

# CLEANING UP CANADA'S AUTO-EMISSIONS – CANADA ANNOUNCES NEW MANUFACTURER SALES TARGETS TO REACH THE 2035 TRANSITION TO 100% ZERO-EMISSION VEHICLES

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In June 2021, the federal government announced its plan to require all new cars and passenger vehicles sold in Canada to be zero-emission by 2035.<sup>[1]</sup> Now, a year and a half later, as part of its strategy to meet the 2035 target, the government has published new proposed regulations under the *Canadian Environmental Protection Act* (“**CEPA**”). The proposed regulation will impose manufacturing targets for zero-emission vehicles (“**ZEVs**”) for auto-makers.<sup>[2]</sup> The regulated sales targets are part of Canada’s plan to increase the supply of ZEVs for consumers, which is sorely needed if the country is to reach the 2035 target and completely phase out polluting vehicles by 2050.<sup>[3]</sup>

## New ZEV manufacturing targets for auto-makers

The manufacturer sales targets begin for model year 2026 and gradually increase the required percentage of ZEVs sales until the 100% target is reached in 2035.

Model Year	Minimum ZEV Requirement (%)
2026	20
2027	23
2028	34
2029	43
2030	60
2031	74
2032	83
2033	94
2034	97
2035 and subsequent	100

**Table 1: New ZEV manufacturer sales targets for 2026 to 2035 expressed as a percentage of sales.**

The new regulations set out formulas to calculate the fleet average carbon-related exhaust emissions for each of a company's fleets.<sup>[4]</sup> Companies subject to the new regulations will be responsible for ensuring they comply with the targets and maintain evidence of their compliance.<sup>[5]</sup>

**Consequences for failing to meet the new targets**

CEPA Enforcement officers working for Environment and Climate Change Canada will be responsible for enforcing the regulations once they are adopted. Enforcement Officers will be able to impose any sanction available under the "Compliance and Enforcement Policy for CEPA",<sup>[6]</sup> including:

- issuing warnings;
- issuing directions;
- issuing tickets;
- recommending to the Minister of Environment to issue an order to prohibiting certain activity or compelling certain actions;
- issuing environmental protection compliance orders;
- issuing an injunction to stop or prevent a violation; and
- laying charges for prosecution.<sup>[7]</sup>

The proposed regulations are currently open for a 75-day consultation period until March 16, 2023.<sup>[8]</sup>

<sup>[1]</sup> ["Building a green economy: Government of Canada to require 100% of car and passenger truck sales be zero-emission by 2035 in Canada"](#) (June 29, 2021) *Government of Canada*.

<sup>[2]</sup> A "zero-emissions vehicle" is "an automobile that is an electric vehicle, a plug-in hybrid electric vehicle or a fuel cell vehicle", see "[Canada Gazette, part I, Volume 156, Number 53: Regulations Amending the Passenger Automobile and Light Truck Greenhouse Gas Emission Regulations](#)" (December 31, 2022), online: *Government of Canada*.

<sup>[3]</sup> ["Proposed regulated sales targets for zero-emission vehicles"](#) (December 21, 2022) online: *Government of Canada*.

<sup>[4]</sup> ["Canada Gazette, part I, Volume 156, Number 53: Regulations Amending the Passenger Automobile and Light Truck Greenhouse Gas Emission Regulations"](#) (December 31, 2022), online: *Government of Canada*. s. 7(2).

<sup>[5]</sup> ["Canada Gazette, part I, Volume 156, Number 53: Regulations Amending the Passenger Automobile and Light Truck Greenhouse Gas Emission Regulations"](#) (December 31, 2022), online: *Government of Canada*.

<sup>[6]</sup> ["Canada Gazette, part I, Volume 156, Number 53: Regulations Amending the Passenger Automobile and Light Truck Greenhouse Gas Emission Regulations"](#) (December 31, 2022), online: *Government of Canada*.

[7] [“Canadian Environmental Protection Act: compliance and enforcement policy: chapter 7”](#) (July 8, 2019) *Government of Canada*.

[8] [“Canada Gazette, part I, Volume 156, Number 53: Regulations Amending the Passenger Automobile and Light Truck Greenhouse Gas Emission Regulations”](#) (December 31, 2022), online: *Government of Canada*.

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### **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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