

FEDERAL GOVERNMENT WANTS PROVINCES RIDING SHOTGUN FOR ZEV SALES TARGETS

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At a recent meeting of transport and highway safety ministers, federal Minister of Transport Marc Garneau requested support from his provincial counterparts for a federal plan to have non-combustion-powered, or “zero-emission”, vehicles (“**ZEVs**”) make up 10% of Canadian vehicle sales by 2025, 30% by 2030, and 100% by 2040.^[1] These targets may form part of a future ZEV strategy the federal government committed to developing by November 2018.^[2] Thus far, no strategy has been unveiled.

Existing provincial laws and policies designed to promote or incentivize adoption of ZEVs or green vehicles vary widely. While all provinces generally have policies and educational materials available, certain provinces have the pedal to the floor in an effort to promote ZEVs, while other provinces are pumping the brakes.

Quebec is leading the other provinces with its effort to bring about an increase in ZEV sales. As of January 2018, vehicle manufacturers who sell over 4500 cars a year in the province must reach annual ZEV sales targets, or risk paying a penalty.^[3] Quebec also encourages consumers to choose ZEVs through its Drive Green Program, which offers rebates ranging from \$500 to \$8,000 to consumers who make the switch to a low emission or ZEV,^[4] or purchase and install charging stations.^[5] The Drive Green Program is set to run until 2021 or until the allocated funds are depleted.

On Canada’s West Coast, the province of British Columbia’s SCRAP-IT Program offers owners of qualifying vehicles various rebate and cash incentives when they scrap eligible gas fuelled vehicles and replace them with a low emission option.^[6] There is also the Clean Energy Vehicles for BC incentive program, which provides provincial rebates ranging from \$2,500 to \$6,000 for the purchase or lease of plug-in hybrid electric vehicles or hydrogen fuel cell vehicles.^[7] The BC government has stated it hopes to expand the program moving forward,^[8] and recently announced that it will introduce legislation in Spring 2019 that aligns with the federal government’s target of 10% ZEV sales by 2025, 30% by 2030, and 100% by 2040.^[9] Unlike Quebec, British Columbia aims to reach these targets by enticing consumers to buy green, instead of mandating vehicle manufacturers to sell a minimum number of ZEVs. The BC government plans to expand incentive programs for consumers, increase the number of fast charging stations across the province, and review the incentive program for expansion to make ZEVs more affordable for middle and lower-income consumers.^[10]

On the other end of the spectrum, Alberta, Manitoba, Newfoundland and Labrador, New Brunswick, Nova Scotia, and Saskatchewan, do not currently appear to have legislation or programs to encourage the adoption of ZEV or hybrid vehicles. A number of these provinces previously had rebate programs to incentivize the purchase or lease of low-emission vehicles or ZEVs, but these are no longer in place.

Prince Edward Island previously offered a provincial sales tax rebate on green vehicles, which was eliminated in 2013.^[11] Since the beginning of this year, Islanders can benefit from free vehicle registration for electric and plug-in hybrid vehicles, as well as half-price registration fees for non-plug-in hybrid vehicles.^[12]

Ontario's Ford Government cancelled the province's Electric and Hydrogen Vehicle Incentive Program in July 2018, shortly after coming to power.^[13] While the rebate program has been eliminated, eligible vehicles registered under the Ministry of Transportation Green Vehicle Licence Plate Program have ongoing access to high occupancy vehicle lanes even if there is only one person in the car.^[14]

As the federal government looks to the provinces for support in achieving ZEV sales targets across the country, a clear challenge is the divergent views of the provinces on the future of low-emission vehicle or ZEV use, and environment and climate change policy generally. With Alberta, Prince Edward Island, and Newfoundland and Labrador going to the polls in 2019, as well as a federal election set for October 2019, it remains to be seen if there is smooth road ahead for a national ZEV strategy.

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[1] "[Canadian feds seek provincial buy-in for plan to boost electric vehicle use](#)" S&P Global Market Intelligence (23 January 2019).

[2] "[Transport Canada, "Government of Canada to develop a national Zero-Emissions Vehicle Strategy by 2018"](#)" (26 May 2017).

[3] *An Act to Increase the Number of Zero-Emission Motor Vehicles in Quebec in Order to Reduce Greenhouse Gas and Other Pollutant Emissions*, Q c 23 c 1, Ch A-33.02.

[4] Transition Energetique Quebec, "[New vehicle rebate](#)".

[5] Transition Energetique Quebec, "[Home charging station rebate](#)".

[6] [SCRAP-IT Program](#).

[7] Government of British Columbia, "[CEVforBC Vehicle Incentive Program](#)".

[8] Government of British Columbia, "[Provincial government puts B.C. on path to 100% zero-emission vehicle sales by 2040](#)" (20 November 2018).

[9] Government of British Columbia, "[Provincial government puts B.C. on path to 100% zero-emission vehicle sales by 2040](#)" (20 November 2018).

[10] Government of British Columbia, "[Provincial government puts B.C. on path to 100% zero-emission vehicle](#)"

[sales by 2040](#)" (20 November 2018).

[11] "[P.E.I. cancels hybrid tax rebate](#)" CBC News (15 April, 2013).

[12] *Highway Traffic Act Fees Regulations*, PEI Ch H-5, s 2.

[13] Ministry of Transportation, "[Ontario Ends the Electric and Hydrogen Vehicle and Charging Incentive Programs](#)" (31 August 2018).

[14] *High Occupancy Vehicle Lanes*, O Reg 620/05 at s 2(7).

A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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