (ZEVIP)** has been effective but inconsistent in timing, administration, and funding levels. To accelerate progress, ZEVIP must be recapitalized and administered in a **predictable, regular, and streamlined** manner. Special attention should be given to rural, remote, and underserved communities.

For **rural and remote areas**, market economics often fail to support private investment in fast charging. Low utilization rates make it unlikely that operating costs will ever be recovered. As with **rural electrification in the mid-20th century**, federal intervention is needed to bridge this gap. A dedicated funding stream should support **both capital and operating costs**, recognizing that access to public charging is a prerequisite for EV adoption outside urban centres. Public utilities may be best positioned to deliver these services where private industry lacks a viable business case, but they will require funding support to avoid shifting costs onto the general rate base.

In many rural and remote communities, particularly where grid access is limited to diesel generation, it is not technically feasible to operate even a minimum viable fast charging configuration (e.g. 4 stalls at 140 kW each) without **battery energy storage**. In some cases, a hybrid solution with **storage and supplementary clean generation** is the only path forward. However, current federal EV charging programs remain poorly integrated with energy storage funding. Without fixing this disconnect, meaningful DCFC deployment in these communities will remain stalled. While some vendors may continue installing lower-power (e.g. 40 kW) stations to meet funding criteria, these do not offer practical charge times for long-distance travel or commercial users. A minimum of 100 kW (ideally 250 kW) is needed to ensure usable, reliable corridor coverage across Canada's vast geography.

Finally, federal policy can play a catalytic role in unlocking **private investment**. Key measures include:

- **Extending the Clean Energy Investment Tax Credit to EV charging projects**
- **Encouraging utilities to lower or eliminate peak demand charges for high capacity charging sites**
- **Supporting utility investment in local grid upgrades to enable large-scale charging deployment**
- **Streamlining permitting and site approvals through municipal and utility processes**

- **Preserving the Clean Fuel Regulations (CFR)** and ensuring **EV charging projects remain eligible** to generate CFR credits

Taken together, these actions form the backbone of a national public charging network capable of supporting Canada's ZEV targets and ensuring equitable access to electric mobility.

Expand Credit Category 3 Pathways to Drive Investment in Public Fast Charging

Canada's Clean Fuel Regulations currently allow credit generation under Credit Category 3 (CC3) for electricity used in end-use fuel switching, such as EV charging. However, the scope of eligible pathways is relatively limited compared to leading jurisdictions like California and Washington, which offer more flexible crediting options to attract private capital into underserved regions.

By expanding CC3 to include additional pathways, such as capacity-based credits, location-based multipliers, or credits tied to verified infrastructure deployment, Canada can better stimulate investment in public fast charging infrastructure, particularly in rural, remote, and Indigenous communities where business cases are often weak. This approach would align the CFR more closely with its stated goals of reducing transportation emissions and supporting equitable access to clean fuels across all regions.

2.4. Building Critical Charging Infrastructure for Medium- and Heavy-Duty Fleets

- Establish a dedicated funding stream for fleet charging infrastructure across private and public MHDV fleets, including public, shared, and depot-based models.
- Fund early-stage fleet charging planning to overcome adoption barriers among fleet operators.
- Require managed charging in federally funded fleet charging projects to reduce grid impact and operating costs.
- Invest in publicly accessible MHDV charging hubs, including rest stop-based DCFC and megawatt (MW) charging infrastructure.

Fleet Charging: Delivering Infrastructure for Canada's Commercial Electrification Goals

Medium- and heavy-duty vehicle (MHDV) fleets, including municipal, logistics, transit, and private-sector operators, face complex and costly infrastructure barriers in the transition to zero-emission vehicles. Unlike passenger EVs, MHDVs require high-capacity grid connections, site planning, and operational changes that often stretch beyond the technical and financial capacity of many fleet operators.

To support this transition, the federal government should establish a **dedicated funding stream for fleet charging infrastructure**. This stream should include both "behind the fence" (private depot) charging and public or shared charging hubs, reflecting the variety of deployment models that fleets use. Funding should be available to both private and public sector fleets and should cover a wide range of eligible costs, including grid connection upgrades and site development.

Critically, federal funding must also support early-stage planning. For many fleet operators, the transition to ZEVs cannot begin without technical assistance and upfront planning support, including feasibility studies, load assessments, site selection, and grid engagement. Without these resources, fleets remain stuck in early-stage uncertainty. The absence of dedicated planning funding is a significant contributor to the slow pace of MHDV charging deployment.

To maximize infrastructure efficiency and minimize strain on local grids, all federally funded fleet charging projects should be **required to include managed charging** capabilities. This ensures load flexibility and supports grid stability while reducing operating costs for fleets.

Finally, the government should fund **publicly accessible MHDV charging corridors**, including DCFC and MW charging at key rest stops across jurisdictions. Quebec's rest-stop model demonstrates a viable, scalable approach to meeting the needs of long-haul and interjurisdictional fleets, especially those that cannot rely solely on depot charging. These hubs will be essential to enabling zero-emission freight and regional delivery networks across Canada.

3. Reinstate and Modernize Federal Light-Duty ZEV Incentives

- Reinstate federal purchase and lease incentives for new and used electric light-duty vehicles (LDVs), including two-wheel and four-wheel EVs and adopt a predictable, gradually declining incentive to provide certainty to consumers and the auto industry: 2025: $5,000 | 2026: $4,000 | 2027: $3,000 | 2028: $2,000 | 2029: $1,000
- Adopt a fee-bate system so the funding is financially neutral for government
- Reinstate the 100% first-year capital cost allowance (CCA) for ZEV LDVs purchased or leased by businesses and self-employed workers.
- Gradually phase out the CCA for new ICE LDVs on a similar timeline, aligning tax policy with Canada's climate goals.
- (Alternative proposal) Fund EV incentives from polluters through a strengthened OBPS update to the Federal minimum benchmark. Industrial polluters should fund the transition cost for Canadians to EVs which will reduce pollution, support Canadian jobs, and improve Canada's air quality.

The federal iZEV program has been one of Canada's most effective EV adoption tools, helping thousands of Canadians afford an electric car. But with program funds running out and no extension currently confirmed, its sudden disappearance risks stalling momentum, especially among middle-income households. A multi-year glidepath gives certainty to the market, supports continued adoption, and signals responsible fiscal planning. Under the medium scenario of our *Powering Up* analysis (to be published soon), the proposed incentive phase-out plan would cost an estimated **$4.08 billion** over five years (2025–2029), with no costs projected after 2029 as the market matures *or no cost at all through the Fee-bate system.*

The CCA is another essential tool for small businesses, contractors, and self-employed Canadians making the switch. Its pending phase-out sends the wrong signal, especially as ICE tax treatment remains unchanged. However, awareness of this deduction remains low across many sectors. The federal government should increase communications and outreach in collaboration with CPA Canada, provincial CPA associations, and national accounting firms (e.g., MNP, PwC, Deloitte, KPMG) to ensure broader industry uptake.

Public Health Benefits Far Outweigh Incentive Costs

Continued federal support for EV adoption through targeted purchase incentives remains a fiscally sound investment. Under the medium scenario of our *Powering Up* analysis, the proposed incentive phase-out plan would cost an estimated **$4.08 billion** over five years (2025–2029), with no costs projected after 2029 as the market matures.

By contrast, **the health benefits of meeting Canada's EV sales mandate (EVAS)** are estimated to exceed **$90 billion**, according to a March 2023 analysis by The Atmospheric Fund (TAF)[10]. These benefits result primarily from reduced air pollution, which lowers the incidence of cardiovascular and respiratory illnesses, prevents premature deaths, and reduces the burden on Canada's healthcare system.

[10] https://taf.ca/canadas-electric-vehicle-sales-targets-will-reduce-air-pollution-and-provide-at-least-90-billion-in-health-benefits/

The return on investment is stark: **For every $1 spent on EV incentives under the proposed phase-out**, Canadians stand to gain **at least $22** in health-related benefits.

Critically, **incentives are front-loaded and temporary**, while **health benefits accrue annually and in perpetuity** as internal combustion engine (ICE) vehicles are retired and replaced. Early support is essential to accelerating fleet turnover and ensuring the timely realization of these benefits.

In sum, the societal return on EV incentives is not speculative, it is substantial, measurable, and disproportionately large. **Failing to invest now would delay or diminish those health benefits, burdening future generations with avoidable costs.**

The Fee-bate program of 2007

In 2007, the Conservative government adopted a fee-bate system to help consumers who wanted to buy cleaner cars. The program[11] was presented as such:

> ***Incentives for Purchasing More Fuel-Efficient Vehicles***
> *Canadians purchase about 1.5 million new passenger vehicles annually, and about 12 per cent of Canada's total greenhouse gas emissions are generated by daily driving. Everyone has a role to play in reducing the number of emissions that come from vehicle fuel consumption. Industry has a role in improving the efficiency of transportation and in promoting the development and adoption of cleaner transportation technologies. For its part, the Government has committed to introduce tougher fuel-efficiency standards for new passenger vehicles and light trucks that will be sold in Canada beginning with the 2011 model year.*
>
> *Canadians have the choice to contribute to a cleaner environment when selecting what type of vehicle best meets their needs. Providing a financial incentive to help Canadians that want to make an environmentally responsible choice is a sound investment in Canada's future and the health of Canadians.*
>
> *To increase consumer purchases of more efficient advanced technology vehicles before the new fuel-efficiency standards take effect in 2011,*
> *Budget 2007 proposes a new Vehicle Efficiency Incentive (VEI) structure that will cover the full range of passenger vehicles available today.*
>
> *The VEI will have three distinct components and come into effect March 20, 2007:*
> 1. *A performance-based rebate program offering up to $2,000 for the purchase of a new fuel-efficient vehicle.*
> 2. *Neutral treatment of a broad range of vehicles with average fuel efficiency that are widely purchased by Canadians.*
> 3. *A new Green Levy on fuel-inefficient vehicles.*

These measures, together with a new initiative to encourage Canadians to retire older, more polluting vehicles, will be broadly revenue neutral.

- **EMC recommends adopting such a system so EV rebates can be financed by people who decide to buy gas guzzlers.**
- **It's important to note that this program was adopted under a Conservative government and that the Current Conservative leader voted for it.**

[11] https://www.budget.canada.ca/2007/pdf/bp2007e.pdf

Using Carbon Pricing Revenues to Drive Clean Mobility

Canada's transition to electric vehicles delivers broad societal benefits: cleaner air, lower climate emissions, reduced fuel costs for households and businesses, and new opportunities for Canadian innovation and manufacturing. Yet the upfront cost of EVs remains a barrier for many Canadians, particularly for commercial fleets and underserved communities.

A strengthened Output-Based Pricing System (OBPS) minimum benchmark creates a fairer system by ensuring that large industrial polluters contribute more meaningfully to Canada's climate transition. Allocating a portion of these revenues to fund EV purchase incentives would directly link pollution pricing to tangible household and business benefits, while reinforcing public support for the carbon pricing system.

This approach would also support demand certainty for Canadian-made vehicles and clean technology, multiplying the impact of industrial decarbonization by accelerating the shift to zero-emission transportation.

4. Strengthen and Expand Medium- and Heavy-Duty ZEV Incentives

- Sustain and expand the iMHZEV program for medium- and heavy-duty ZEVs, ensuring that funding, eligibility, and program timelines match the pace of industry transition.
- Integrate infrastructure support into iMHZEV to streamline access: Allow fleets to bundle vehicle and charging/refueling infrastructure funding in a single application to simplify uptake and accelerate deployment.
- Introduce dedicated incentives for vehicle conversions, enabling the electrification of existing internal combustion vehicles (e.g. delivery trucks, utility vehicles) where feasible.
- Reinstate the 100% first-year CCA for MHD ZEVs (new and conversions), helping fleets amortize the higher up-front cost of ZEV purchases.
- Begin phasing out CCA eligibility for new MHD ICE vehicles, in line with Canada's climate and air quality commitments.

Program Continuity and Strategic Evolution

The iMHZEV program, launched in 2022, is a foundational step toward decarbonizing Canada's freight, vocational, and municipal fleets. But the cost gap between MHD ZEVs and their diesel equivalents remains significant, and financing tools are still limited. The program should remain in place and evolve to reflect market needs, including the creation of a **dedicated stream for vehicle conversions**

Vehicle conversion stream: High impact – Low cost

Electrifying existing internal combustion vehicles offers a cost-effective and timely option for some fleet segments, especially where duty cycles are predictable and vehicles return to base. A targeted conversion stream within iMHZEV would support Canadian innovators and retrofitters, reduce vehicle scrappage, and help accelerate ZE deployment in areas where new ZEVs are not yet available or economically viable.

Canadian businesses are already developing, adapting, and deploying commercial vehicle conversion technologies. However, the current lack of dedicated support limits their ability to scale. Creating a distinct stream under iMHZEV would signal federal support for domestic clean tech and job creation, while expanding the total addressable ZEV market. The scale of professional conversions in Canada is measured in hundreds per year, not thousands. Therefore, the fiscal impact of rebates and capital allowances is modest. For example, converting 100 vehicles annually at a rebate level of $11,500 would result in a total annual outlay of only **$1.15 million**: a fraction of the hundreds of millions required for new vehicle purchase incentives. This makes ZEV conversion support a high-impact, low-cost strategy government.

Streamlined Access to Vehicles and Infrastructure

Fleets transitioning to medium- and heavy-duty ZEVs often face administrative and planning hurdles when vehicle and infrastructure funding are siloed in separate programs. Integrating infrastructure support directly into the iMHZEV program would reduce complexity for applicants, align investment timelines, and make it easier to deploy turnkey solutions. A one-stop application process is especially valuable for small and mid-sized fleets that lack in-house capacity to navigate multiple funding streams. Streamlining program access is a practical step to accelerate adoption across Canada's commercial transportation sector.

Long-Term Predictability for Industry Confidence

Long-term predictability in the iMHZEV program is critical to supporting strategic planning, investment decisions, and supply chain development across the ZEV ecosystem. Frequent changes to funding levels, eligibility rules, or timelines undermine confidence and delay procurement decisions. Clear, stable, and multi-year program design enables fleet operators and vehicle suppliers to plan ahead, commit resources, and scale up deployment in step with climate and clean transportation targets. A predictable incentive framework is a foundational enabler of successful market transformation.

Capital Cost Allowance (CCA) as a Market Signal

Targeted CCA policy changes would further support private sector investment in MHD electrification, especially in return-to-base applications. The federal government introduced Class 56 to provide an accelerated CCA rate, up to 100% in the first year, for a broad range of zero-emission automotive equipment, including medium- and heavy-duty trucks and buses. This measure was intended to encourage early adoption and build scale in the zero-emission commercial vehicle market.

However, this enhanced tax treatment is now being phased out:

- 100% deduction applied for vehicles acquired before 2024.
- 75% in 2024-2025.
- 55% in 2026-2027.
- **No enhanced deduction available after 2027**—only standard declining balance rates.

This creates a disincentive just as the commercial ZEV market is beginning to scale. Reinstating the full 100% first-year CCA for MHD ZEVs, on a time-limited or rolling basis, would help businesses offset higher upfront costs and accelerate fleet transitions in sectors where TCO parity is not yet reached. It would also align with the government's objectives under the **iMHZEV program** and help mobilize private investment in vehicle procurement and charging infrastructure.

To accelerate fleet electrification more broadly, Class 56 eligibility should be extended to include professionally converted medium- and heavy-duty vehicles. Conversions involve capital investments aligned with ZEV goals, and a clear, predictable tax treatment will support municipalities and commercial fleets looking to electrify without full vehicle replacement.

To maximize the impact of the CCA as a market signal, the federal government should also strengthen communication and guidance related to its application. This includes collaboration with CPA Canada, provincial CPA associations, and leading national accounting firms (e.g., MNP, PwC, Deloitte, KPMG) to ensure wide dissemination of up-to-date information to clients across sectors. Improved outreach and professional engagement will help accounting professionals, fleet operators, and financial decision-makers fully understand and apply CCA measures in their capital planning.

Clarity Is Essential for Capital-Intensive Decisions

Commercial operators require multi-year clarity on the availability and scale of support. Weak or inconsistent signals risk delaying investment in this capital-intensive sector.

5. Work with Industry to Establish National MHD ZEV Sales Targets

- Collaborate with provinces, fleets, and manufacturers to establish realistic, phased-in sales targets for new medium- and heavy-duty zero-emission vehicles, including Class 7–8 trucks and school buses, that reflect market and technology readiness.
- Finalize "made-in-Canada" vehicle emission standards for medium- and heavy-duty vehicles, currently under development by Environment and Climate Change Canada (ECCC), to secure deep reductions in greenhouse gas and air pollutant emissions from MHDVs and reinforce domestic leadership in low-carbon transportation.

Phased-in Sales Targets as a Strategic Signal

Canada's long-haul and commercial freight systems are the backbone of a competitive economy. But they are also among the hardest segments to decarbonize. Without a clear and coordinated pathway for transitioning to zero-emission trucks and buses, Canada risks falling behind on industrial competitiveness, infrastructure planning, and climate commitments.

Setting phased-in sales targets provides long-term certainty for OEMs, investors, utilities, and workforce planners, while respecting regional differences in readiness and use case. Jurisdictions like Québec and British Columbia are already moving forward. A coordinated federal-provincial approach would level the playing field, support supply chain growth, and ensure that fleets, especially in logistics, construction, and transit, can make capital planning decisions with confidence.

Done right, a national MHD ZEV sales target policy is not just a climate tool, it's a signal to global investors that Canada is serious about scaling the clean transportation technologies of the future.

Canadian Vehicle Emissions Standards as an Economic and Health Lever

ECCC has been developing new "made-in-Canada" vehicle emissions standards (VES) for medium- and heavy-duty vehicles since early 2024. These standards aim to drive significant reductions in greenhouse gas emissions, as well as harmful air pollutants that disproportionately affect public health in urban and industrial corridors.

Until now, Canada's regulatory approach for vehicle emissions has largely mirrored U.S. Environmental Protection Agency (EPA) standards. But with the Trump administration poised to roll back the EPA's endangerment finding and related vehicle emissions rules, Canada cannot risk regulatory dependence on a framework that may no longer support climate or public health objectives.

Stronger Canadian VES would provide multiple co-benefits: they would reinforce Canada's credibility on climate action, support domestic low-carbon vehicle manufacturing, and stimulate job creation across the supply chain. In addition, they help internalize the full cost of vehicle pollution, from fuel use to health system impacts, while reducing total cost of ownership for fleets through cleaner and more efficient vehicle technologies.

6. Maintain the Clean Fuel Regulations, including Category CC3 for electricity, to sustain private investment in public EV charging.

The Clean Fuel Regulations (CFR) provide a critical market-based tool to support Canada's transition to zero-emission transportation by attaching value to carbon intensity reductions in fuels. Category CC3, which enables credit generation from EV charging, is especially important and should be maintained for the following reasons:

- **Crowds in Private Investment in Public Charging Infrastructure:**
  CC3 credit generation makes public EV charging projects more financially viable, particularly in lower-utilization or rural sites. For many investors, these credits are essential to closing the business case for building and operating chargers. Without them, new stations may not get built — or may be delayed until demand catches up.

- **Creates a Self-Reinforcing Financing Loop:**
  Revenue from CC3 credit sales must be reinvested in additional EV charging infrastructure. This creates a virtuous cycle: more charging drives more credit generation, which funds even more charging. Eliminating CC3 would break this feedback loop just as momentum is growing.

- **Helps Keep Public Charging More Affordable:**
  Credit revenue helps offset the high cost of delivering and operating public charging — particularly high-power DCFC stations, which face significant demand charges and capex costs. This helps keep per-kWh prices lower for drivers and prevents pass-through of full infrastructure costs to users. In effect, it acts as a hidden consumer affordability mechanism.

- **Complements Public Subsidies Without Replacing Them:**
  The CFR is a market-driven complement to direct federal and provincial infrastructure grants. It rewards performance (i.e., delivered charging sessions) rather than forecasts or plans, and ensures ongoing revenue to support site operation and maintenance, unlike most upfront grants. It also makes private-led and non-subsidized projects more viable.

- **Supports Equitable Access and Deployment in Underserved Areas:**
  Because credit revenue improves project economics, it can support deployment in less profitable areas (e.g., rural, northern, or lower-income communities) that may otherwise be overlooked. As a result, the CFR contributes to Canada's broader equitable electrification goals.

- **Aligns with Long-Term Decarbonization and Grid Planning Goals:**
  Unlike fossil fuel blending or combustion-based carbon offsets, electricity-based CC3 credits support direct electrification of end uses — the core of most net-zero pathways. They also create a signal for utilities and governments to anticipate growing loads and invest in future-proof grid upgrades.

7. Develop and implement a Canadian EV supply chain strategy that supports innovation, economic development, and domestic value creation across the full value chain: from critical minerals, to manufacturing, to commercialization, to recycling and end-of-life battery management.

Canada has a strategic opportunity to build a globally competitive EV supply chain that spans extraction, refining, component manufacturing, assembly, software, servicing, and recycling. But to fully realize this potential, a coordinated national strategy is needed; one that ensures value-added production stays in Canada, supports Canadian innovators, and fosters long-term economic growth.

- **Innovation Drives Economic Growth and Global Competitiveness**
  A thriving supply chain depends on innovation across sectors: battery chemistry, component integration, vehicle software, manufacturing processes, and smart-grid solutions. Canada's research institutions and private sector innovators need targeted support to accelerate these developments. This includes sustained funding for R&D, demonstration, and commercialization, through programs like NSERC, NRC IRAP, and the On-Road Transportation Decarbonization Program, and more accessible tax credits for all companies, including SMEs.

- **Full Value Chain Approach: From Extraction to End-of-Life**
  Canada's participation in the EV economy must not stop at mineral extraction. A successful supply chain strategy must include refining, cathode/anode production, vehicle and battery assembly, and increasingly,

end-of-life (EOL) battery recovery, refurbishing, and recycling. Circular economy principles are critical to both sustainability and competitiveness. Supporting Canadian firms innovating in battery reuse and recycling will reduce supply chain risks and improve domestic resilience.

- **Federal Leadership and Strategic Program Coordination**
  Although several federal programs exist to support different points along the innovation spectrum, they must be aligned under a cohesive national strategy with clear priorities: domestic commercialization, support for Canadian champions, and a level playing field with international competitors. Strategic use of procurement, innovation funding, and investment attraction tools must be deployed together, not in isolation.

- **Cross-Sectoral and Future-Facing by Design**
  The EV supply chain touches not just auto manufacturing but also sectors that will define Canada's future economy: clean energy, software and AI, battery tech, cybersecurity, and advanced materials. A modern supply chain strategy should reflect this convergence, positioning EVs as part of Canada's broader industrial and clean tech transformation.

8. Fund National EV Awareness and Workforce Training Programs to Support Consumer Readiness and Industry Capacity

Consumer hesitation and workforce gaps remain persistent barriers to Canada's EV transition. Targeted investments in public awareness, workforce upskilling, and industry readiness are essential to accelerate adoption and ensure Canadians and Canadian businesses are equipped to succeed in the shift to zero-emission transportation.

While incentive programs have improved EV affordability, many Canadians still lack accurate, experience-based information about EV performance, charging, total cost of ownership, and vehicle availability. Funded outreach, education, and awareness-building programs can improve public confidence and informed decision-making—particularly in rural and underserved communities where exposure to EVs remains limited.

Similarly, businesses and fleets require tailored support to build internal capacity, adopt EVs safely and effectively, and integrate charging solutions. Safety training, fleet transition planning, and hands-on skills development must be scaled up to address gaps in servicing, diagnostics, and fleet electrification. For MHDVs, successful pilot training initiatives should be made permanent and expanded nationwide.

To complement awareness and training efforts, the federal government should also improve clarity and communication around EV-related financial information. Better financial literacy across the transportation, finance, and insurance sectors will reduce barriers to adoption and increase private-sector investment. Key actions include:

- **Fiscal Policy Communication**: Reinforce the 100% first-year Capital Cost Allowance (CCA) for eligible ZEVs and related infrastructure, with clear and predictable timelines to support long-term capital planning.
- **Accounting Standards Guidance**: Provide clear direction on amortization treatment under both IFRS and ASPE to ensure consistency in how ZEV investments are reported.
- **ROI Frameworks**: Support the development and dissemination of standardized assumptions—accepted by industry—for key inputs like maintenance costs, energy prices, product lifetime, residual value, and insurance risk. This would strengthen business case development for fleets and enable more robust financing, leasing, and underwriting models.

Programs like ZEVAI have proven useful but are insufficient to meet the scale of the challenge. Federal investment should prioritize national coordination, professional certification programs, and knowledge-sharing platforms that feature case studies, performance data, and success stories from early adopters.

This is not just about education; it's about building the financial confidence, workforce capacity, and public trust needed to anchor a competitive and resilient EV ecosystem in Canada.

9. Ensure Trade Policies Support Canada's EV Industry and E-Mobility Growth

Supporting a Robust EV Industry through Trade Policy

Canada's electric vehicle (EV) sector is critical to achieving the nation's clean energy and economic goals. With strong market growth, innovation, and an increasing number of Canadian-made solutions, the EV industry holds significant promise. However, the potential of this industry could be compromised if trade policies are not carefully crafted to facilitate growth and international competitiveness.

While the Canadian government has made commendable efforts to support fair trade, it is essential that policies do not inadvertently disrupt Canada's burgeoning EV industry. Several policy measures can help ensure that Canada remains competitive while also fulfilling its climate goals.

9.1. Tariff Exemptions for Critical EV Equipment

- Avoid Tariffs on Critical EV Infrastructure and Components: Exclude tariffs on EV charging equipment, electrical components, and replacement parts that are essential for the growth of Canada's EV Industry. Ensure that CUSMA-compliant EV components remain tariff-free to avoid hindering infrastructure expansion.

To avoid stifling growth, Canada must ensure that tariffs are not imposed on critical **EV charging infrastructure** and associated **electrical components**. These components are essential to expanding Canada's public and private charging networks. For example, ensuring that **CUSMA-compliant EV components** remain tariff-free is crucial for avoiding increased costs for Canadian businesses and consumers. Similarly, **replacement parts for EVs** should be exempt from tariffs to avoid raising maintenance costs for owners and operators.

9.2. Maintain Affordability of EVs through Trade Exemptions

- Maintain Access to Affordable EVs through Trade Exemptions: Exempt light, medium, and heavy-duty electric vehicles (EVs) from tariffs, especially for imports from countries with which Canada has free trade agreements (FTAs), ensuring that EVs remain affordable and accessible to Canadian consumers.

The government must recognize the need to keep **light, medium, and heavy-duty electric vehicles** affordable for Canadian consumers and businesses. **Tariffs on EVs,** specially those coming from countries with which Canada has free trade agreements (FTAs) like CUSMA or CETA, would drive up prices and limit access to the EV market. By **exempting EVs from tariffs**, the government ensures that EV adoption remains economically viable, especially for the middle and lower-income sectors of the population.

A Majority of Canadians Favor a More Open Car Market with Access to Affordable EVs

A recent survey conducted by Abacus Data on behalf of Clean Energy Canada[12] reveals that **a significant majority of Canadians** are in favor of more accessible and affordable **electric vehicle (EV) options**, particularly through a **more open vehicle market**. This sentiment has widespread support across political parties, suggesting that the issue transcends partisan lines and resonates deeply with the Canadian public.

Support for Lowering Tariffs on Chinese EVs

When it comes to the 100% tariff on Chinese EVs, the survey found that **53% of Canadians** support a more balanced approach, advocating for **lower tariffs** that would protect domestic industry while making EVs more affordable for consumers. **29% of respondents** go even further, supporting the **complete removal of the tariff**, to lower costs and avoid potential trade retaliation from China. Only 19% of Canadians are in favor of maintaining the current tariff levels, suggesting a **strong preference for policies that prioritize affordability** over industry protection.

Notably, there is **broad, cross-partisan consensus** on this issue, with voter preferences showing little variation across political lines. For example, only 15% of NDP supporters and 23% of Conservative voters advocate for keeping the 100% tariff in place. This reflects **unified support** for a **more consumer-friendly approach** to trade policy.

Open Market Access through European Standards

In addition to tariff reductions, the survey explored another avenue for broadening Canada's car market: allowing vehicles that meet European safety and environmental standards to be sold in Canada. This measure would increase the **availability of more brands** and **smaller, more affordable EVs**, and it was met with an overwhelming response. **70% of Canadians** expressed support for this idea, while only 10% opposed it.

This proposal offers a practical solution to improving **consumer choice** and **market competition**, while maintaining high standards of safety and environmental protection. It would also pave the way for more affordable electric vehicle options, benefitting Canadian consumers and expanding the range of available models for purchase.

Conclusion: A Path Forward for Canada's EV Market

The survey results clearly demonstrate that a **strong majority of Canadians** favor policies that balance **industry protection** with **consumer affordability**, particularly when it comes to **electric vehicles**. Whether through lower tariffs on Chinese EVs or expanded access to vehicles meeting European standards, Canadians are calling for greater choice and affordability in the transition to cleaner transportation.

As Canada looks toward its electric future, these insights should guide policy discussions on trade, tariffs, and vehicle import regulations. A more open, competitive market will help accelerate Canada's EV transition, ensuring that all Canadians can benefit from the economic, environmental, and affordability advantages of electric mobility.

[12] https://cleanenergycanada.org/poll-large-majority-of-canadians-favour-more-open-car-market-with-better-access-to-affordable-chinese-and-european-evs

9.3. Incorporate the EV Industry in Trade Agreements

- Include EV Sector in Trade Negotiations: Advocate for the inclusion of Canada's growing EV industry in trade discussions, particularly with the United States and Mexico, to ensure that free trade agreements reflect the strategic importance of the EV sector.

As Canada's EV industry continues to grow, it is essential that **the sector is prioritized in future trade negotiations**, particularly with the **U.S. and Mexico**. The **economic importance** of Canada's electric mobility ecosystem should be reflected in any future revisions to trade agreements like **CUSMA**, as well as in **global negotiations**. Canada must ensure that **free trade agreements** reflect the strategic value of the Canadian EV sector to avoid future trade barriers that could stifle innovation and competition.

9.4. International Collaboration for a Stronger EV Industry

- Foster International Collaboration in the EV Space: Develop strategic partnerships with international markets such as the European Union, South Korea, and Mexico to expand the Canadian EV industry's reach and promote the import of affordable CETA-compliant electric vehicles.

Canada can enhance its competitive edge in the global EV market by fostering **collaborative trade relationships with strategic international partners**. The **European Union**, **South Korea**, and **Mexico** are key trade partners with aligned climate goals, and strengthening ties with these countries will help create opportunities for **Canadian manufacturers** to export clean technology and products. Additionally, **allowing the import of CETA-compliant, affordable electric vehicles** from Europe will provide Canadian consumers with more EV options while keeping prices competitive.

9.5. Focus on Non-Relocatable Projects

- Prioritize Non-Relocatable Projects and Domestic Supply Chains: Focus on projects tied to domestic resources and infrastructure that cannot be relocated outside of Canada, such as renewable energy, EV charging networks, and critical minerals (extraction, refining, and recycling). Strengthen the Canadian EV industry's position as a global leader in clean technologies.

To ensure that Canada captures the full potential of its EV ecosystem, the government should prioritize **projects that cannot be easily relocated outside of Canada**, such as **renewable electricity generation**, **EV charging infrastructure**, and the **extraction, refining, and recycling of critical minerals**. By nurturing a **domestic supply chain** for critical materials and clean technology, Canada can establish itself as a global leader while creating stable, long-term jobs and economic growth.

9.6. Streamlining Provincial Regulations

- Reduce Provincial Regulatory Barriers to Accelerate Clean Technology: Work to eliminate regulatory obstacles between provinces, accelerating the implementation of clean technologies and enabling smoother interprovincial trade in EV and related sectors.

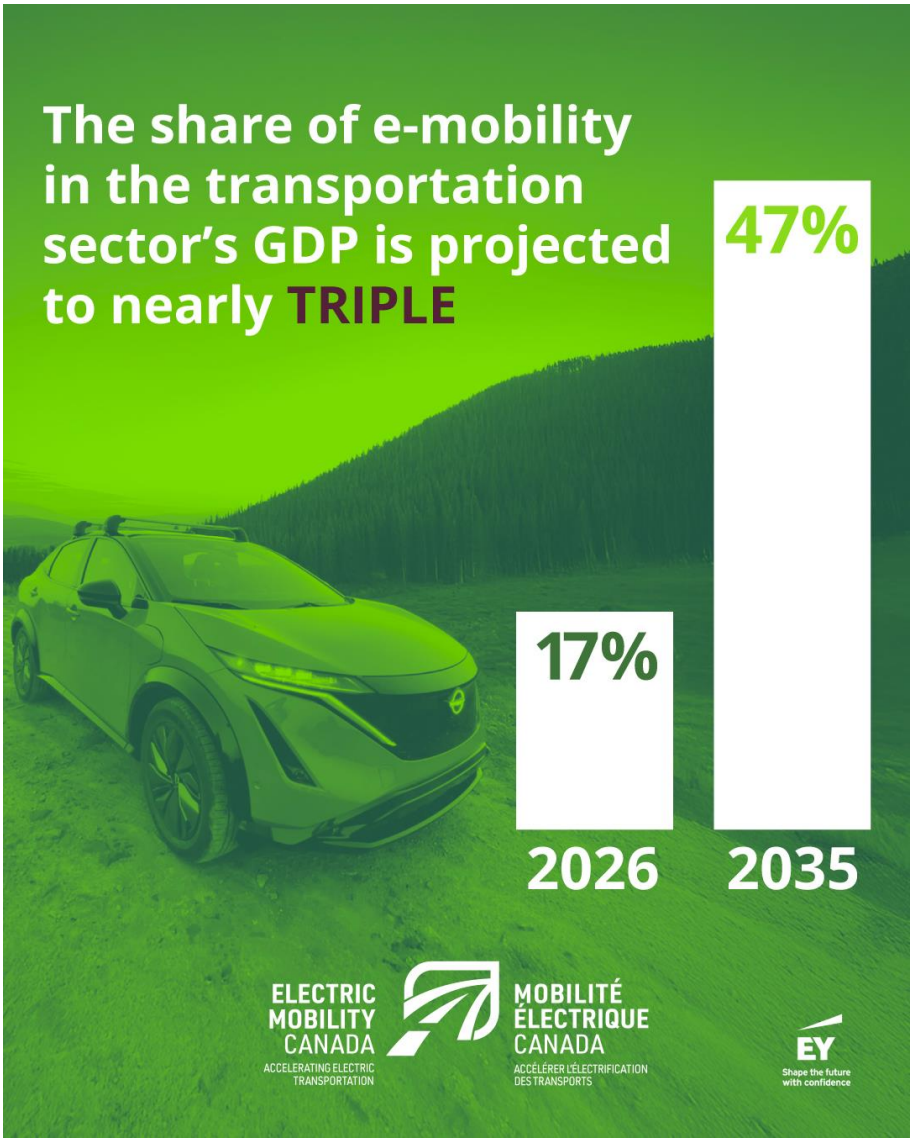
To accelerate clean technology projects across the country, **reducing regulatory barriers** between provinces is crucial. Coordination between federal and provincial governments is needed to remove **inter-**

provincial trade barriers that slow down the deployment of EV infrastructure and the adoption of new technologies. Streamlining regulations will reduce costs and delays, enabling the Canadian market to move faster and more effectively towards its EV transition goals.

9.7. Strengthening Export Support for Canadian EV Technology

- Support Export of Canadian EV Solutions: Expand export support programs to help Canadian EV technology and service providers access international markets and grow global competitiveness.

Canada's EV sector includes globally competitive firms across charging infrastructure, vehicle technologies, software, and fleet services. However, many of these firms, especially SMEs, face barriers to entering international markets due to lack of targeted export support. Strengthening programs such as CanExport, Export Development Canada (EDC) financing tools, and Global Affairs Canada's trade missions can enable Canadian EV innovators to scale globally, diversify revenues, and solidify Canada's reputation as a leader in clean transportation technologies. Export growth also supports domestic manufacturing, investment, and high-quality job creation across the country.

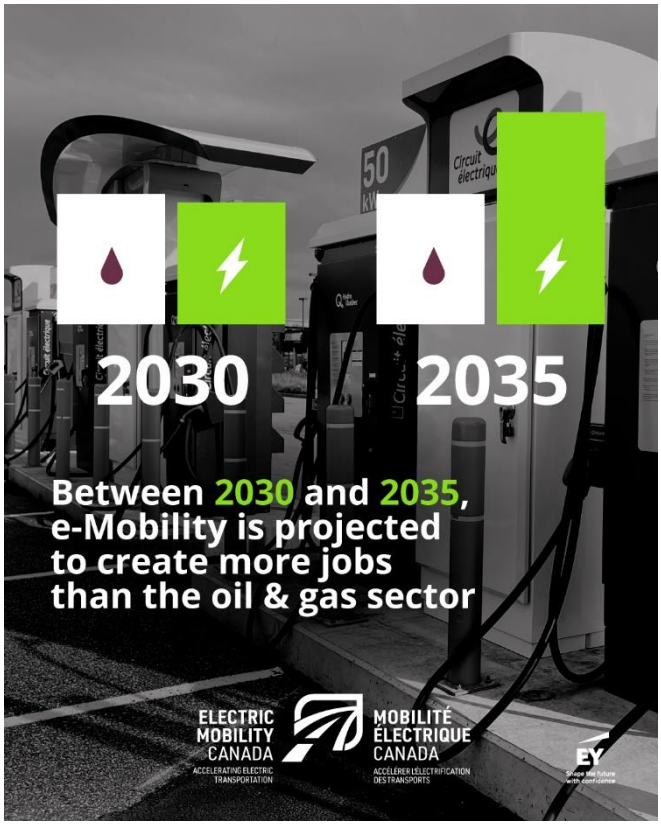


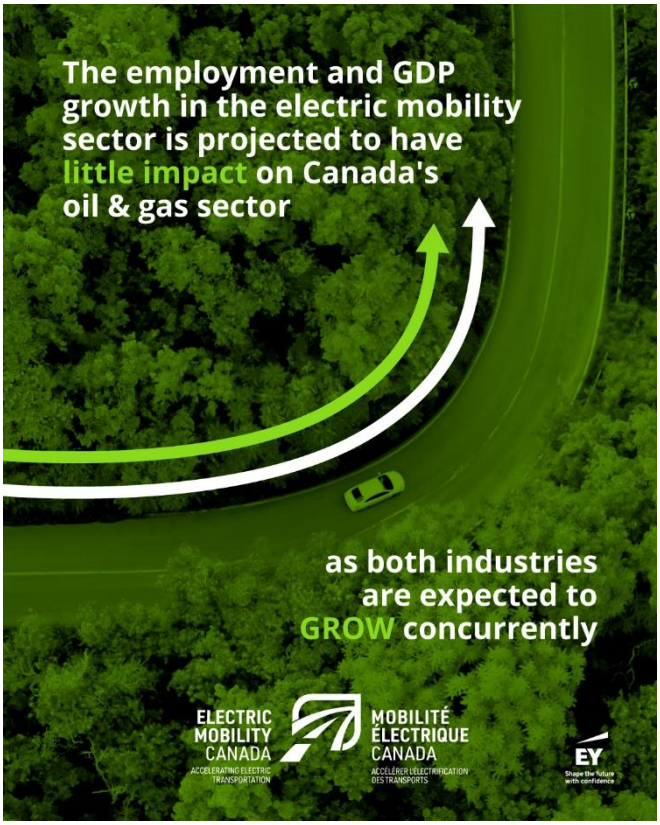
10. Conclusion: A Strategic Opportunity to Power Canada's Future

Canada's eMobility transition is more than an environmental imperative; it is a nation-building project with the power to deliver economic resilience, innovation leadership, and cleaner air across the country. The recommendations in this document are not standalone asks. They are strategic policy tools that will unlock the full potential of eMobility as an engine of Canadian prosperity.

From accelerating residential and fleet charging to modernizing our regulatory frameworks, Canada has the opportunity to lead, not lag, in the global clean transportation race. Every investment in charging infrastructure, every regulatory reform, and every targeted program is a lever to support Canadian workers, strengthen domestic supply chains, and ensure no region is left behind.

With clear targets, sustained collaboration, and a willingness to align policy and funding with long-term outcomes, Canada can build a future-proof transportation system that reflects its values and economic ambitions. The time to act is now. We urge the federal government to seize this moment and scale up its commitment to a clean, competitive, and inclusive mobility future for all Canadians.





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