

Electric Vehicle Availability Standard review

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Équiterre[•]



environmental
defence



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About Équiterre.

Since 1993, Équiterre has been helping to find solutions, transform social norms and encourage ambitious public policies through research, support, education, mobilization and awareness building initiatives. This progress is helping to establish new principles for how we feed ourselves, how we get around and how we produce and consume, that are designed for our communities, respectful of our ecosystems, in line with social justice and of course, low in carbon.

About EDC.

Environmental Defence is a leading Canadian environmental advocacy organization that works with government, industry and individuals to defend clean water, a safe climate and healthy communities. Visit environmentaldefence.ca for more information.

About DSF.

Founded in 1990, the David Suzuki Foundation is a national, bilingual non-profit organization headquartered in Vancouver, with offices in Toronto and Montreal.

Through evidence-based research, education and policy analysis, we work to conserve and protect the natural environment, and help create a sustainable Canada. We regularly collaborate with non-profit and community organizations, all levels of government, businesses and individuals.

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Executive Summary

Équiterre, Environmental Defence and the David Suzuki Foundation strongly support maintaining a strong Electric Vehicle Availability Standard (EVAS) as a cornerstone policy for meeting Canada's climate targets while improving affordability, public health, and consumer choice. While we recognize that recent EV sales have been hampered by adverse U.S. policies and pauses in federal and provincial rebates, global trends remain unmistakable: the future of light-duty transportation is electric and zero-emission¹. Accordingly, while a modest recalibration of the EVAS may be warranted, we strongly oppose any move to abandon or significantly weaken the current standard.

The EVAS corrects longstanding supply constraints that have limited Canadians' access to electric vehicles (EVs) compared to peer markets. Evidence from research from our organizations² as well as Dunskey³ indicates that a robust ZEV sales standard is the single most effective lever to ensure EV supply and accelerate market transformation. The EV Availability Standard sends a clear market signal that Canada is serious about the transition to zero-emission vehicles. By providing certainty for governments, utilities and industry, it drives investment in charging networks, battery supply chains and clean power — laying the groundwork for a thriving, low-carbon transportation system.

While a strong standard would deliver over \$90 billion in cumulative health benefits and prevent up to 11,000 premature deaths, a one-year delay would impose an opportunity cost of roughly \$8 billion in lost health benefits.⁴

Canada must not give in to an auto industry that is weaponizing the U.S. trade dispute to demand weaker EV standards. The tariffs were imposed by Washington to protect its own industry. Undermining the EVAS would leave consumers with fewer affordable options, hand a competitive advantage to U.S. automakers and jeopardize Canada's emerging EV ecosystem. Instead of succumbing to protectionist narratives, Canada should seize this moment to double down on electrification — strengthening domestic supply chains, attracting investment,

¹ International Energy Agency (IEA), *Global EV Outlook 2025* reports a 35 % global market share increase in Q1 2025 and projects that 25 % of sales will be electric by the end of 2025.

² Equiterre, Environmental Defence and the David Suzuki Foundation, *Canada's future vehicle emissions standard (2024-2035): Impacts on vehicle size and GHG emissions*, 2024.

³ Dunskey Energy + Climate Advisors, *EV Availability Standard – Pathways analysis: Quantifying the affordability, health, and climate benefits of EV adoption*, 2025.

⁴ Dunskey Energy + Climate Advisors (2025) report the original standard would have achieved 69 Mt CO₂e, while an adjusted standard would achieve 39 Mt.

and securing good, future-proof jobs. A strong EVAS is not a liability; it is our best defence against losing ground in the global race for a clean industry.

Summary of recommendations

Recommendations by Équiterre, Environmental Defence and the David Suzuki Foundation

1. Ensure recalibration of targets is no more than necessary and does not undermine the EVAS purpose
 - a. Revise 2035 to 95 % (but no lower)
 - b. Revise 2030–2034 targets by 4–5 percentage points (but no lower)
 - c. Set 2026 target to 12 % (aligned with 2024–2025 market share)
 - d. Rename section 30.12 “ZEV Requirement” to “Unadjusted ZEV Compliance Ratio”
2. Keep conventional hybrid electric vehicles (HEV) out
3. Maintain existing plug-in hybrid electric vehicles (PHEV) flexibility (with no additional flexibility) and initiate a review of PHEVs real world emissions in 2032
4. Bring back incentives and education programs
 - a. Reinstate iZEV program no later than December 2025
 - b. Adapt iZEV to meet the needs of low-income households (income tested, one-time only incentive, adding used ZEV)
 - c. Fund a Canadian-wide education campaign to improve public knowledge and fight recurring myths on autonomy, lifecycle cost savings, charging, ease of use, encompassing both the general public and auto dealers
5. Allow 0.25 credit for more affordable vehicles (\$ 40,000 or under) until 2032
6. Bring complementary measures to deliver more affordable vehicles
 - a. Reconsider 100 % import tariffs on Chinese vehicles
 - b. Facilitate import of European vehicles

Introduction

On September 5th, the Government of Canada announced a consultation aimed at making regulatory adjustments to the Electric Vehicle Availability Standard. These adjustments have a dual objective: first, to "provide flexibility to the automotive sector" to help it "remain competitive" by exempting 2026 model-year vehicles from the standard's requirements, and second, to propose "new options to offer more affordable electric vehicles to Canadians." This commentary is our response to that consultation.

Our supporters and members across Canada — from coast to coast to coast, in both English-speaking regions and in Quebec — strongly support cleaner transportation options. They recognize that increasing the availability of affordable electric vehicles through the EV Availability Standard is essential to achieving this goal. They also understand that air pollution from light-duty vehicles remains a major source of harmful emissions that damage public health and drive climate change, and that upstream oil production and refining compound these environmental and health burdens.

The Electric Vehicle Availability Standard has been in effect since December 2023 and forms a key component of the federal plan to reduce GHG emissions by 2030. Canada is also a signatory to the COP26 declaration on zero-emission cars and light trucks⁵, which commits countries with advanced economies to gradually eliminate the sale of new light-duty gasoline vehicles by 2035. It is worth underscoring that major car manufacturers such as General Motors, Ford and Mercedes-Benz AG have been signatories to the same declaration since 2021.

Following the withdrawal of federal incentives under the iZEV program, the pause of the Quebec government's Roulez Vert program, and the suspension of B.C.'s EV purchase incentive, compounded by the economic uncertainty unleashed by the Trump administration, sales of electric vehicles in Canada slowed in 2025. Market share fell from 18.3 % in Q4 2024 to 9.7 % in Q1 and 9.2 % in Q2 2025 (BEVs and PHEVs)⁶. However, this temporary decline should not be overstated. Global electric vehicle sales continue to grow steadily, and short-term fluctuations are common across both EV and internal combustion engine markets. In Canada, uncertainty surrounding the future of purchase incentives — whether and when programs like iZEV, Roulez Vert, and B.C.'s rebate will be reinstated — has contributed to consumer hesitation. Nonetheless, the overarching trend is clear: the transition to

⁵ [COP26 declaration on accelerating the transition to 100 % zero-emission cars and vans](#). GOV.UK.

⁶ Electric Autonomy Canada, [ZEV sales in Canada fall to 9.2 per cent in Q2 2025: S&P Global](#), 2025.

zero-emission vehicles is well underway and irreversible, though sound public policy remains essential to sustain momentum and accelerate adoption.

Having long profited from the sale of large, polluting vehicles, legacy automakers have resisted the transition to clean transportation and exploited temporarily adverse conditions for EVs to press for the weakening or [withdrawal of the EVAS](#) regulation. They have met with Canadian government bodies on 196 occasions since the beginning of 2025 to advance this agenda. The federal government is facing coordinated, bad-faith industry-backed campaigns — including public campaigns like CVMA's website "Don't Ignore the Signs" (<https://dontignorethesigns.ca/>) — aimed at weakening or eliminating the EVAS. These campaigns often rely on misrepresenting how the EVAS functions and fear-based arguments regarding vehicle affordability, range anxiety, and infrastructure deficits. Combined with this, the USA under the Trump administration has sought to undermine the transition to EVs.

1. Benefits of current EVAS regulation

1.1 Consumer affordability and economy

Dunsky's 2025 analysis shows that maintaining a strong EVAS will provide \$45 billion in cumulative fuel savings by 2035, equivalent to \$1,750 in annual savings per EV driver.⁷

These savings result from lower electricity costs relative to gasoline, protecting Canadians from volatile fossil fuel prices and improving household affordability. Even with modest policy adjustments, Canadians still stand to gain \$25–30 billion in fuel savings, ensuring that the EVAS remains a cornerstone of economic relief and energy security for consumers.

EVs are expected to reach price parity with gasoline vehicles by 2028–2029, three to four years earlier than without the regulation. Average EV prices are projected to fall \$5,000 below gasoline vehicles by 2035, driven by economies of scale and reduced import duties. As anticipated, the EVAS disrupts the “price over volume” strategy that had previously kept electric vehicles scarce and expensive.⁸

1.2 Climate and environment

Transportation remains Canada's second-largest source of greenhouse gas emissions, accounting for nearly one-quarter of total national emissions. As demonstrated in a report by Équiterre, Environmental Defence and the David Suzuki Foundation, the EVAS is the most efficient policy to reduce GHG emissions for light-duty vehicles.⁹

Maintaining or strengthening the EVAS ensures rapid decarbonization of this sector: 69 megatonnes (Mt) of CO₂e reductions by 2035 under the current standard — comparable to taking 15 million gasoline cars off the road.¹⁰

⁷ Dunsky Energy + Climate Advisors, 2025, p. i.

⁸ Environmental Defence Canada, *Profiting from Pollution: How the auto industry is fighting against clean car regulations*, 2022

⁹ Equiterre, Environmental Defence and the David Suzuki Foundation, *Canada's future vehicle emissions standard (2024-2035): Impacts on vehicle size and GHG emissions*, 2024.

¹⁰ Dunsky Energy + Climate Advisors, 2025, p. 15.

Even in adjusted policy scenarios, the EVAS still achieves 39 to 44 Mt CO₂e in reductions, vastly outperforming alternatives like rebates or tariff changes alone. This aligns with Environment and Climate Change Canada's 2023 estimate that full implementation of the ZEV regulation could drive over 430 Mt in cumulative reductions by 2050.¹¹

1.3 Public health

The reduction in vehicle emissions as a result of a strong and consistent ZEV standard also yields strong health and quality-of-life benefits.

It is estimated that under the EVAS, Canadians are projected to experience \$6.2 billion in near-term health benefits by 2035¹² including lower rates of asthma and cardiovascular disease. Over the longer term, The Atmospheric Fund (TAF) estimates that a strong standard would deliver approximately \$90 billion in cumulative health benefits¹³, prevent up to 11,000 premature deaths, and avoid 362 Mt of GHGs over 25 years. Conversely, a one-year delay would impose an opportunity cost of roughly \$8 billion in lost health benefits and 36 Mt in foregone reductions.¹⁴

1.4 Industry and job creation

Canada's auto industry, long centered on the production of gas and diesel vehicles, has stagnated in recent years while global electric vehicle manufacturing is accelerating. With the right policy support, Electric Mobility Canada estimates that up to 600,000 jobs could be created in the e-mobility sector by 2035¹⁵ — a transformative opportunity for a sector in need of renewal.

Despite claims from internal combustion engine (ICE) vehicle manufacturers that the EVAS threatens their survival, evidence suggests otherwise. Research by Équiterre, EDC and DSF shows that even under a stringent EVAS, the industry's annual profits are projected to rise by 24 % between 2023 and 2035.¹⁶

Concerns have also been raised about the potential impact of recent U.S.–Canada trade tensions and related tariffs on EV supply. Yet according to

¹¹ Environmental Defence Canada, *Profiting from pollution*, 2022, p. 8.

¹² Dunskey Energy + Climate Advisors (2025), p. 16–17.

¹³ The Atmospheric Fund, *The economic health benefits of the EV Availability Standard*, 2025.

¹⁴ Dunskey Energy + Climate Advisors (2025) report the original standard would have achieved 69 Mt CO₂e, while an adjusted standard would achieve 39 Mt.

¹⁵ Electric Mobility Canada, *Electrifying Progress: A Complete Economic Outlook of the Canadian EV Industry*, 2025

¹⁶ Équiterre, EDC and DSF, *Canada's future vehicle emissions standard (2024–2035): Impacts on vehicle size and GHG emissions*, 2024, p. 50.

Electric Mobility Canada, only about 15 % of EV models available in Canada are affected by these measures, with most vehicles assembled in Europe or Asia, or exempt due to domestic production.¹⁷ This indicates that trade frictions have not significantly impeded EV availability or the job growth potential associated with a strong EVAS.

Further reinforcing this point, research commissioned by our organizations and led by Professor Jonn Axsen of Simon Fraser University identifies a robust ZEV sales standard as the single most effective tool to ensure a stable EV supply and accelerate market transformation.¹⁸ Complementary modelling by Dunskey supports this conclusion, underscoring that strong policy signals drive both investment and innovation.¹⁹

In light of this evidence, Canada should resist pressure from industry actors using trade disputes as a pretext to weaken EV standards. The tariffs in question were designed to protect U.S. manufacturers, not Canadian jobs. Rather than yielding to these protectionist narratives, Canada should capitalize on this moment to strengthen its leadership in electrification – building resilient domestic supply chains, attracting clean-tech investment, and securing high-quality, future-proof employment. Far from being a burden, a strong EVAS is the cornerstone of Canada's competitiveness in the global clean economy.

1.5 Fiscal efficiency

A key advantage of the policy is its high impact at a low financial cost.

The policy requires no direct government expenditure. Seeking to achieve a similar level of EV adoption and EV affordability through purchase incentives alone would require much higher government expenditures.

According to Dunskey, a combined approach, which includes the EVAS, limited rebates and reduced duties, achieves close to equivalent consumer savings and climate benefits at \$2.2 billion.

1.6 Supply, accessibility and equity

EVAS plays a crucial role in improving access to electric vehicles across Canada. Before the national standard, Canadians outside British Columbia and Quebec

¹⁷ Electric Mobility Canada, *Setting the record straight: Most EVs in Canada are not subject to tariffs*, 2025, <https://emc-mec.ca/blog-post/setting-the-record-straight-most-evs-in-canada-are-not-subject-to-tariffs/>

¹⁸ Equiterre, Environmental Defence and the David Suzuki Foundation, [*Canada's future vehicle emissions standard \(2024-2035\): Impacts on vehicle size and GHG emissions*](#), 2024.

¹⁹ Dunskey Energy + Climate Advisors, [*EV Availability Standard – Pathways analysis: Quantifying the affordability, health, and climate benefits of EV adoption*](#), 2025.

faced long wait times, limited model choices, and empty dealership lots. A 2022 Dunskey Energy + Climate Advisors study found that 82 per cent of dealerships had no ZEVs in stock, and those that did often had only one vehicle available.²⁰ By requiring automakers to distribute EVs more evenly across provinces, EVAS is helping to close these gaps. This has expanded access in smaller and rural markets and is strengthening the used-vehicle market, where most Canadians purchase their cars, making EVs more affordable and widely available.

The policy also gives businesses, utilities, and municipalities the certainty needed to invest in charging infrastructure. As EV availability grows, so does private investment in charging networks, creating a feedback loop that boosts consumer confidence and speeds up adoption. The EVAS ensures that Canada's transition to zero-emission transportation is not only faster, but fairer, allowing Canadians in every region and income group to share in the benefits of clean mobility.

²⁰ Environmental Defence Canada, *Profiting from pollution*, 2022, p. 13, <https://environmentaldefence.ca/report/profitting-from-pollution/>

2. A regulation that already incorporates elements of flexibility

Canada's EVAS uses a flexible compliance framework so automakers can develop their own strategy and adapt to an evolving market or economic context while still meeting the rising ZEV sales targets, without an immediate switch to 100 % BEVs.

These elements of flexibility include:

- Early action credits: automakers who have been selling ZEVs in 2024 and 2025 can obtain early action credits which they can use to meet future requirements, effectively acting as a cushion for 2026;
- Banking credits: automakers who have exceeded their quotas in any given year may either use these excess credits for future years (up to five) or sell them to automakers who struggle more to meet their requirements;
- Three-year conformity period: this multi-year averaging was explicitly designed to absorb short-lived shocks as well as normal year-to-year volatility in launches and demand. Automakers can rely on the three-year conformity rule to erase a 2025 deficit by catching up over the next two model years rather than being immediately penalized;
- PHEV sales (limited contribution to compliance): manufacturers can meet their annual obligation by using PHEVs sales while planning BEV scale-up;
- Provision for certain ZEV-related activities under which automakers can generate credits without having to sell ZEVs, such as investing in charging infrastructure. We are concerned that this provision may undermine the effectiveness of the EVAS, because every ZEV credit obtained by other means is one less ZEV that automakers have to sell.

The range of flexibilities offered by the EVAS program, and the fact that three year conformity requirement implies that the first year when credits need to be trued up is 2028 substantially cushions automakers against a one-year slump in 2025 and makes the 2026 target achievable without requiring them to sell 20 % ZEVs in that single year.

3. Negative impacts of additional flexibility

Weakening or adding flexibility to the EVAS would significantly undermine its effectiveness.

The Dunskey 2025 report emphasizes that the original EVAS delivers the most certainty for meeting EV adoption targets and achieving affordability, climate, and health benefits. According to this study, any modification, such as easing automakers' obligations, delaying targets, or expanding credit flexibility slows EV adoption and reduces its overall impact. In short, increased flexibility erodes the certainty and accountability that make the standard work, threatening to unravel the very purpose of the policy.

As noted earlier, the climate improvements from implementing a full EVAS would be significant. A more flexible standard would ensure that these full gains are not realized.

The loss of stringency could also re-create the very supply problems the EVAS was designed to fix. Without firm sales targets, automakers could again limit the number of vehicles allocated to the Canadian market. The Dunskey report noted that without EVAS, infrastructure and supply "grow in response to demand," leading to slower deployment and "a less favourable charging experience constraining EV adoption." Such a scenario risks returning to pandemic-era waiting lists, when EV shortages and inconsistent supply left Canadians waiting months for vehicles.

Finally, one of the strongest benefits of this policy is that it comes at no direct cost to government. Weaker alternatives like rebates or duty changes require billions in public spending and still deliver less impact. More flexibility leaves taxpayers on the hook with less bang for their buck.

In short, weakening the EVAS would defeat the purpose of the policy. The evidence clearly shows that only a firm, consistent standard can deliver on the promise of affordability, accessibility, and environmental integrity that Canadians expect.

4. Key recommendations

Our overarching recommendation is to maintain the EVAS, with limited recalibration, avoiding wholesale changes, or undermining it by including polluting vehicles.

4.1 Ensure recalibration of targets is no more than necessary and does not undermine the EVAS purpose

4.1.1 Revise 2035 to 95 % (but no lower)

Given recent U.S. policy reversals and broader headwinds — including efforts to politicize the shift to clean transportation — we acknowledge that adjusting the 2035 requirement to 95 % may be warranted. This modification could enhance the EVAS’s long-term durability while still driving the essential transformation of Canada’s auto sector. Corresponding annual targets from 2030 to 2034 could also be modestly reduced (for example, by 4–5 percentage points to 65 %, 70 %, 78 %, 89 %, and 92 %).

However, the existing flexibility provisions built into the regulation already create a gap between the nominal sales targets and actual on-the-road outcomes. For example, maintaining a nominal 100 % ZEV sales target in 2035 could still allow up to 20 % plug-in hybrid vehicles (PHEVs) — vehicles that are not fully zero-emission. For this reason, we are firmly opposed to any weakening of the 2035 target below 95 %, as it would compromise both the environmental integrity and credibility of the regulation.

To improve clarity and prevent misrepresentation of the EVAS’s intent, we recommend renaming section 30.12 “ZEV Requirement” to “Unadjusted ZEV Compliance Ratio,” reflecting the fact that the regulation’s built-in flexibilities mean the figures in Column 2 are not the actual percentage of electric vehicles that must be sold.²¹

4.1.2 “Unpause” the 2026 target

While we accept that adjusting the 2035 requirement to 95 % may now be warranted, this should mark the upper limit of flexibility. Canada’s Electric Vehicle Availability Standard remains indispensable for ensuring affordable and

²¹ The current regulation reads “30.12 The ZEV requirement for a company’s combined fleet for a model year in column 1 of the following table is set out in column 2.”

accessible electric mobility, capturing major health and climate benefits, and maintaining Canada's competitiveness as the global market electrifies.

The government's decision to pause 2026 compliance obligations was ill-advised. It introduces uncertainty precisely when investment stability is most needed. Manufacturers, suppliers, and workers require clear and durable policy signals, not abrupt mid-course reversals that embolden those seeking to weaken climate policy.

Allowing credit generation in 2026 can help sustain momentum, but only if guardrails are introduced to prevent excessive credit banking that would undermine progress in subsequent years. The government should pair any temporary relief with a firm recommitment to the 2035 (95 %) trajectory. Canada cannot afford policy drift while competitors accelerate ahead. Each retreat or ambiguous signal erodes confidence, slows consumer adoption, and undermines progress toward decarbonization. The EVAS must remain a credible, enforceable pathway — flexible in execution but unwavering in direction.

Removing the 2026 sales objective entirely would risk further slowing EV uptake, while disregarding the efforts of automakers that have invested heavily to meet government objectives and may already be close to achieving the 2026 target.²²

Rather than a full pause, we recommend revising the 2026 target to reflect the combined 2024–2025 market share, approximately 12 %. This approach would provide reasonable short-term relief to the industry, preserve EV production momentum, and maintain a clear market signal supporting continued investment in EV supply. Canadians urgently need more affordable and available zero-emission vehicles. This balanced recalibration would advance that goal while sustaining progress.

Accordingly, we recommend deferring the current 2026 sales objective of 20 % to 2027 at the latest, ensuring alignment with both industry realities and Canada's longer-term transition pathway.

4.2 Keep conventional hybrid electric vehicles (HEV) out

Conventional hybrid electric vehicles (HEVs) are not electric vehicles since they are equipped with an internal combustion engine that provides primary propulsion, with only a small battery providing electric assistance. These vehicles do not operate in battery-only mode and cannot be recharged from the grid. They cannot operate without fuel.

²² <https://supportevas.ca/>

In Quebec, hybrid electric vehicles (HEVs) emit at least 365 times more greenhouse gases per kilometer driven than battery electric vehicles (BEVs) after 40,000 kilometers — which represents 15 % of a hybrid's lifecycle.²³

There is also a risk that including HEVs in the regulation could discourage private investments in charging infrastructure in Canada.

It is undoubtedly for all these reasons that no other jurisdiction in the world that has adopted a zero-emission vehicle (ZEV) standard includes HEVs in its regulation. While Quebec has signalled an intention to include HEVs in its standard, such a move would run counter to its own electrification objectives and blur the public's understanding of what qualifies as an electric vehicle. The Government of Canada must reject this approach and uphold a clear, credible definition of zero-emission vehicles.

4.3 Maintain existing PHEV flexibility (without additional flexibility)

Plug-in hybrid vehicles (PHEVs) are not zero-emission, even though Canada includes them in its official definition of this type of vehicle. Including too many of these vehicles on the list of vehicles eligible for tax credits hinders GHG emission reductions. Recent studies indicate that the fuel consumption and CO₂ emissions of PHEVs in real-world conditions are actually five times higher than advertised and equivalent to emissions from conventional hybrids (HEVs) and ICE vehicles in the real world. In fact, "even when driven in electric mode, PHEVs emit 68gCO₂/km as their electric motors have insufficient power and the combustion engine needs to kick in. The engine supplies power for almost one-third of the distance travelled in electric mode"²⁴.

The current regulation stipulates that for MY-2026, PHEVs are eligible for a 0.15 credit if their electric range is between 35 and 49 kilometers, a 0.75 credit if their range is between 50 and 64 kilometers, and a full credit if their range is 65 kilometers or more. However, these range thresholds have already been lowered compared to the draft Zero-Emission Vehicle Sales Regulations published by the Government of Canada in December 2022²⁵. The initial draft regulation stipulated a range of 80 kilometers to qualify for a full tax credit on the sale of a PHEV. This represents a significant concession from the Government of Canada to automakers in response to pressure to soften the regulation's stringency. By comparison, in Quebec, prior to the changes announced for 2025, PHEVs receive

²³ <https://roulezelectrique.com/365-fois-plus-de-co2-par-kilometre-en-hybride-que-en-electrique/>

²⁴ Transport & Environment, *Smoke screen: The growing PHEV emissions scandal*, 2025, <https://www.transportenvironment.org/articles/smoke-screen-the-growing-phev-emissions-scandal>

²⁵ Government of Canada. *Regulations Amending the Passenger Automobile and Light Truck Greenhouse Gas Emission Regulations*. *Canada Gazette, Part I*, 156(53), 6253–6256.

only half a credit (0.5) if their range is 80 kilometers or more, and no PHEV qualifies for a full credit.

The flexibility afforded by the transitional technology of PHEVs deserves to be permitted in rural, remote, and northern regions, where the deployment of charging infrastructure may take longer. However, this exception should more broadly reflect the actual market share of new vehicles represented by rural and remote communities. Environmental Defence and Équiterre have recommended that, to achieve annual compliance with the standard, a vehicle fleet should not include more than 20 % PHEVs. The current regulation limits the proportion of compliance a manufacturer can meet with PHEVs to 45 % in 2026 and 30 % in 2027. The 20 % limit is only being considered from 2028 onward, giving manufacturers greater flexibility for earlier years.

Since recent studies show that PHEVs emit more GHGs than when the regulation was developed, and given the already built-in flexibility toward PHEVs, we recommend maintaining the current range limits and credit limits to prevent manufacturers from relying heavily on PHEVs. This would create a significant gap between the targets set out in the regulation and actual sales targets.

We also recommend that ECCC initiate a review of PHEVs real world emissions in 2032 to determine the gap with EVAS targets.

4.4 Bring back incentives and education programs

4.4.1 Reinstate incentives no later than December 2025

Shortly after the Government of Canada abruptly announced the end of the iZEV program in January 2025, at the same time as Quebec announced a pause of the Roulez Vert program, EV sales plummeted. Canadians have been holding off on purchasing an EV since Minister Joly announced in May 2025 that the government was working on a new rebate program. The Parliamentary Budget Officer also reports that removal of incentives raises the ownership cost gap between ICEs and ZEVs, and makes meeting later, higher targets (2030+) harder even if 2026 can be managed via flexibilities.²⁶

Recently, Canadians heard about the government's decision to pause the EVAS regulation. Public confidence in electrification is fragile, fueled by misinformation

²⁶ L. Perrault & T. Scholz, *Electric Vehicle Availability Standard: Updated estimates based on recent policy developments* [Working note], 2025, Office of the Parliamentary Budget Officer. <https://www.pbo-dpb.ca/en/additional-analyses--analyses-complementaires/BLOG-2526-001--electric-vehicle-availability-standard-updated-estimates-based-recent-policy-developments--norme-disponibilite-vehicules-electriques-estimations-mises-jour-lumiere-changements-qui-ont-touche->

and the industry's effort to slow down progress.²⁷ In this context, it seems essential that a rebate program be reinstated sooner rather than later, so that major investments which have been made in previous programs and policy design continue to have a positive impact. Quebec experienced a 65 % drop in electric vehicle sales when its rebate program was temporarily suspended in February 2025, followed by a 109 % surge in registrations after incentives were reinstated in April, highlighting the crucial role of supportive policies.

We recommend that this new program be in place in Q4 2025 and gradually phased out by 2030. In parallel, we recommend that the government work on designing a feebate mechanism to ensure long-term funding of the iZEV program. Since a feebate mechanism is the most cost-effective approach (in terms of cost per ton of CO₂ avoided) to reducing GHG emissions from light-duty vehicles, this would allow the government to achieve both fiscal efficiency and meet electrification targets.

We also recommend that a well-resourced education campaign be carried out to improve public knowledge and understanding of ZEV benefits, with the objective to fight recurring myths on autonomy, ICE vs ZEV lifecycle cost savings, charging, and ease of use. Such a campaign could encompass both the general public and auto dealers. For example, a 2023 survey by Abacus and EMC showed that less than a quarter of Canadians knew that the average autonomy of new EVs was between 400 and 500 kilometers, but that more Canadians are inclined to purchase an EV once they receive accurate information about EVs.²⁸

4.4.2 Meet the needs of low-income households

The federal government should seize this opportunity to design a rebate program which would support the purchase of lower-cost, zero-emission transportation options and make low- and moderate-income buyers the primary beneficiaries of the program while phasing out rebates for higher-income households, with measures such as:

- introducing an income-tested, one-time only rebate condition;
- expanding the scope of the program to include used ZEVs;
- expanding the scope of the program to include electric bikes;
- gradually lowering existing price caps for vehicles eligible for the program.

²⁷ <https://dontignorethesigns.ca/>

²⁸ Electric Mobility Canada, *EMC releases survey on Canadians' perceptions of electric vehicles, 2023*, <https://emc-mec.ca/blog-post/emc-releases-survey-on-canadians-perceptions-of-electric-vehicles/#>

Low-income households are more likely to buy used zero-emission vehicles as they can offer significant discounts compared to newer models.²⁹ Several other jurisdictions, including Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador, have already included rebates for used ZEVs in the past.

4.5 Allow credits for more affordable vehicles

In 2024, the average selling price of new EVs in Canada was \$65,530³⁰ and according to a survey by Clean Energy Canada, most Canadians will not spend more than \$40,000 on a new EV (after rebates)³¹. It therefore seems appropriate to explore new ways to encourage car manufacturers to reduce the gap between vehicle prices and the financial capacity of Canadians. For example, it would be possible to allow 0.25 credit for vehicles under a certain price point (e.g. \$40,000 after rebate). Such a measure would help achieve governmental targets as well as serve low- to medium-revenue families. This type of measure should expire in 2032, in the same way as the credits granted to PHEVs, in order to avoid creating a gap with the objectives of the regulation by allowing car manufacturers to rely excessively on affordability to comply.

4.6 Complementary measures for more affordable vehicles

4.6.1 Reconsider 100 % import tariffs on Chinese electric vehicles

The imposition of 100 % tariff on Chinese electric vehicles from 2024 has had the effect of protecting automakers instead of protecting consumers who face a market offering fewer and fewer low-emission and affordable vehicles in Canada. At the same time, Chinese retaliatory tariffs on canola and other Canadian agricultural products have generated economic penalties, including falling prices and financial hardship for farmers.

²⁹ E. Alini, *Car-shopping this summer? Brace for a double-whammy of high prices and high loan rates*, 2023, The Globe and Mail
<https://www.theglobeandmail.com/investing/personal-finance/household-finances/article-carshopping-this-summer-brace-for-a-double-whammy-of-high-prices-and/>

³⁰ Statistics Canada, *In 2024, one in seven new vehicles sold in Canada were zero-emission*, 2025,
<https://www.statcan.gc.ca/o1/en/plus/7915-2024-one-seven-new-vehicles-sold-canada-were-zero-emission>

³¹ Clean Energy Canada & Abacus Data, *Perceptions of clean technologies among residents of the GTHA and Metro Vancouver: Segmentation analysis*, 2025,
https://cleanenergycanada.org/wp-content/uploads/2025/07/CEC_Segmentation.pdf

More moderate tariffs could encourage the industry to offer Canadians a greater diversity of choices and to market cheaper products, rather than oversized and polluting models.

We recommend re-evaluating tariffs to bring the price of vehicles to an “acceptable price point” that stimulates competition in Canada’s market, while still protecting Canadian jobs, investments and strategic resources (including critical minerals), and at the same time reflecting the environmental impact of vehicle production. This balance could be similar to the European Union’s approach, which capped tariffs on Chinese ZEVs to 48 %.

4.6.2 Facilitate import of European vehicles

Clean Energy Canada notes that European drivers can choose from more than 20 electric vehicle models priced under \$40,000 CAD — while Canadians can access only one.³² Allowing the import of EVs already approved for sale in the EU (meeting safety and environmental standards) — particularly affordable, high-efficiency models — would expand consumer choice, lower costs, and accelerate adoption.

Canada should align safety and certification requirements with equivalent European standards so these vehicles can enter the market quickly, ensuring that affordability and availability advance together under the EV Availability Standard. This would also create more pressure for legacy auto manufacturers to pay more attention to producing affordable vehicles in Canada.

³² Clean Energy Canada, *Europe enjoys 21 EVs selling for less than \$40,000 Canadian. Only one is available in Canada, 2025*, <https://cleanenergycanada.org/europe-enjoys-21-evs-selling-for-less-than-40000-canadian-only-one-is-available-in-canada-report/>

Appendix

Responses to Environment and Climate Change Canada's consultation questions.

Q1. Is the EVAS design appropriate to ensure sufficient EV supply?

Yes. International and Canadian evidence shows supply-side standards overcome manufacturer allocation constraints, reduce wait times, and expand model availability. Once adoption passes early-adopter stages, consumer rebates have diminishing marginal impact relative to binding sales requirements. We recommend preserving the core design while tightening transparency on credit creation, use, and trades. Periodic design reviews (e.g. 2027 and 2030) should be retained to address unforeseen frictions without undermining investment certainty.

Q2. Should 100 % ZEV sales by 2035 be maintained?

We support maintaining the ambition of near-100 % by 2035. To address politicized narratives about choice and to accommodate residual niche segments, we can accept a calibrated endpoint of 95 % by 2035 with a formal mid-course review (2030–2032) to consider the trajectory from 2035 to 2040. A clear trajectory unlocks private capital in domestic supply chains and charging networks.

Q3. Are compliance flexibilities appropriate (credits, banking, pooling, early action)?

Flexibilities should not undermine the transition to EVs or EV affordability (e.g., through oversupply of credits). We recommend: (a) capping multi-year banking to limit stockpiling; (b) setting guardrails on inter-firm credit trades; (c) limiting off-cycle or non-additional credits; and (d) publishing an annual market-wide credit ledger for transparency. Early-action credits should sunset on a fixed schedule to focus compliance on real-world sales.

To preserve ambition:

- No extension of ECC lifespans, cap banked credits to 2 years, limit inter-firm trades, and publish a quarterly public credit ledger (issuer, buyer, volumes, vintage).
- Disallow charging-infrastructure "credit purchase" pathway and any linkage with GHG performance standard credits (avoid double counting).

Q4. How can EVAS better support affordability and equitable access?

By expanding supply, EVAS lowers purchase prices and accelerates depreciation curves that feed the used-EV market, which is critical for equity. Complementary measures should include: national EV leasing programs; targeted support for low- and moderate-income buyers; universal right-to-charge provisions and funding for multi-unit dwellings; rural/remote charging corridors; and dealer-neutral consumer information. Integrating EVAS with public-transit investments and safe-streets programs ensures households can right-size vehicle ownership and reduce total costs.

Q5. What are the economic and health benefits/costs of EVAS?

TAF estimates about \$90 billion in health benefits, up to 11,000 premature deaths avoided, and about 362 Mt of GHG reductions over 25 years, using Health Canada's benefits-per-tonne methodology³³. A strong standard also insulates households from fossil-fuel price volatility, spurs domestic activity in battery and critical-minerals value chains, and lowers fleet operating costs for businesses and municipalities. Delays shift benefits to other jurisdictions and raise Canada's transition costs.

Q6. Unintended consequences or implementation challenges

Implementation challenges are manageable and well understood. The main risks stem not from excessive stringency but from policy uncertainty, uneven provincial coordination, and misinformation that undermines consumer and investor confidence. The EV Availability Standard must remain predictable, with transparent compliance data and regular reviews to address real market frictions such as infrastructure readiness and grid integration. Potential unintended effects — like temporary model shortages or uneven regional access — can be mitigated through complementary measures, including national right-to-charge policies, equitable incentives, and grid investments under the Clean Electricity Regulations. Weakening or delaying the EVAS would only heighten these risks by deterring private investment and prolonging reliance on volatile fossil-fuel markets.

³³ The Atmospheric Fund, *The economic health benefits of the EV Availability Standard*, 2025.