



**Written Submission for the Pre-Budget Consultations in Advance of the
Upcoming Federal Budget**

By: Electric Mobility Canada – Mobilité Électrique Canada

August 7, 2020

**Contact: Daniel Breton
President and CEO
info@emc-mec.ca
<https://emc-mec.ca>**

10 Recommendations from Electric Mobility Canada – Mobilité Électrique Canada for Canada's Upcoming Budget

That the Government of Canada:

1. Support Canada's zero emission vehicle (ZEV) manufacturing industry and dealerships by incentivizing consumer and fleet purchases of EVs in all vehicle classes
2. Incentivize all Canadians to buy an electric vehicle with a used EV incentive
3. Commit to Canada's ZEV targets with regulatory measures
4. Set and fund higher 1- and 5-year targets for EV charging station deployment
5. Significantly increase electrification of government and Crown corporation fleets
6. Support electrification of government and Crown corporation fleets by providing charging infrastructure
7. Pre-order or bulk buy heavy-duty electric transit and school buses
8. Expand funding for ZEV training programs
9. Support EMC's mission
10. Provide four-year federal guarantee for ZEV loans

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 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.

Recommendation #1: Support Canada's zero emission vehicle (ZEV) manufacturing industry and dealerships by incentivizing consumer and fleet purchases of ZEVs in all vehicle classes

- **Transit buses:** Cover 85% of the full cost of electric transit buses to support transit agencies facing precipitously falling revenues. EMC suggests considering the use of the Environmental Damages Fund as a possible source of funding.
- **School buses:** Cover 85% of the price differential between an electric school bus and a fossil fuel school bus to support cleaner commutes for students and Canada's bus manufacturing industry.
- **Medium and heavy duty vehicles:** Cover 85% of the price differential between a medium or a heavy-duty zero emission vehicle for commercial use compared to an equivalent fossil fuel vehicle.
- **Passenger vehicles:** Get more Canadians in ZEVs by increasing the base MSRP cutoff for the iZEV program for eligible light duty vehicles pickup trucks and SUVs/minivans from the current \$45,000 (with a \$54,999 ceiling for higher priced trims) to \$60,000 with a \$69,999 ceiling to support the arrival of electric pickup trucks and SUVs, which will have a higher MSRP than smaller light duty vehicles. (Sedan threshold to remain at current levels). This will help increase regional equity and access for persons who require these larger vehicles for their work and/or local context.

- **Low-speed, off road and micro electric vehicles:** Offer an incentive of up to \$2000 for low speed, off road and micro ZEVs (e.g. snowmobiles, ice cleaner, personal watercraft, rider mowers, micro cars, micro trucks, small tractors, e-bikes, e-scooters, etc.) to support better rural air quality and Canada’s emerging manufacturers.
- **Offer a "cash for clunkers" / “SCRAP-IT” style incentive:** A trade-in program for retired fossil-powered vehicles can be a useful stimulus tool to restore consumer vehicle purchasing. We believe that any such program must be focused on Canada’s long-term climate objectives, meaning funds should be only available for the purchase of new or used ZEVs, transit passes or active transportation tools (e.g. bikes or e-bikes).
- **Implement a G/HST exemption for both new and used ZEVs** to support equitable access to the benefits of driving electric.

Stimulus Impacts (Estimated)

Budget for 2021-2022: \$727 million

Status: existing and new policies

Jobs: 5,900

Economic benefit: \$1.15 billion

Recommendation #2: Incentivize all Canadians to buy an electric vehicle with a used ZEV incentive

Provide all Canadians with access to the health and economic benefits of electrified transportation by establishing the used ZEV rebate of up to \$2,000 set out in the Minister of Innovation, Science and Industry’s mandate letter. We recommend that this program be stackable with any trade-in program for internal combustion engine vehicle retirement.

When purchased, a used ZEV can displace the purchase of an internal combustion engine vehicle, helping increase overall use of ZEVs. This incentive will also help engage more Canadians of all economic backgrounds in reducing GHG emissions, and help ensure that incentives and lower cost ZEVs are equitably distributed among all Canadians.

Stimulus Impacts (Estimated)

Budget for 2021-2022: \$8 million

Status: new program

Jobs: 40

Economic benefit: \$12 million

Recommendation #3: Commit to Canada's ZEV targets with regulatory measures

Canada has set ambitious yet achievable targets for ZEV sales in 2025 (10%), 2030 (30%) and 2040 (100%). Reaching these targets requires measures that support consumer and fleet purchases of ZEVs and measures that increase ZEV supply across Canada. This can only be achieved with regulatory measures that establish near and long term signals for suppliers and investors, specifically a federal vehicle supply mandate in line with Canada's ZEV targets, and vehicle emissions standards aligned with California or British Columbia. We also recommend Canada adopt a ZEV standard for Heavy Duty Vehicles (HDVs) inspired by the new Californian regulation to help achieve Canada's Drive to Zero pledge.

Recommendation #4: Set and fund higher 1- and 5-year targets for charging station deployment

NRCan’s leadership on charging station deployment targets is foundational for our industry and plays a key role in both aligning government policy and encouraging private sector investment. We recommend expanding targets for the Zero Emission Vehicle Incentive Program (ZEVIP) and the Electric Vehicle and Alternative Fuel Infrastructure Deployment (EVAFID) and setting specific targets for each use case covered under these programs for the upcoming fiscal year (2021-2022) and the next five years:

ZEV Infrastructure Use Case	Charging Station Deployment Target	
	5-year	FY 21/22
Public fast charging stations (EVAFID/ZEVIP) above/beyond previous commitments	5,000	1,500
Light-duty consumer vehicle charging (public, workplace, multi-family)	30,000	10,000
Fleet vehicle charging (light-/medium-/heavy-duty)	5,000	750
Transit bus charging	5,000	750

If there is low coverage in particular under-served areas or types of deployment, we suggest that NRCan may need to increase funding percentages or per charger caps in those areas until coverage is adequate (e.g. prairies and rural areas). A similar approach may be required for specific use cases (e.g. Transit, Medium or Heavy Duty Fleets). Consider providing up-front payment when using a delivery partner model to disburse funds under ZEVIP or EVAFID.

Stimulus Impacts (estimated)

Budget for 2021-2022: \$ 250.5 million

Measures: expansion of existing policies

Jobs: 2,115

Economic benefit: \$262.5 million

ZEV charging stations 2021-2022:13,000

Recommendation #5: Significantly increase electrification of government and Crown corporation fleets

- Set 100% ZEV targets for new light-duty unmodified administrative government fleet vehicle purchases starting in the 2023 financial year, wherever feasible;
- Require ministerial approval for the purchase of non-ZEV light duty vehicles including for purchase of light duty vehicles without ZEV options;
- Encourage Crown corporations to set and meet ambitious targets for fleet electrification;
- Ensure Crown corporations are admissible in the same programs that support ZEV adoption and charging station deployment as private companies (for all vehicle classes from LDVs to HDVs), on- and off-road and maritime/aeronautical equipment, etc.;
- Require new vehicle purchases to include total cost of ownership (TCO) calculations that reflect the cost savings and emissions reductions of driving electric.

Recommendation #6: Support electrification of government and Crown corporation fleets by providing charging infrastructure

Canada and its Crown corporations are major parking lot owners and occupants across Canada, representing a massive opportunity to reduce operational greenhouse gas emissions and support long term cost savings.

- Install 3,000 Level 2 and DCFC (Level 3) EV chargers at federally owned parking facilities (including Crown corporations) in Fiscal 2021-2022 and 2022-2023 for fleets, employees and visitors;
- Require all new or retrofitted federally owned or leased buildings to be ZEV-ready for fleets, employees and visitors, and consider opportunities to help provide combined fleet and public charging (where appropriate); and,
- Develop a funding mechanism (direct or indirectly via NRCan) for Crown corporations to install ZEV infrastructure.

Stimulus Impacts (Estimated) of light duty vehicle electrification + charging station installation

Budget for 2021-2022: \$40 million

Status: existing program

Jobs: 1,600

Economic benefit: \$187 million

Recommendation #7: Pre-order or bulk buy heavy-duty electric transit and school buses

Support Canadian manufacturing of electric school and transit buses to build up inventory of available vehicles and continue production during any COVID-19 caused slowdown. Consider a swiftly implemented government bulk supply agreement, direct federal purchasing and/or working with provinces and municipalities to support immediate order entry for when manufacturing resumes, helping cities, municipalities and other administrations more quickly turn over their fleets while public transit ridership is lower. Pre-orders by the federal government would allow municipalities (who are already receiving federal funding) to take over orders when they are able to do so. Alternatively, consider a buy/lease structure.

Budget for 2021-2022: \$50 million

Recommendation #8: Expand funding for ZEV training programs

Education remains a major barrier to ZEV adoption. To help consumers as well as present and future workers make the transition towards electrification of transport, we propose that the federal government fund Electric Mobility Canada, in collaboration with Plug'n Drive, AVÉQ and other regional partners to coordinate and/or offer different levels of bilingual training:

- 1) For consumers:
 - Basic training on how to understand and use ZEVs and charging infrastructures on a daily basis
- 2) For present and future workers of the industry (including salespeople, electricians, mechanics, fleet managers, etc.) advanced training with practical sessions in:
 - Light duty vehicles
 - Medium and Heavy Duty vehicles
 - Charging infrastructure
 - Electrical and mechanical installation
 - Electric vehicle fleet management
 - Fleet charging infrastructure

Budget: \$2 million for 2021-2022

Recommendation #9: Support EMC's mission

Electric Mobility Canada, as an NGO dedicated to the electrification of transport, can use government support to help its mission:

- a) Research and reports: \$1.3 million
- b) Education, conferences and workshops: \$200,000
- c) International networking and collaboration: \$200,000
- d) Mission/employees: \$300,000

Budget: \$2 million for 2021-2022
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Recommendation #10: Provide four-year federal guarantee for ZEV loans

Even with the availability of generous purchase incentives for ZEVs, consumers are often deterred from purchasing due to their relatively high financing costs. The lack of historical data on ZEV depreciation prompts banks to use worst-case actuarial assumptions regarding their residual value, leading to financing rates that are significantly higher than those for equivalent fossil-powered vehicles.

A multi-year federal guarantee of ZEV loans would allow banks to collect critical data on their real residual value, providing the necessary foundation to establish more competitive financing rates and removing another key barrier to ZEV uptake.