



CANADA'S EV AVAILABILITY STANDARD 2025 REVIEW CONSULTATION

COMMENTS AND RECOMMENDATIONS FROM ELECTRIC MOBILITY CANADA: *"A Unified Industry Perspective on Canada's EV Availability Standard"*

**SUBMITTED TO:
ENVIRONMENT AND CLIMATE CHANGE CANADA**

NOVEMBER 4, 2025



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1 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 industry association that enables and accelerates the transition to sustainable electric mobility through advocacy, collaboration, education, and thought leadership, with the goal of creating a cleaner, healthier, and more prosperous future for all Canadians.

EMC has 190+ member organizations, including electricity suppliers; manufacturers of light, medium, heavy, and off-road vehicles; infrastructure providers; technology companies; mining companies; research centres; government departments and agencies; cities; universities; fleet managers; unions; environmental NGOs; and EV owner groups.

Members of EMC collaborate under different working groups to identify barriers and solutions specific to multiple industry segments: Batteries (life cycle), Charging infrastructure (reliability and accelerating deployment), Utilities (best practices and grid planning), and MHDV (Fleet electrification).

Electric Mobility Canada

Email: info@emc-mec.ca | Website: <https://emc-mec.ca/>





2 INTRODUCTION

This submission reflects the collective voice of Canada's electric transportation ecosystem. It is the result of extensive discussions, technical reviews, and validations with stakeholders across the value chain, including vehicle manufacturers, charging providers, utilities, technology suppliers, and policy experts. Electric Mobility Canada (EMC) has convened these perspectives to ensure that the recommendations presented here are grounded in market realities and aligned with Canada's climate and industrial objectives.

The Electric Vehicle Availability Standard (EVAS) is a cornerstone of Canada's transition to a clean transportation economy. It influences investment decisions, infrastructure planning, and consumer access to zero-emission vehicles. As such, any adjustments to the EVAS must balance short-term flexibility with long-term ambition, preserving the integrity of the policy while supporting industry competitiveness.

This document responds to Environment and Climate Change Canada's consultation questions and provides a framework for maintaining a strong, credible standard. Our approach emphasizes clarity, predictability, and durability. It seeks to ensure that Canada remains a priority market for electric vehicles, attracts investment in domestic manufacturing and supply chains, and delivers tangible benefits for consumers and communities.

The recommendations and rationale outlined in the following chapters represent a consensus-driven position. They are informed by data, shaped by practical experience, and designed to help Canada achieve its climate commitments while fostering economic growth and technological leadership.



3 SUMMARY OF EMC RECOMMENDATIONS

Electric Mobility Canada (EMC) recommends the following targeted amendments to the EVAS regulation to preserve its integrity, support industry transition, and ensure policy clarity for Canadians:

RECOMMENDATION	DESCRIPTION
Compliance Targets and Policy Trajectory	
Adjust MY2026 Compliance Ratio to 0	– Set the Pre-Flexibility Compliance Ratio for MY2026 to 0%. – This allows credit generation from ZEV sales in 2026 without triggering compliance obligations. – This approach avoids retroactive enforcement and aligns with public statements while preserving credit generation.
Rename and Reframe Section 30.12	– Rename “ZEV Requirement” to “Unadjusted ZEV Compliance Ratio.” – This change improves public understanding and reduces misrepresentation of the regulation’s intent.
Maintain Core Targets (Compliance Ratios) Through 2032	– Retain the existing EVAS compliance ratios through model year (MY) 2032. – Do not reduce the 60% ratio for MY2030 or the 83% ratio for MY2032.
Flatline Targets (Compliance Ratio) After 2032 and remove the 100% ZEV Target for 2035	– Maintain the 83% compliance ratio for MY2032. – Flatline this value for subsequent years to avoid political backlash associated with a “ban” narrative. – Eliminate the 100% target from the regulation: again, to remove a political flashpoint that is not necessary to maintain momentum in the transition. – Commit to a formal review and consultation in 2030–2031 to define post-2032 targets.
Structural Flexibilities and Credit Mechanisms	
Shift Early Compliance Credit (ECC) Usage Period	– Maintain current limitations on ECC eligibility, trading, and lifespan. – Shift ECC usage to MY2027 and MY2028 (instead of MY2026 and MY2027) to reflect the 2026 adjustment.
Eliminate Charging Infrastructure Credit Pathway	– Remove the provision allowing credit purchases in exchange for charging infrastructure investment. – It will not be used as currently designed. – This mechanism is being misrepresented as a consumer tax and does not reflect actual compliance costs.
No Additional Flexibility Pathways	– Do not introduce new compliance flexibilities. – The current framework already includes ECCs, credit banking, and multi-year compliance windows.



Technology Eligibility: Plug-in Hybrids

[Preserve Credit Eligibility for Plug-In Hybrids \(PHEVs\)](#)

- Continue to allow PHEVs to generate partial credits.
- Maintain a minimum all-electric range threshold and a fractional credit value per sale to ensure alignment with infrastructure deployment and emissions goals.

Technology Exclusion: Conventional Hybrids

[Exclude Conventional Hybrids from Compliance](#)

- Do not allow conventional hybrids (non-plug-in) to generate ZEV credits.
- These vehicles 1) weaken signal for charging infrastructure deployment, 2) do not contribute to significant GHG reductions, and 3) undermine the policy's core objectives.



4 WHY CANADA MUST MAINTAIN A STRONG EV AVAILABILITY STANDARD

Canada's Electric Vehicle Availability Standard (EVAS) is not only a regulatory climate policy tool, but also the backbone of a national industrial strategy, a consumer affordability mechanism, and a public health imperative. Weakening the standard now would risk undermining the very investments, jobs, and infrastructure that Canadians have already begun to build.

4.1 EVAS Is already delivering results

The EVAS is not theoretical. It is already shaping investment decisions, production planning, and infrastructure deployment:

- **Tens of billions in investment** have been committed across Canada's EV ecosystem, including battery manufacturing, critical minerals, charging infrastructure, and vehicle assembly.
- **More than 130,000 Canadian jobs** are already supported by the EV transition, with projections for significant growth by 2030. ¹
- **Companies have mobilized** implementation teams and begun delivering vehicles for the first compliance model year.

Diluting the regulation now, especially after the waiver of 2026 compliance, introduces costly uncertainty. It risks stranding investments, slowing job growth, and sending a signal that Canada is retreating from its commitments.

4.2 EVAS is a market-enabling framework

The EVAS does not ban combustion vehicles. Rather, it sets a gradually increasing supply obligation for automakers, ensuring that Canadians have access to the EV models being developed and sold globally. Without it:

- Automakers prioritize EV supply to jurisdictions with binding mandates (e.g., Québec, BC), leaving other provinces underserved.
- Consumers face longer wait times, higher prices, and fewer choices.

By increasing EV supply, EVAS lowers prices over time, expands the used EV market, and improves affordability for households across income levels.

4.3 EVAS supports economic competitiveness

Canada's auto sector and supplier networks depend on a domestic market that keeps pace with global EV adoption. A strong EVAS:

¹ <https://emc-mec.ca/blog-post/electrifying-progress-a-complete-economic-outlook-of-the-canadian-ev-industry/>



- Secures supply and incentivizes local manufacturing upgrades.
- Enables utilities and network operators to plan grid investments and charging deployments.
- Attracts private capital by providing regulatory certainty.

Countries with clear, enforceable EV policies are winning the race for new factories, research hubs, and supply chain investments². Canada must remain competitive.

4.4 EVAS protects public health

Transportation emissions are rising. Between 2013 and 2023, emissions from light-duty gasoline trucks increased by 7.9 Mt (17%), and “Other Transportation” rose by 8.4 Mt (18%).

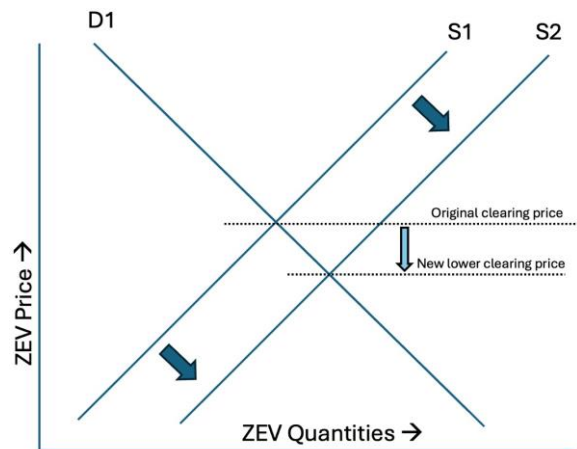
A strong EVAS helps reverse this trend. According to The Atmospheric Fund³:

- Meeting Canada’s ZEV targets could prevent over 11,000 premature deaths by 2050.
- Health benefits exceed \$90 billion, through reduced respiratory and cardiovascular illness, lower healthcare costs, and cleaner air.

4.5 EVAS reduces household costs

EVs also reduce household transportation costs:

- Lower fuel and maintenance expenses save families up to \$3,000 per year⁴.
- EVAS drives supply, which lowers prices and expands access to affordable used EVs.



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.

² International Energy Agency (2025). Global EV Outlook 2025: Expanding sales in diverse markets. The report highlights that countries with strong EV policies are attracting investment in manufacturing and supply chains, reinforcing the link between policy certainty and industrial competitiveness. <https://www.iea.org/reports/global-ev-outlook-2025>

³ The Atmospheric Fund (TAF) <https://taf.ca/canadas-electric-vehicle-sales-targets-will-reduce-air-pollution-and-provide-at-least-90-billion-in-health-benefits/>

⁴ Clean Energy Canada: <https://cleanenergycanada.org/report/the-scenic-route/>



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”⁵.

4.6 EVAS is a signal to industry and communities

The EVAS is a promise to workers, investors, and communities that Canada is serious about building a clean transportation economy. Weakening it now would:

- Undermine confidence in Canada’s policy direction.
- Threaten non-relocatable jobs in battery processing, charging deployment, and grid upgrades.
- Delay the transition to cleaner, more affordable mobility.

4.7 EVAS can protect Canadian auto and parts manufacturing jobs

A robust EVAS does more than regulate vehicle supply; it can help anchor automotive and parts manufacturing jobs in Canada. Automakers are clearly signaling plans to shift production to the United States, where regulatory uncertainty and lower compliance obligations may appear attractive. However, if Canada maintains a strong EVAS while tariffs remain on imported vehicles, relocating production becomes costly. Manufacturers would face the dual challenge of meeting Canadian ZEV requirements and paying tariffs on vehicles shipped from U.S. plants. This creates a powerful incentive to keep production in Canada and invest in EV manufacturing capacity domestically.

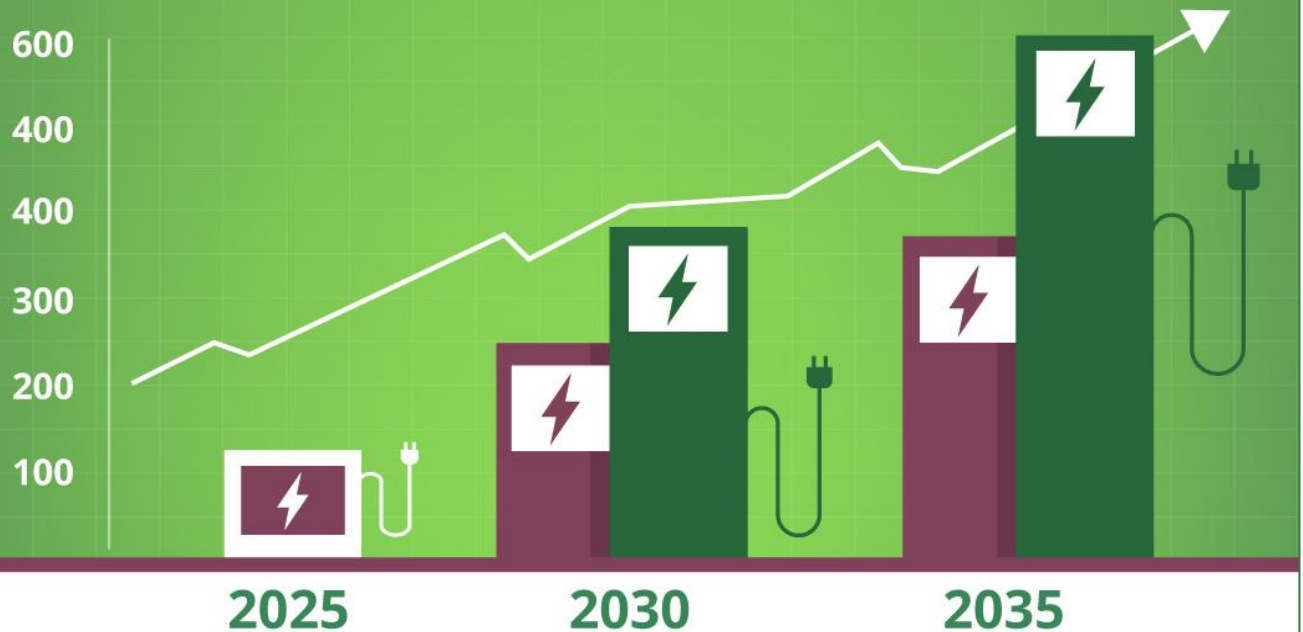
Without EVAS, Canada risks becoming a secondary market, vulnerable to supply shortages and job losses as OEMs prioritize jurisdictions with binding ZEV mandates. **With EVAS in place, Canada sends a clear signal: the domestic market will demand zero-emission vehicles and producing them locally avoids tariff penalties and secures competitive access.** In short, EVAS can be part of Canada’s industrial strategy, protecting thousands of jobs in assembly plants, supplier networks, and related sectors while positioning Canada as a leader in the global EV transition.

⁵ 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



By 2035, employment in Canada's EV sector is **expected to grow** from **130,000** jobs now to:

- **360,000** jobs by 2035 (low growth)
- **600,000** jobs by 2035 (medium growth)



This growth is strongly supported by the EV Availability Standard.





5 RATIONALE FOR EMC RECOMMENDATIONS

5.1 Compliance targets and policy trajectory

The compliance ratios defined under the EVAS are the backbone of Canada's regulatory signal to industry, investors, and consumers. EMC's recommendations in this section aim to preserve the integrity of that signal while ensuring the regulation remains politically durable, legally defensible, and economically effective.

Each proposed adjustment reflects a careful balance between short-term flexibility and long-term ambition. The 2026 waiver, for example, must be implemented in a way that avoids retroactive enforcement while preserving credit generation and market momentum. Similarly, maintaining core compliance ratios through 2032 ensures that Canada remains aligned with global EV adoption trends, supports domestic investment, and delivers critical public health benefits.

At the same time, EMC recognizes the importance of political communications and public perception. Mischaracterizations of the EVAS, particularly around the 100% ZEV target, have created unnecessary controversy. By reframing key sections of the regulation and removing symbolic flashpoints, Canada can maintain a strong, enforceable standard while reducing vulnerability to misinformation and backlash.

The recommendations that follow are grounded in evidence, informed by industry realities, and designed to ensure that EVAS continues to serve as a credible and effective tool for Canada's clean transportation transition.

5.1.1 Adjust MY2026 compliance ratio to 0%

- Set the Compliance Ratio for MY2026 to zero (0%).
- This allows credit generation from ZEV sales in 2026 without triggering compliance obligations.
- This approach avoids retroactive enforcement and aligns with public statements while preserving credit generation.

EMC recommends setting the Pre-Flexibility Compliance Ratio for model year 2026 to 0%, effectively waiving compliance obligations while preserving credit generation for ZEV sales. This adjustment is a pragmatic response to the current regulatory and political context and supports the integrity of the EVAS framework.

Avoiding retroactive enforcement

The 2026 model year is already underway. Attempting to revise compliance obligations midstream would constitute retroactive regulation and undermine legal certainty and exposing the government to criticism from both industry and stakeholders. Setting the compliance ratio to zero



provides a clean, transparent mechanism to implement the waiver without compromising regulatory credibility.

Aligning with public commitments

The federal government has publicly committed to pausing 2026 compliance obligations. This recommendation operationalizes that commitment in a way that is consistent with the structure of the EVAS regulation. It avoids the need for selective enforcement or ad hoc exemptions and ensures that the regulation remains coherent and enforceable.

Preserving credit generation and market signals

Allowing ZEV sales in 2026 to generate compliance credits, without triggering obligations, maintains the integrity of the credit system and supports continued deployment. These credits will carry forward into future years, reducing effective compliance burdens and providing a buffer against market volatility. This approach ensures that the regulation continues to send a clear signal to industry, without imposing immediate costs.

Protecting auto manufacturing workers in Canada

This adjustment directly benefits automakers with Canadian production facilities, especially those who have not yet developed a diversified EV offering or ramped up their EV production lines and were thus unable to accumulate ECCs in 2024 and 2025. By enabling credit generation in 2026, these manufacturers can accumulate compliance credits that reduce their obligations in subsequent years. This:

- Shields them from future credit purchase requirements.
- Strengthens their competitive position in the Canadian market.
- Rewards domestic production and investment.

The 2026 adjustment is not a retreat, it is a strategic recalibration that protects Canadian industry, aligns with public commitments, and preserves the long-term credibility of the EVAS framework.

Clarifying credit trading and market dynamics

Recent public commentary has misrepresented the structure and function of credit trading under Canada's EV Availability Standard (EVAS). EMC offers the following clarifications to support informed policy discussion:

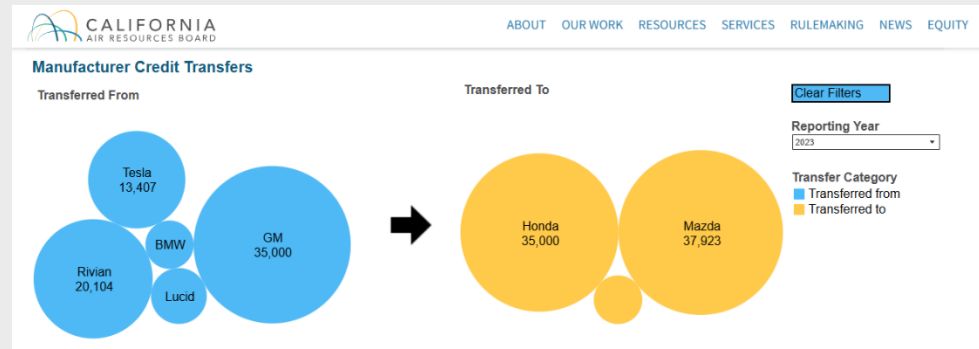
1. Early compliance credits (ECCs) are not tradable

ECCs earned under EVAS are non-transferable. They can only be used by the automaker that generates them and only within a limited timeframe. This means that 100% electric manufacturers, such as Tesla, cannot sell ECCs, nor do they benefit from the ECC framework. In contrast, legacy automakers with Canadian production footprints can generate ECCs and apply them to future compliance years, reducing their effective obligations.

2. Credit trading is not limited to Tesla



Contrary to claims by some industry associations, Tesla is not the only automaker selling credits. In California⁶, multiple OEMs are actively trading credits, including Rivian, BMW, and GM. In 2023 (last public data), GM actually sold almost three times more credits to other carmakers than Tesla in California.



In Québec, GM has accumulated the most credits, followed by Tesla, Hyundai, Ford, Toyota, Volkswagen, and Kia⁷.

3. The market price is not \$20,000

The \$20,000 figure cited by some associations is not a market price. It is a regulatory ceiling for credit purchases tied to infrastructure investment, not a reflection of actual credit trading values. In California, credits are traded at negotiated prices between manufacturers, well below this threshold. The \$20,000 ceiling was designed to cap compliance costs—not to define market value.

4. Credit trading supports compliance flexibility

Credit trading is a standard feature of ZEV regulations globally. It allows manufacturers with surplus credits to support those with deficits, enabling compliance while maintaining overall policy stringency. Mischaracterizing this mechanism as a “tax” or a windfall for individual companies undermines the credibility of the regulatory framework.

5.1.2 Rename and reframe Section 30.12

- Rename “ZEV Requirement” to “Unadjusted ZEV Compliance Ratio.”
- This change improves public understanding and reduces misrepresentation of the regulation’s intent.

Section 30.12 does not impose fixed sales mandates. It defines a compliance ratio that interacts with other regulatory mechanisms, such as early compliance credits (ECCs), credit banking, and multi-year compliance windows, to determine actual obligations. The current terminology (“ZEV Requirement”) implies a rigid annual quota, which misrepresents the policy’s design and fuels confusion.

⁶ California Air Resources Board: <https://ww2.arb.ca.gov/applications/annual-zev-credits-disclosure-dashboard>

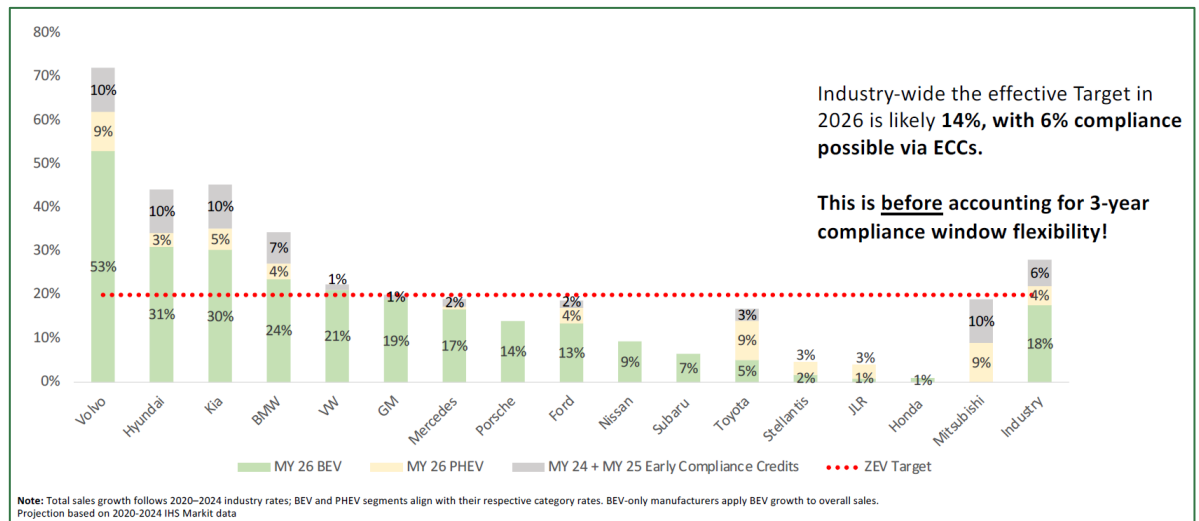
⁷ Government du Québec: <https://www.environnement.gouv.qc.ca/changementsclimatiques/vze/bilan-registre-credits-septembre-2024.pdf>



Countering misinformation

Industry associations have repeatedly cited the headline percentages (e.g., 20% in 2026, 60% in 2030) as hard mandates, ignoring the flexibilities built into the regulation. This has led to misleading public narratives, including claims that automakers will face punitive costs or that consumers will lose access to combustion vehicles. The regulation's mechanics do not support these narratives.

EMC's own analysis shows that due to ECCs and other flexibilities, the effective compliance requirement for 2026 is closer to 14–17%, not 20%. Similar adjustments apply in subsequent years. By renaming the section and expressing values as decimals, the regulation can more accurately reflect its operational logic and reduce the risk of political backlash.



Improving policy communication

This adjustment is not merely cosmetic. It is a strategic communications intervention that:

- Reinforces the credibility of the regulation.
- Reduces vulnerability to misrepresentation.
- Helps stakeholders, including media, consumers, and policymakers understand what the regulation requires.

In a politically charged environment, clarity matters. Renaming Section 30.12 and reframing its values is a simple but powerful step toward preserving the integrity and durability of Canada's EV Availability Standard.

5.1.3 Maintain core targets (compliance ratios) through 2032

- Retain the existing EVAS compliance ratios through model year (MY) 2032.
- Do not reduce the 60% ratio for MY2030 or the 83% ratio for MY2032.



EMC recommends retaining the existing EVAS compliance ratios through model year (MY) 2032, including the 60% ratio for MY2030 and the 83% ratio for MY2032. These targets are achievable, already embedded in industry planning, and essential to maintaining the credibility and effectiveness of the regulation.

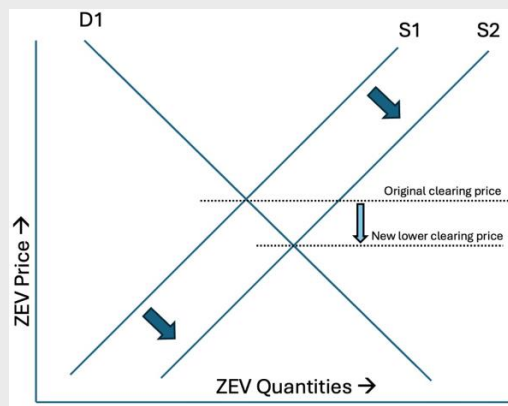
The 2026 adjustment already reduces future obligations

Setting the MY2026 compliance ratio to 0%, as proposed, will allow automakers to generate compliance credits without triggering obligations. These credits will carry forward into subsequent years, reducing the effective compliance requirements in MY2027 and MY2028. In addition, Early Compliance Credits (ECCs) earned in 2024 and 2025 will further lower the real compliance requirements in the early years of the regulation.

Reducing the headline ratios for MY2027 and after would compound this effect and weaken the policy's ambition and severely dilute its impact.

Weakening targets delays affordability benefits

Maintaining strong EVAS targets is critical to achieving price parity between ZEVs and internal combustion vehicles. The EVAS is a supply-side policy: by requiring automakers to deliver more ZEVs to the Canadian market, it shifts the supply curve to the right, lowering the market clearing price for consumers.



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.

If the EVAS is weakened and demand continues to rise faster than supply, price parity will take much longer to achieve. When supply lags demand, prices remain high, limiting consumer access and slowing adoption. Strong EVAS targets prevent this imbalance and accelerate affordability gains.

Delaying targets also delays health benefits

The public health benefits of EVAS are substantial and time sensitive. According to analysis by The Atmospheric Fund, meeting Canada's ZEV targets could prevent over 11,000 premature deaths by



2050 and deliver more than \$90 billion in health savings. These benefits stem from reduced exposure to air pollution, particularly in urban and underserved communities.

Delaying core targets means prolonging the presence of high-emitting vehicles on Canadian roads. Every year of delay translates into more pollution, more illness, and more preventable deaths. Maintaining the current trajectory is a climate imperative AND a public health necessity.

Policy predictability supports investment and planning

The existing compliance ratios have already shaped investment decisions across the EV ecosystem. Utilities, charging providers, manufacturers, and workforce planners are operating on the assumption that Canada will maintain its regulatory trajectory. Weakening the targets now would:

- Undermine investor confidence.
- Risk stranded infrastructure and delayed deployments.
- Signal that Canada is wavering in its commitment to clean transportation.

Staying competitive in the global EV transition

Global EV adoption is accelerating. In 2024, electric vehicles represented over 20% of global car sales, and the International Energy Agency⁸ projects that figure will exceed 25% in 2025. Leading jurisdictions, including the EU, China, South Korea, and several U.S. states, have implemented or are implementing binding ZEV sales requirements and carbon border adjustment mechanisms⁹.

Canada must keep pace. A strong EVAS ensures that:

- Automakers treat Canada as a priority market for new EV models.
- Domestic suppliers and manufacturers remain integrated in global EV supply chains.
- Canada continues to attract investment in battery manufacturing, critical minerals, and clean transportation technologies.

Falling behind global trends would risk losing jobs, investment, and industrial relevance. Maintaining the current compliance ratios through 2032 is essential to securing Canada's place in the clean economy.

Demand for EVs is growing

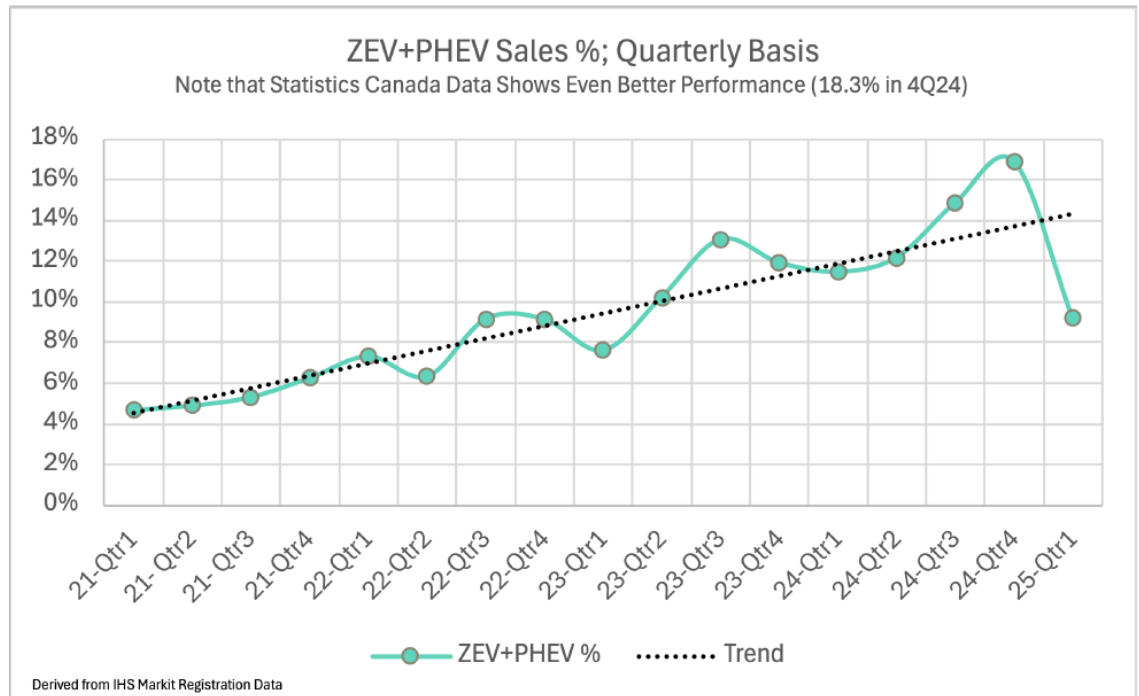
Concerns that EV demand is collapsing is not supported by the data. Q1 2025 saw a drop in EV sales as federal purchase incentives were temporarily paused, but that is not unusual. In fact, this drop in EV sales was preceded by a significant increase in Q4 2024, as many consumers anticipated changes in EV rebate programs across Canada and rushed to purchase EVs to secure incentives.

⁸ IEA: <https://www.iea.org/reports/global-ev-outlook-2025>

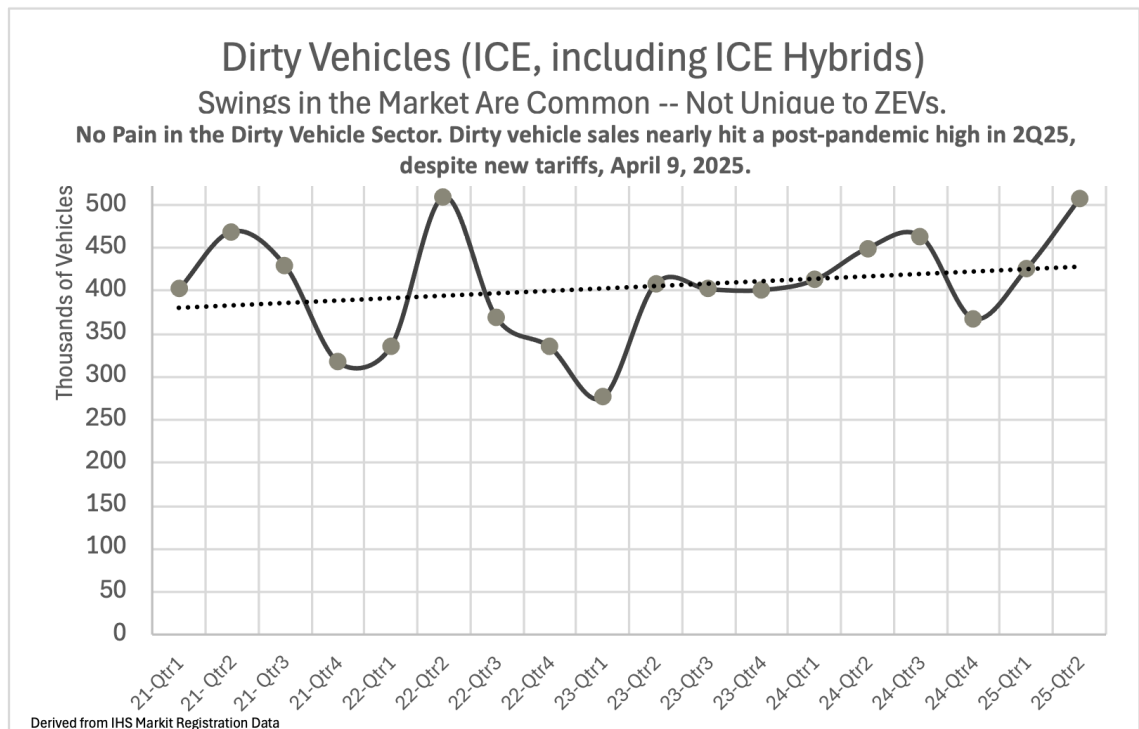
⁹ **Carbon Border Adjustment Mechanisms** are trade tools that place a carbon price on imported goods based on their carbon intensity, they level the playing field between domestic producers subject to carbon pricing (like Canada's) and foreign producers from countries with weaker or no carbon regulations.



Canada's EV market is cyclical at the best of times. Regular dips are always followed by rebounds. (see graphs below).



And swings in automobile sales are common and not unique to ZEVs.





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

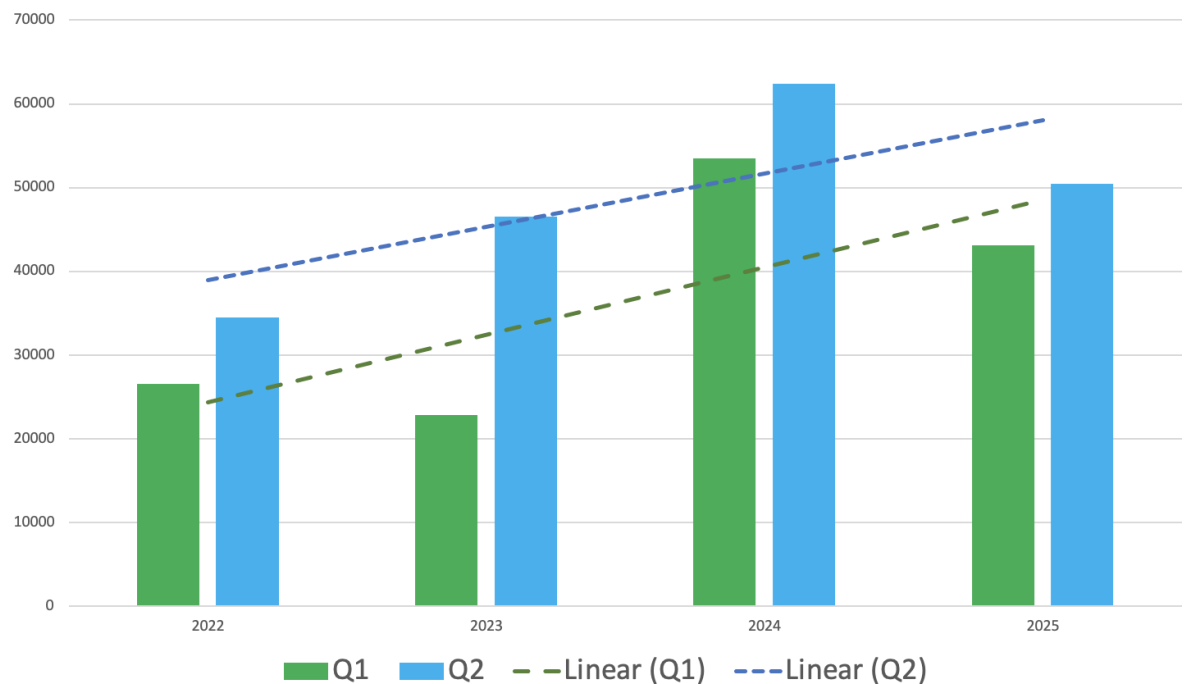
This kind of growth in the face of challenge is not a sign of a failing policy; it is proof of durability.

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.

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.

EV Sales Have Not Collapsed in Canada:

1Q 2025 EV sales were ~2x the number of sales in 1Q 2023.
2Q 2025 sales also exceeded 2Q 2023 sales. This despite headwinds from an abrupt unplanned end to incentives, tariffs and affordability challenges.
EV sales remain strong and trends remain upward.



Derived from IHS Markit / S&P Registration Data



5.1.4 Flatline targets (compliance ratio) after 2032 and remove the 100% ZEV target for 2035

- Maintain 83% compliance ratio for MY2032.
- Flatline this value for subsequent years to avoid political backlash associated with a “ban” narrative.
- Eliminate the 100% target from the regulation: again, to remove a political flashpoint that is not necessary to maintain momentum in the transition.
- Commit to a formal review and consultation in 2030–2031 to define post-2032 targets.

EMC recommends maintaining the 83% compliance ratio for model year (MY) 2032 and flatlining this value for subsequent years. We further recommend removing the 100% ZEV target for 2035 from the regulation. These adjustments are necessary to preserve the integrity of the EVAS while avoiding unnecessary political volatility.

Avoiding political flashpoints

The 100% ZEV target for 2035 has become a symbolic lightning rod in public discourse. Even though EVAS does not ban internal combustion vehicles, the presence of a “100%” figure has been repeatedly mischaracterized as a consumer ban. This misrepresentation has been used to stoke public opposition and undermine support for the regulation.

Flatlining the compliance ratio after 2032 removes this rhetorical vulnerability. It allows the government to maintain a strong regulatory trajectory without triggering backlash based on a misunderstood endpoint.

Preserving momentum without overreach

The 83% compliance ratio for MY2032 already represents a significant transformation of the Canadian vehicle market. Maintaining this ratio for the years beyond 2032 ensures continued progress while allowing for flexibility in how the final stages of the transition are managed.

Removing the 100% target does not weaken the regulation, it strengthens its political durability. It allows the government to focus on real-world deployment, infrastructure readiness, and consumer affordability, rather than defending an abstract figure that is not required to sustain momentum.

Commitment to future review

EMC supports a formal review and consultation process in 2030–2031 to define post-2032 targets. This approach ensures that future decisions are informed by market data, technological readiness, and infrastructure capacity. It also provides an opportunity to engage stakeholders in a constructive dialogue about the final phase of the transition.



By flatlining targets after 2032 and removing the 100% ZEV figure, Canada can maintain a strong, enforceable standard while avoiding unnecessary political risk. This is a pragmatic adjustment that protects the regulation's credibility and ensures its long-term success.

5.2 Structural flexibilities and credit mechanisms

The EVAS regulation already includes a robust set of flexibilities designed to support a gradual transition and accommodate market variability. These include Early Compliance Credits (ECCs), credit banking, and multi-year compliance windows. EMC supports maintaining these core mechanisms but cautions against expanding them further.

Flexibility must not become dilution. Each additional pathway risks weakening the regulation's effectiveness, distorting market signals, and undermining public confidence. The recommendations in this section aim to preserve the integrity of the existing framework while correcting or removing provisions that have proven counterproductive or misleading.

5.2.1 Shift Early Compliance Credit (ECC) usage period

- Maintain current limitations on ECC eligibility, trading, and lifespan.
- Shift ECC usage to MY2027 and MY2028 (instead of MY2026 and MY2027) to reflect the 2026 adjustment.

EMC recommends maintaining current limitations on ECC eligibility, trading, and lifespan, but shifting the ECC usage period to MY2027 and MY2028 (instead of MY2026 and MY2027). This adjustment reflects the proposed 2026 compliance waiver and ensures that ECCs continue to serve their intended purpose: supporting early deployment without distorting compliance obligations.

ECCs were designed to reward proactive deployment in 2024 and 2025. However, if MY2026 is set to a 0% compliance ratio, allowing ECCs to be used in that same year would undermine their value and create unnecessary overlap. Shifting the usage window forward maintains the incentive structure while aligning with the revised compliance timeline.

5.2.2 Eliminate charging infrastructure credit pathway

- Remove the provision allowing credit purchases in exchange for charging infrastructure investment.
- This mechanism is being misrepresented as a consumer tax and does not reflect actual compliance costs.
- It will not be used as currently designed.
- If retained, the price ceiling should not fall below \$12,000 to avoid incentivizing credit purchases over vehicle deployment.



EMC recommends removing the provision that allows automakers to generate compliance credits with charging infrastructure investment. This mechanism has been misrepresented in public discourse as a consumer tax and does not reflect actual compliance costs.

The \$20,000 investment associated with this provision has been distorted into a credit market price or cost of compliance. In practice, the cost of deploying a ZEV is significantly lower than this figure, especially for automakers with scale or existing EV programs. This credit generation option has instead been weaponized by industry associations to exaggerate the cost of compliance and undermine public support for the regulation.

Removing this pathway would eliminate a source of misinformation, reinforce the primacy of vehicle deployment, and ensure that compliance reflects real-world performance, not financial substitution.

5.2.3 No additional flexibility pathways

- Do not introduce new compliance flexibilities.
- The current framework already includes ECCs, credit banking, and multi-year compliance windows.

EMC strongly recommends against introducing any new compliance flexibilities. The current framework already includes ECCs, credit banking, and multi-year compliance windows, each of which provides ample room for manufacturers to manage their transition.

Adding further pathways risks undermining the regulation's credibility and effectiveness. It would dilute the market signal, reduce the incentive to deploy vehicles, and complicate enforcement. Experience with voluntary agreements and overly flexible standards has shown that weak rules do not deliver results.

The EVAS must remain enforceable, predictable, and focused. Flexibility should support deployment, not delay it. EMC urges the government to hold the line, and resist calls for additional exemptions or alternative compliance mechanisms.

5.3 Technology eligibility: plug-in hybrids

Plug-in hybrid electric vehicles (PHEVs) play a transitional role in Canada's shift to zero-emission transportation. While not fully electric, PHEVs contribute to emissions reductions and help build consumer familiarity with electrification. EMC supports maintaining their eligibility for partial compliance credits under EVAS, if crediting remains performance-based and aligned with infrastructure goals.



5.3.1 Preserve credit eligibility for plug-in hybrids (PHEVs)

- Continue to allow PHEVs to generate partial credits.
- Maintain a minimum all-electric range threshold and a fractional credit value per sale to ensure alignment with infrastructure and emissions goals.

EMC recommends continuing to allow PHEVs to generate partial credits under EVAS, consistent with current regulatory provisions. Specifically, EMC supports maintaining:

- A minimum all-electric range threshold to ensure meaningful emissions reductions.
- A fractional credit value per sale, scaled to reflect the vehicle's electric capability and alignment with charging infrastructure needs.

This approach ensures that crediting for PHEVs remains tied to real-world performance. It avoids inflating credit totals with lower-impact vehicles and preserves the integrity of the regulation.

PHEVs can serve as a bridge for consumers who are not yet ready to adopt battery electric vehicles (BEVs), particularly in regions with limited charging infrastructure. However, their role must be carefully managed. EMC supports the current EVAS structure, which excludes low-range PHEVs and rewards higher-performing models.

Maintaining this balanced approach allows EVAS to support a diverse vehicle mix while keeping the focus on full electrification. It also ensures that crediting reflects actual emissions reductions and infrastructure demand—key objectives of the regulation.

5.4 Technology exclusion: conventional hybrids

Conventional hybrids are vehicles that rely entirely on gasoline and do not require external charging. They do not meet the objectives of the EV Availability Standard. EMC strongly opposes their inclusion in the EVAS compliance framework. These vehicles are not zero-emission, do not support charging infrastructure deployment, and offer limited climate or air quality benefits compared to battery electric vehicles and plug-in hybrids.

Including conventional hybrids would dilute the regulation's impact, distort infrastructure planning, and mislead consumers about what constitutes a zero-emission vehicle.

Canada would be the first national jurisdiction to include conventional hybrids in a zero-emission vehicle standard. This would set a problematic global precedent and risk undermining climate efforts not only domestically, but internationally.



5.4.1 Exclude conventional hybrids from compliance

- Do not allow conventional hybrids (non-plug-in) to generate ZEV credits.
- These vehicles do not contribute to charging infrastructure demand or significant GHG reductions and undermine the policy's core objectives.

EMC recommends that conventional hybrids (non-plug-in) remain excluded from EVAS credit eligibility. These vehicles:

- Do not require charging infrastructure and therefore do not contribute to the business case for public or private charging networks.
- Continue to emit greenhouse gases and air pollutants, including NO_x and PM_{2.5}, throughout their operational life.
- Undermine the credibility of the regulation by allowing fossil-fuel-reliant technologies to qualify under a zero-emission framework.

From a climate and health perspective, the difference in emissions between conventional hybrids and battery electric vehicles is stark. For example, in Québec, after 40,000 km, a Honda Civic Hybrid emits 365 times more GHGs per kilometre than a Hyundai Ioniq 6 Long Range. In Ontario, the difference is approximately 25 times higher. These figures will only grow as Canada's electricity grid continues to decarbonize.

On a life-cycle basis, conventional hybrids deliver only a 20% emissions reduction compared to gasoline vehicles, according to ICCT baseline estimates. This level of performance does not align with the GHG reduction objectives already committed to by Canada under international agreements.

From an affordability standpoint, conventional hybrids offer only a 20% fuel cost reduction compared to internal combustion vehicles, far below the 77% reduction offered by battery electric vehicles. Their inclusion would not meaningfully address household transportation costs.

Moreover, conventional hybrids do not drive investment in charging infrastructure, grid modernization, or workforce training. Their inclusion would send a misleading signal suggesting that incremental improvements in combustion technology are equivalent to full electrification.

No jurisdiction in the world currently classifies conventional hybrids as zero-emission vehicles. EMC urges the government to maintain the integrity of the EVAS by excluding conventional hybrids from all compliance pathways.



**ELECTRIC
MOBILITY
CANADA**
ACCELERATING ELECTRIC
TRANSPORTATION



**MOBILITÉ
ÉLECTRIQUE
CANADA**
ACCÉLÉRER L'ÉLECTRIFICATION
DES TRANSPORTS

**14,7 kg
de CO₂
par 100 km**

**0,04 kg
de CO₂
par 100 km**



**After 40,000 km, the Honda Civic Hybrid will emit
365 times more CO₂ per km driven in Quebec than the
Hyundai Ioniq 6 Long Range**



5.5 Overview of compliance ratios and pathways

The table below summarizes EMC's recommended compliance ratios for each model year and the corresponding compliance pathways available to automakers. These pathways illustrate the flexibility built into the EVAS framework, including credit generation, banking, and multi-year compliance windows. This structure ensures that regulated entities can meet obligations while maintaining a predictable trajectory toward electrification.

MY	Recommended «Unadjusted ZEV compliance ratio»	Compliance pathways
2026	0%	– No compliance «requirement»: All ZEV Sales generate credits that can be banked for future years
2027	23%	– Use credits generated from the current year's ZEV Sales – Use ECCs from 2024 and 2025 – Use banked credits from previous years (2026 and after) – Not meet the year's ratio and use credits generated in the next two years (re: 3-yr compliance window) – Purchase credits from another OEM at market price (not 20K)
2028	34%	
2029	43%	
2030	60%	
2031	74%	
2032	83%	– Use credits generated from the current year's ZEV Sales – Use banked credits from previous years – Not meet the year's ratio and use credits use credits generated in the next two years (re: 3-yr compliance window) – Purchase credits from another OEM at market price (not 20K)
2033	83%	
2034	83%	
2035 and beyond	TBD	– The government should commit to a review process to be completed by Q1 2031 at the latest to review compliance ratios for 2033 and beyond.



6 EMC RESPONSES TO ECCC'S CONSULTATION QUESTIONS

This chapter provides Electric Mobility Canada's responses to the consultation questions outlined in Environment and Climate Change Canada's (ECCC) presentation deck on the EVAS review. We appreciate the clarity and structure these questions bring to the consultation process.

Our responses below reiterate and, where appropriate, expand upon the recommendations and rationale presented in Chapter 5. They are grounded in current market realities, supported by data, and informed by EMC's ongoing engagement with industry stakeholders across Canada's electric transportation ecosystem.

6.1 ECCC Questions: Level of ambition

To what extent should the level of ambition be based on:

- Natural demand forecasts that consider cost?
- Model offerings?
- Leading jurisdictions / regional and global sales trends?
- Company plans/projections?
- Potential GHG contributions to scientifically informed climate goals?
- What do low and high levels of ambition look like?

The level of ambition in Canada's Electric Vehicle Availability Standard (EVAS) must reflect a balanced and pragmatic approach, one that ensures sufficient supply to meet growing demand, supports manufacturing scale-up, and delivers on Canada's climate commitments.

EVAS is a supply-side regulation. Its ambition must be calibrated to ensure that automakers deliver enough ZEVs to meet consumer demand, which continues to rise across Canada. At the same time, the regulation must provide a predictable trajectory that allows manufacturers to scale production and infrastructure investment without disruption.

Canada's ambition must also be informed by global benchmarks. Leading jurisdictions such as the European Union, California, China, and South Korea, have adopted binding ZEV sales requirements and are implementing carbon border adjustment mechanisms. Falling behind these jurisdictions risks undermining Canada's competitiveness and deterring investment in domestic manufacturing and supply chains.

Finally, the ambition of the EVAS must be grounded in Canada's climate goals. Transportation is the second-largest source of greenhouse gas emissions in Canada. Achieving net-zero by 2050 requires a sustained shift to zero-emission vehicles. The EVAS must be designed to deliver real, measurable reductions in emissions.



In this context, a high level of ambition means setting compliance ratios that exceed business-as-usual projections, maintain alignment with peer jurisdictions, and support the scale-up of domestic EV production. A low level of ambition, by contrast, would signal regulatory retreat, delay emissions reductions, and risk leaving Canada behind in the global clean transportation transition.

Our recommendations meet the criteria of balanced and pragmatic approach that considers current geopolitical considerations, especially in the short term, ensures automakers with a Canadian footprint can catch-up to the market, and keeps compliance ratios that ensure EV Supply meets demand through to 2032.

6.2 ECCC Questions: Reductions in stringency

6.2.1 What model year would you recommend EVAS begin?

EMC recommends that the **Electric Vehicle Availability Standard (EVAS) begin in model year 2026**, but with a **compliance ratio of 0%**. This approach allows automakers to generate credits from ZEV sales in 2026 without triggering compliance obligations. It avoids retroactive enforcement, aligns with public commitments, and supports Canadian automakers who may not have accumulated ECCs in earlier years.

6.2.2 What reductions in stringency would you recommend for the annual targets?

EMC recommends:

- **Waive the 2026 compliance obligation** by setting the compliance ratio to 0%.
- **Maintain existing compliance ratios through 2032**, including a 60% ratio for 2030 and an 83% ratio for 2032.
- **Flatline the compliance ratio after 2032 at 83%** and **remove the 100% ZEV target for 2035** to avoid political backlash and misrepresentation of the regulation as a ban.

On the 60% target in 2030

No reduction recommended. EMC supports retaining the **60% compliance ratio for MY2030**, citing its alignment with industry planning, public health benefits, and global competitiveness. Feasibility of this ratio is supported by our modelling of natural demand growth, including a relative slower growth in 2025 and 2026. Multiple compliance pathways already included in the regulation as well as a 0% compliance ratio for 2026 offer a ramp-up period that even laggard OEMs can navigate.



On the 100% target in 2035

EMC recommends **removing the 100% ZEV target for 2035**. This figure has become a symbolic flashpoint and is often mischaracterized as a ban on combustion vehicles. Removing it preserves regulatory momentum while reducing political risk.

On the other intermediary targets

EMC supports retaining all intermediary compliance ratios through 2032:

23% in 2027 / 34% in 2028 / 43% in 2029 / 60% in 2030 / 74% in 2031 / 83% in 2032

These targets are achievable and already embedded in industry planning.

6.2.3 Would you recommend annual increases in stringency or increases in stringency every several years?

EMC recommends **annual increases in stringency**. This approach provides a predictable trajectory for industry planning and supports steady market transformation. It also aligns with the structure of the existing EVAS regulation and avoids disruptive step-changes.

6.2.4 What technology and cost assumptions lay behind your recommended stringency? Are they based on today's technology or market dynamics or assumptions made regarding future ones?

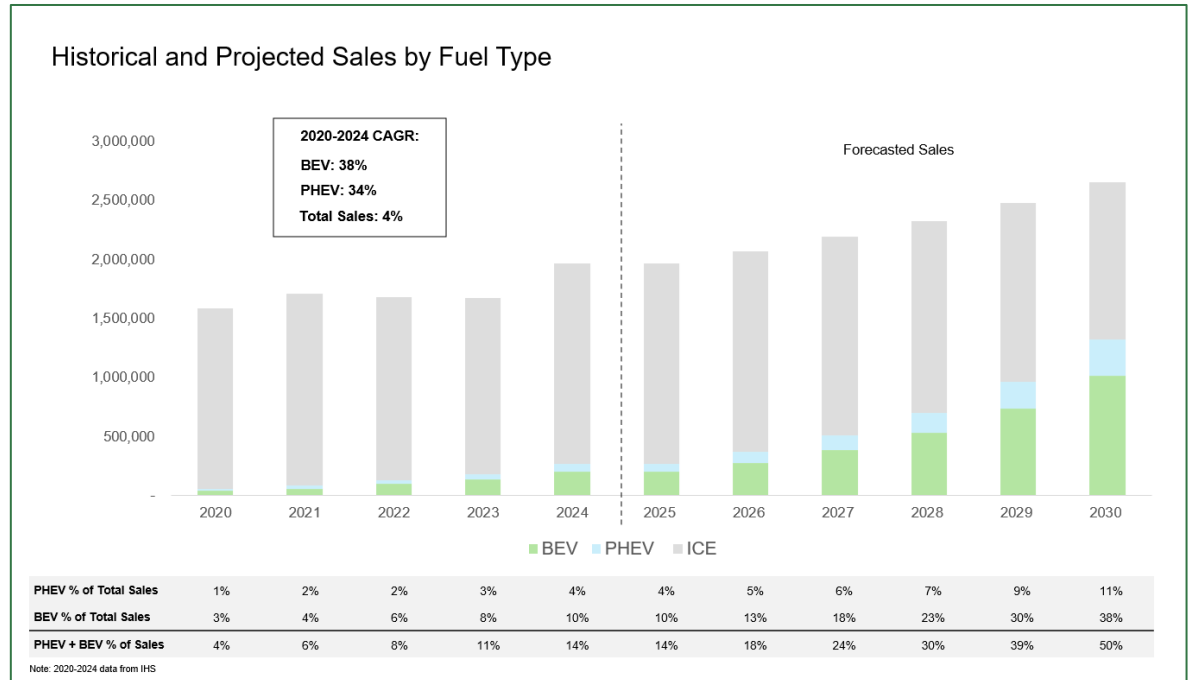
EMC's recommendations are based on **current market dynamics and business-as-usual (BAU) projections**, not speculative future technologies. The rationale includes:

- **Credit flexibilities** (ECCs, banking, multi-year windows) that reduce effective compliance burdens.
- **Observed industry behavior**, including increased EV model availability and deployment in response to ECC incentives.
- **Affordability trends**, with EVs offering significant fuel and maintenance savings.
- **Public health data**, showing substantial benefits from reduced emissions.
- **Global benchmarks**, with EV adoption exceeding 20% of global car sales in 2024 and projected to rise further.

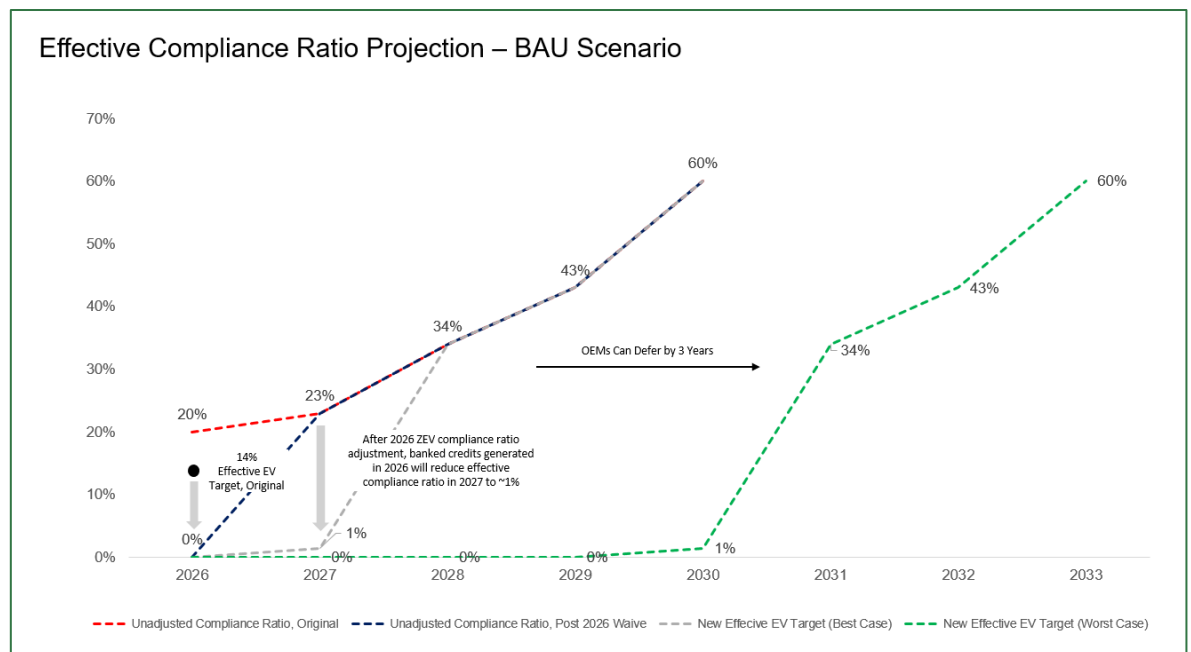
These assumptions reflect **real-world conditions** and support a regulation that is both reasonably ambitious and pragmatically achievable.

6.2.5 DATA: Modelling market growth and plotting impact of our recommendations.

Based on 2020-2024 sales data (from IHS) showing market growth of 38% in BEV sales, 34% of PHEV while the total market (including ICE vehicles) grew by only 4%, we projected sales for 2025-2030, including a very conservative 0% growth for 2025 compared to 2024. This is the BAU scenario (see figure below).



We then applied our recommended EVAS adjustment of MY2026 ZEV Sales ratio to 0% ratio and projected effective (adjusted) EV sales targets to generate a visualization of the pathway flexibilities offered to regulated OEMs. These flexibilities include: ECC, credit banking and the 3-yr compliance window.



This exercise demonstrates that further adjustments (reduced targets or additional flexibilities) are not only unnecessary but could potentially result in effective targets «below» the BAU scenario which would render the EVAS virtually useless.



6.3 ECCC Questions: Flexibilities

6.3.1 When ideally would you recommend companies begin to earn early action compliance units?

EMC recommends that Early Compliance Credits (ECCs) continue to be earned from ZEV sales for MY 2024 and 2025, but that their usage window be shifted to MY2027 and MY2028 (instead of MY2026 and MY2027). This adjustment reflects the waiver of 2026 compliance obligations and ensures ECCs retain their intended value, rewarding early deployment without overlapping with a zero-obligation year.

This approach:

- Preserves the incentive structure for early deployment.
- Avoids devaluing ECCs by applying them in a year with no compliance requirement.
- Supports Canadian automakers who may not have been able to generate ECCs under a threshold-based system.

6.3.2 Would you recommend the EVAS include conventional hybrids and if so to what extent?

EMC strongly opposes the inclusion of conventional hybrids (non-plug-in) in the EVAS compliance framework. These vehicles:

- Weaken signal for charging infrastructure deployment,
- Do not contribute to significant GHG reductions, and
- Undermine the policy's core objectives.

No jurisdiction globally includes conventional hybrids in ZEV regulations. Including them would set a problematic precedent and dilute the effectiveness of Canada's climate policy.

6.3.3 Would you recommend the EVAS allow for more plug-in hybrids?

EMC supports maintaining current eligibility for plug-in hybrid electric vehicles (PHEVs), with the following conditions:

- A minimum all-electric range threshold to ensure meaningful emissions reductions.
- A fractional credit value per sale, scaled to reflect electric capability and alignment with infrastructure goals.

PHEVs can play a transitional role, especially in regions with limited charging infrastructure. However, their inclusion must remain performance-based to avoid inflating credit totals with low-impact vehicles.



6.3.4 Would you recommend the use of early action compliance units be expanded?

EMC recommends against expanding the use of ECCs beyond their current structure. ECCs should remain:

- Non-transferable (usable only by the generating automaker).
- Time-limited, with a defined usage window (MY2027–2028).
- Restricted in volume, to avoid distorting compliance obligations.

Expanding ECC use would risk undermining the regulation's stringency and delay real-world ZEV deployment.

6.3.5 Which current flexibilities could be dropped altogether?

EMC recommends eliminating the charging infrastructure credit pathway. This provision:

- Has been misrepresented as a consumer tax.
- Does not reflect actual compliance costs.
- Risks incentivizing credit purchases over vehicle deployment.
- Will not actually be used as currently designed

If retained, the price ceiling should not fall below \$12,000 to avoid undercutting the cost of deploying ZEVs. However, EMC's preferred approach is full removal to preserve the integrity of the regulation.

EMC also recommends no new flexibility pathways be introduced. The existing framework with ECCs, credit banking, and multi-year compliance windows provides sufficient flexibility. Additional mechanisms risk diluting the regulation and undermining public confidence.

6.3.6 Should credits from the GHG performance standards be useable for EVAS compliance and if so to what extent?

Canada's GHG performance standards and the EV Availability Standard (EVAS) serve distinct but complementary purposes. The GHG program has helped limit the growth of emissions from the combustion fleet by requiring incremental improvements in vehicle efficiency. However, it has not succeeded in delivering deep, sustained reductions in overall transportation emissions.

Each year, the GHG program allows cleaner, but still polluting, combustion vehicles to enter the Canadian fleet. These vehicles remain on the road for 12 years or more, and their emissions profiles often worsen over time due to aging components and real-world driving conditions. In contrast, every battery electric vehicle (BEV) deployed under EVAS becomes cleaner over time, as Canada's electricity grid continues to decarbonize.



For this reason, EMC strongly supports maintaining both a GHG performance standard and a ZEV sales requirement. The GHG standard should continue to drive improvements in the combustion fleet, while EVAS accelerates the transition to zero-emission technologies. These policies must be designed to reinforce each other, not undermine one another.

If Canada chooses to delink its GHG standard from the U.S. Code of Federal Regulations, EMC recommends the following principles for a future Canadian-only standard:

- **Do not allow ZEVs to count toward fleet average emissions** under the GHG standard. This would artificially lower the average and allow more polluting vehicles to enter the fleet.
- **Ensure that EVAS does not create compliance offsets** for the GHG program. The two regulations should operate independently, each driving its own set of outcomes.
- **Focus the GHG standard on continuous improvement** in combustion vehicle performance, while EVAS drives full electrification.

In short, EVAS must remain a dedicated ZEV deployment tool. It should not be diluted by cross-crediting with GHG performance standards, which serve a different purpose and target a different segment of the fleet. Canada's climate goals require both policies, but each must retain its integrity.

6.3.7 Would you recommend performance-based standards or ZEV sales requirements?

EMC supports ZEV sales requirements as the core structure of EVAS. While performance-based standards can complement the regulation (e.g., for PHEV crediting), they should not replace the central supply-side obligation.

ZEV sales requirements:

- Provide clear, enforceable targets.
- Align with global best practices.
- Ensure sufficient supply to meet growing demand.

Performance metrics can be used to refine credit values (e.g., for PHEVs), but the backbone of EVAS must remain a sales-based compliance ratio.



APPENDIX 1 – A broader automotive industry strategy

EVAS is not the source of the auto industry's current challenges, but it is part of the solution. It ensures Canadians have access to clean vehicles, supports our climate goals, and provides a predictable framework for investment. To protect jobs and strengthen our manufacturing base, we need a broader strategy—one that includes trade defense, industrial investment, and workforce transition. We must ensure Canada remains competitive in the global shift to electrification, not fall behind.

1. Clarifying what EVAS solves

The **Electric Vehicle Availability Standard (EVAS)** is designed to:

- Ensure **consumer access** to zero-emission vehicles (ZEVs) across Canada.
- Create **regulatory certainty** for OEMs and suppliers investing in EVs.
- Support Canada's **GHG reduction targets** in the transportation sector.
- Align Canada with **global trends** in electrification, avoiding market lag.

EVAS is not a tool to address trade shocks or industrial competitiveness directly. However, it:

- Signals long-term demand for EVs, which can **anchor domestic manufacturing** decisions.
- Provides a **compliance market** that can benefit Canadian-based OEMs through credit generation.
- Encourages **investment in charging infrastructure**, which supports broader economic activity.

2. EVAS as part of Canada's industrial strategy

While EVAS is primarily a supply-side regulation, it also plays a critical role in Canada's industrial competitiveness. By requiring automakers to supply ZEVs in Canada, EVAS creates strong incentives to maintain and modernize domestic production facilities. This is especially important when tariffs remain on imported vehicles:

- **Avoiding tariff costs:** OEMs required to meet EVAS targets would face tariff penalties if ZEVs were imported from U.S. plants. Producing vehicles in Canada avoids these costs and secures competitive access to the Canadian market.
- **Anchoring domestic jobs:** EVAS signals long-term demand for ZEVs, encouraging automakers to invest in Canadian assembly plants and supplier networks rather than relocate production.
- **Strengthening supply chains:** A strong EVAS supports Canada's battery and parts manufacturing ecosystem by ensuring predictable ZEV volumes, which underpin investment decisions across the supply chain.
- **Countering global competition:** With Europe and Asia scaling EV production aggressively, EVAS helps Canada remain a priority market and mitigates the risk of losing industrial capacity to jurisdictions with stronger mandates.



3. What needs to be addressed outside EVAS

EVAS alone cannot resolve the current crisis in the Canadian automotive industry. The following areas require complementary action:

A. Industrial strategy for EV manufacturing

- **Targeted investment attraction:** Use the [Strategic Innovation Fund](#) and Net Zero Accelerator to secure new EV mandates (e.g., Linamar's recent \$169M investment).
- **Conditional incentives:** Tie federal support to domestic production and job retention (e.g., Canada's recent reduction of GM's tariff-free import quota).
- **Battery supply chain development:** Accelerate mining, processing, and recycling of critical minerals (Canada still lacks a commercial rare earth mine).

B. Trade and tariff mitigation

- **Defend Canadian manufacturing:** Respond to U.S. tariffs with strategic countermeasures and enforce commitments from OEMs (e.g., Stellantis and GM production shifts).
- **Diversify export markets:** Support PM Carney's goal to double non-U.S. exports.

C. Workforce transition

- **Reskilling programs:** Expand [FOCAL](#) and similar initiatives to prepare workers for EV and battery manufacturing roles.
- **Regional support:** Focus on communities like Windsor and Oshawa that are vulnerable to ICE job losses.

4. Avoiding the EV vs ICE narrative

To prevent framing EV manufacturing as a threat to ICE jobs:

- Emphasize **job transformation**, not elimination. [FOCAL data](#) shows net job gains are possible if Canada secures full battery and EV supply chains.
- Promote **dual-track production**: Support plug-in hybrid manufacturing as a transitional technology.
- Highlight **global alignment**: Canada's EVAS is consistent with international trends (e.g., EU, California, China), and retreating would isolate Canada.



APPENDIX 2 – Impact of removing or weakening EVAS for the EV Industry

The EVAS creates market predictability and enables industrial planning. Weakening or removing it would send a signal that Canada is retreating from its commitments, creating uncertainty for investors, automakers, and infrastructure providers. In a global race where jurisdictions with strong ZEV mandates and other enabling industrial policies are winning jobs and capital, Canada cannot afford to fall behind. In this context, EVAS is more than a regulatory tool, it creates a foundation for competitiveness, consumer access, and long-term economic resilience.

1. Market certainty drives investment

EVAS provides a **predictable regulatory framework** that:

- Signals long-term demand for EVs in Canada.
- Encourages OEMs to allocate EV supply to the Canadian market.
- Supports decisions to invest in **domestic assembly, battery production, and supply chain localization**.

Without EVAS:

- Canada risks becoming a **secondary market** for EVs, especially as global supply remains constrained.
- OEMs may prioritize jurisdictions with **stronger ZEV mandates** (California, EU, China), reducing Canadian consumer access and undermining domestic manufacturing potential.

2. Credit market incentives

EVAS creates a **compliance credit market** that:

- Rewards OEMs for selling ZEVs in Canada.
- Allows Canadian-based manufacturers to **generate and monetize credits**, improving competitiveness.
- Encourages **innovation and product diversity**, especially for smaller or emerging EV players.

Removing EVAS:

- Eliminates this incentive structure.
- Disadvantages Canadian operations relative to U.S. or European plants that benefit from similar credit systems.

3. Infrastructure and ecosystem alignment

EVAS supports:

- **Charging infrastructure planning** by forecasting EV uptake.
- **Utility readiness** for grid impacts and load management.
- **Aftermarket and service ecosystem development**, including technician training and parts supply.

Weakening EVAS:

- Creates uncertainty for infrastructure providers and utilities.
- Slows down ecosystem development, increasing consumer hesitancy and reducing economic spillovers.



A weakening of EVAS targets would send adverse signals to infrastructure developers and utilities, undermining planning certainty and delaying investment. The Canadian Charging Infrastructure Council (CCIC) warns that a reduction in EVAS ambition—such as lowering the 2030 compliance ratio from 60% to 30%—could result in a **62% drop in new public fast-charging stations** across Canada. This would eliminate approximately **\$500 million in direct investment**, according to CCIC’s October 2025 analysis¹⁰. Charging network operators and utilities rely on predictable EV adoption trajectories to justify capital-intensive deployments and grid upgrades. Any overcorrection in EVAS design risks destabilizing the broader electrification ecosystem and compromising Canada’s readiness for mass-market EV adoption.

4. Strategic alignment with global trends

Canada’s auto sector must compete globally. EVAS:

- Aligns Canada with jurisdictions that are **accelerating ZEV adoption**.
- Helps Canadian suppliers and manufacturers **integrate into global EV supply chains**.
- Supports Canada’s **climate commitments**, which are increasingly tied to trade and investment decisions.

Without EVAS:

- Canada risks falling behind in the global transition.
- Domestic firms may lose access to **green investment capital**, trade advantages, and innovation partnerships.

5. Compounding risks of weakening EVAS

If EVAS is weakened or eliminated:

- **EV supply to Canada will shrink**, especially for affordable models.
- **Consumer adoption will slow**, undermining climate goals.
- **Domestic manufacturing will lose its anchor**, making it harder to justify new investments in domestic assembly, battery production, and supply chain.
- **Canada’s credibility** on climate and industrial policy will suffer, especially in international forums and trade negotiations.

¹⁰ Canadian Charging Infrastructure Council: <https://www.ccic-ccir.ca/2025/10/29/ccic-media-release-evas-overcorrection-could-lower-public-fast-charging-by-62/>



APPENDIX 3 – Implications of EVAS being under CEPA

1. Criminalization of non-compliant OEMs under CEPA

Automakers have argued that EVAS being regulated under CEPA exposes them to criminal liability for non-compliance. While CEPA does provide enforcement mechanisms, the reality is far less severe than suggested.

Key Points:

- **Prosecution is rare and lengthy**
CEPA enforcement actions against automakers are extremely uncommon. According to the Environmental Offenders Registry, Volkswagen is the only major automaker prosecuted under CEPA since 2009. This case was linked to the global “Dieselgate” scandal, in which VW installed defeat devices in its vehicles to cheat emissions tests and conceal real-world air pollution levels.
- **Penalties are financial, not criminal sentences**
Even in the Volkswagen case, the outcome was a monetary penalty of \$196.5 million—no jail time, no additional punitive measures. Other cases involving automotive-related businesses resulted in fines and, occasionally, corrective actions such as destruction of non-compliant products.
- **Multiple compliance options exist**
OEMs have several pathways to avoid prosecution, including credit purchases, deferred compliance within the three-year rolling window, and corrective measures before enforcement escalates.
- **Transparency, not criminalization**
CEPA’s enforcement framework prioritizes compliance and environmental protection, not criminal punishment. Penalties are designed to incentivize corrective action, not to criminalize corporate behavior.

The notion of “criminalization” is misleading. CEPA enforcement for EVAS would follow the same pattern as other environmental regulations: financial penalties for persistent non-compliance, not imprisonment. OEMs have ample opportunity to comply or mitigate risk before any prosecution occurs.

Environmental regulation enforcement is not new or unique to CEPA

Automakers operate under environmental regulations worldwide, and penalties for non-compliance are standard practice, not unique to Canada’s CEPA framework. For example, in 2023, Stellantis and GM were fined \$363 million for failing to meet U.S. fuel economy standards for prior model years¹¹. GM even stated that paying penalties was part of its compliance mechanism, underscoring that enforcement is an expected element of regulatory systems, not an anomaly.

¹¹ REUTERS: <https://www.reuters.com/business/autos-transportation/stellantis-gm-pay-363-million-us-fuel-economy-penalties-2023-06-02/>



Earlier this year, the Trump administration signaled to automakers that they need not worry about paying fines for excessive pollution, effectively neutering U.S. CAFE rules that push automakers to sell more efficient cars¹².

These examples illustrate a critical point: **without enforceable regulations, compliance becomes voluntary**. Though some automakers may choose to pay penalties rather than innovate and reduce emissions, EVAS under CEPA ensures that Canada's requirements remain obligations, not optional targets, preserving the integrity of climate policy and protecting Canadians from regulatory backsliding.

2. Non-Compliance Disclosure and Financial Reporting

One concern raised by automakers is that, because EVAS is regulated under the Canadian Environmental Protection Act (CEPA), any deferred compliance obligation within the three-year rolling compliance window would still appear on a company's books. This is accurate—but the implications are overstated.

Key Points:

- **Yes, it appears as a liability or risk disclosure**
Non-compliance would typically be recorded as a contingent liability or risk in financial statements. This is a transparency requirement, not a punitive measure.
- **No impact on Profit & Loss (P&L)**
Deferred compliance obligations do not affect a company's P&L. They are disclosed as potential future obligations, not current expenses.
- **Investor impact is negligible**
The size of this liability is insignificant compared to total corporate liabilities. Investors focus primarily on revenue and P&L, not minor contingent disclosures.
- **Credit purchases affect P&L**
If an automaker opts to buy credits instead of delivering vehicles, that expenditure impacts P&L in the quarter/year it occurs. Deferral offers flexibility in timing but does not eliminate the obligation.

The presence of a deferred compliance liability is a disclosure issue, not a financial penalty. It signals that the company is deferring compliance, but it does not materially affect profitability or investor confidence. Once vehicles are delivered, the liability disappears without impacting P&L.

¹² Inside EVs: <https://insideevs.com/news/766256/trump-administration-fuel-economy-fines/>



APPENDIX 4 - Key findings from Dunsky's EVAS pathways analysis

Dunsky's independent analysis, EV Availability Standard Pathways¹³, quantifies the impacts of maintaining, adjusting, or removing the Electric Vehicle Availability Standard (EVAS) on affordability, health, and climate benefits. The findings strongly reinforce the importance of preserving EVAS as a robust regulatory tool and minimizing any dilution of its targets. Dunsky's analysis confirms that EVAS is the cornerstone of Canada's EV transition. Weakening the standard would undermine affordability, climate commitments, and health outcomes, while increasing costs to government and reducing certainty for industry.

The analysis quantifies why a strong EVAS matters

- **Highest Consumer Savings**
Maintaining the original EVAS delivers \$45 billion in cumulative fuel savings by 2035, equivalent to \$1,750 annually per EV driver, while also accelerating upfront cost reductions.
- **Climate Leadership**
The original EVAS achieves 69 MT CO₂e in cumulative emission reductions by 2035, far exceeding any alternative scenario. Every year of delay reduces long-term benefits because ICE vehicles remain on the road for 15+ years.
- **Health Benefits**
Under the original EVAS, Canadians gain \$6.2 billion in cumulative health benefits by 2035, driven by reductions in air pollutants linked to respiratory and cardiovascular disease.
- **Government Fiscal Efficiency**
EVAS is the most cost-effective approach for meeting EV adoption targets—requiring no direct federal spending, unlike rebates-only strategies that cost \$3.7 billion by 2030.
- **Certainty for Industry and Infrastructure**
Legislated targets provide market certainty for automakers, utilities, and charging providers, enabling timely investments in EV supply chains and infrastructure.

Implications of Diluting EVAS

- Lower targets or added flexibilities **delay EV adoption**, reducing affordability, climate, and health benefits.
- Alternative measures (rebates, tariff adjustments) can partially offset losses but at **higher fiscal cost** and with slower impact.
- Removing EVAS entirely would make Canada a **secondary market**, risking competitiveness and industrial investment.

¹³ Dunsky Energy + Climate: https://dunsky.com/wp-content/uploads/EVAS_Pathways_Analysis_Report_Oct_2025.pdf



APPENDIX 5 – Complementary measures to accelerate EV adoption

While the Electric Vehicle Availability Standard (EVAS) is feasible and effective on its own, complementary measures can accelerate consumer uptake, infrastructure readiness, and equitable access to zero-emission vehicles. These measures are not prerequisites for the EVAS targets recommended by EMC, but they can enhance the pace and inclusiveness of Canada's transition.

1. Reinstate and modernize federal ZEV incentives.

- Reintroduce federal purchase and lease incentives for new and used light-duty ZEVs, with a predictable phase-out: 2025: \$5,000 → 2029: \$1,000. The government can do even better and adopt a fee-bate system.
- Reinstate the 100% first-year Capital Cost Allowance (CCA) for ZEV LDVs purchased or leased by businesses and self-employed workers.
- Adopt a fee-bate system to ensure fiscally neutral funding for this program.
- Consider funding incentives through strengthened carbon pricing mechanisms (e.g., OBPS minimum benchmark).

2. Expand residential charging access.

- Recapitalize ZEVIP with \$250 million over four years to support EV retrofits in condominiums and apartments.
- Integrate EV-readiness into the Model National Building Code and support provincial adoption.
- Provide targeted home charging incentives for lower-income households and used EV buyers.
- Extend the Clean Fuel Regulation's residential credit pathway (CC3) beyond 2035.

3. Strengthening public charging infrastructure.

- Recapitalize and streamline ZEVIP to support reliable public charging, especially in underserved regions.
- Establish a funding stream for capital and operating costs of fast chargers in rural and remote areas.
- Expand Clean Fuel Regulation credit pathways (CC3) to catalyze private investment in public fast charging.
- Implement policy reforms to unlock private investment and reduce permitting delays.

These measures support broader electrification goals and consumer affordability, but they are not required to implement or achieve the EVAS compliance ratios recommended in this submission.

MORE: [EMC's priority recommendations for Budget 2025](#) address the full ecosystem of Canada's EV transition—from charging infrastructure and grid readiness, to consumer and fleet incentives, to workforce development and trade policy. Together, they chart a path to ensure Canada remains competitive, affordable, and on track to achieve its climate and economic goals.