



## Support for the Federal Clean Fuel Standard

Submitted to Environment and Climate Change Canada (ECCC)

by Electric Mobility Canada (EMC)

August 17, 2020

### About Electric Mobility Canada / Mobilité Électrique Canada (EMC/MEC)

EMC is a national membership-based not-for-profit organization dedicated exclusively to the advancement of e-mobility as an exciting and promising opportunity to fight climate change and stimulate and support the Canadian economy.

EMC's mission is to strategically accelerate the transition to electric mobility across Canada.

Established in 2006, EMC is one of the very first electromobility associations in the world, and represents more than 200 organizations working to electrify transportation across Canada. Members representing more than 50 billion dollars a year in revenue include vehicle manufacturers, utilities, charging infrastructure manufacturers, charging suppliers and networks, fleet managers, unions, cities, universities, NGOs and EV owners associations.

EMC would like to congratulate ECCC for its work advancing Canada's proposed Clean Fuel Standard (CFS). The CFS is an essential tool that will support Canada's achievement of its global climate commitments. Our members are following the advancement of the CFS with great interest, and would like to share the following comments with respect to the current design of the proposed CFS as it relates to electricity for transportation purposes (ZEV Credits):

#### **Electrification of transportation is a critical element of achieving Canada's climate commitments.**

In most Canadian provinces, electrifying a vehicle is the best way for a typical household to reduce its GHG emissions. For context, 25% of Canada's GHG emissions resulted from transportation in 2018. Between 1990 and 2018, GHG emissions from transportation have risen by 53%.<sup>1</sup>

#### **Multiple barriers to ZEV adoption should be addressed by a strong, sustained ZEV Credit system.**

EMC regularly reviews barriers to ZEV adoption with its members. Some of the major barriers to ZEV adoption reported by members include: (1) lack of education about ZEVs, (2) price of ZEVs vs comparable internal combustion engine vehicles, (3) lack of access and availability of charging infrastructure and (4) supply of ZEV makes and models. Despite recent growth in ZEV sales and the current federal and provincial policy context, 2019 ZEV sales were approximately 2.7% of the total new light-duty vehicle sales and significant barriers to adoption continue to exist.<sup>2</sup>

EMC supports ECCC's current proposed reinvestment requirement categories, which address barriers 2 and 3 above, but recommends broadening the scope of reinvestment to include other activities (e.g. consumer education, investments in the grid that support EV adoption) that will address the full suite of barriers to EV adoption. This will allow for the value of credit revenue reinvestments to be maximized and ensure that the CFS supports the growth of e-mobility in Canada. The EV charging industry is evolving at a rapid pace. Because of this, it is important for entities reinvesting revenue to maintain flexibility in how they are able to respond to Canadians' needs, which will evolve as this market develops, and to ensure that central barriers, such as lack of education, receive adequate funding.

1) Environment Canada: <https://www.canada.ca/content/dam/eccc/documents/pdf/cesindicators/ghg-emissions/2020/emissions-gaz-effet-serre-fr.pdf>  
2) Statistics Canada. Table 20-10-0021-01 New motor vehicle registrations, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2010002101>.

## **EMC supports technological neutrality**

EMC would like to reiterate a concern that the current CFS rule proposals appear to single out the electrification of transportation for special negative treatment, specifically with respect to the proposed phase-out of residential charging credits. EMC is of the view that a core principle of the CFS should be technological neutrality, meaning that ZEVs should not be disadvantaged as compared to other technologies, such as ICE vehicles using other low carbon fuels. Specifically, the purpose of this policy should be to incentivize the lowest carbon fuels (including electricity). EMC supports a policy element that will not disadvantage electricity in favour of other fuels simply because electricity has been effective in reducing a wider percentage of transportation emissions.

EMC therefore suggests that the federal government remove this phase-out requirement for residential ZEV Credits.

## **Canada does not currently have sufficient regulatory policies or funding to achieve our transportation electrification objectives.**

As the leading Canadian industry association for transportation electrification, we would like to congratulate Canada for many important steps that have been taken to support ZEV education, sales and the deployment of charging infrastructure. These investments are critical steps toward helping Canada achieve its ZEV LDV adoption targets of 10% by 2025, 30% by 2030 and 100% by 2040; however, they are not sufficient to guarantee a full-scale transition to ZEVs.

Currently, the ZEV market is in the “early adopter” phase. In a number of provinces in the prairies, territories and Maritimes, adoption is still very low. Recent analysis commissioned by the ICCT from Navius Research<sup>3</sup> indicates that Canada will not achieve its 30% 2030 ZEV sales targets with current policies, meaning significant and concerted efforts by policymakers at all levels are required. Forecasts of EV sales in Canada suggest that without additional policy measures, EV sales will be under 10% by 2030, and these forecasts do not take into account COVID-related economic and supply impacts.

EMC believes that a strong ZEV mandate is a critical policy to achieve Canada’s adoption targets, as demonstrated by provinces such as British Columbia and Quebec that have been leaders on ZEV mandates. Likewise, in California, low carbon fuel standard credits for EV charging are a critical and complementary policy tool along with ZEV mandates. By contrast, a Canadian federal ZEV policy is not yet in place. The lack of a supply-side policy serves to underline how important a sustained price signal, via the CFS, is to supporting consumer adoption of ZEVs.

EMC thanks ECCC for the opportunity to comment on this policy and would be pleased to provide additional comments should any further clarification be useful.

Thank you,

For additional questions, please contact:

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3) Navius Research (2020), *Simulating zero emission vehicle adoption and economic impacts in Canada*, <https://www.naviusresearch.com/wp-content/uploads/2020/04/2020-03-16-ICCT-ZEV-Forecast.pdf>.