

# ROAD TO ZERO: PARLIAMENTARY STANDING COMMITTEE CALLS FOR CANADA TO IMPLEMENT ZEV STANDARD

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On April 13, 2021, the Parliamentary Standing Committee on Environment and Sustainable Development (the “**Committee**”) released its [report](#) on the production and purchase of electric vehicles in Canada (the “**Report**”). The Report offers 13 recommendations to help Canada meet its [target](#) of having zero-emission vehicles (“**ZEVs**”) make up 100 percent of new light-duty vehicles by 2040.

Although not binding, the recommendations are intended to “encourage the production and purchase of ZEVs in Canada”.<sup>[1]</sup>

## Notable Recommendations

First, the Committee “recommends that the Government of Canada work with industry and the provinces and territories to establish a national ZEV standard, while respecting constitutional responsibilities and the deep integration of the North American automotive market.”<sup>[2]</sup>

A national ZEV standard may require automotive manufacturers to increase the production or sale of ZEVs. Such policies have already been successfully implemented on a provincial level in Quebec and British Columbia.

Second, the Committee recommends that the Federal government continue to fund and improve accessibility to ZEV incentive programs, such as the Federal Incentives for Zero-Emission Vehicles Program (iZEV Program).<sup>[3]</sup> The Report suggests several changes to the [iZEV Program](#), including expanding its coverage to used vehicles, creating a program to trade in old vehicles for scrap, scaling the incentive to income and reviewing the MSRP eligibility caps.

Third, the Committee “recommends that the Government of Canada review and build on existing programs, such as the Strategic Innovation Fund, to facilitate the continued development of domestic supply chains for the full lifecycle of ZEV components”.<sup>[4]</sup> The Report suggests Canada is well positioned to develop a domestic supply chain for ZEV parts, including the production and recycling of ZEV batteries. The Report encourages the Federal government to expand domestic manufacturing, citing research that Canada is the only Western

country “with an abundance of cobalt, graphite, lithium and nickel, the minerals needed to make next-generation electric batteries.”<sup>[5]</sup>

Fourth, the Committee “recommends that the Government of Canada seek opportunities, in partnership with industry and the provinces and territories, to better inform consumers and dealers about ZEVs.”<sup>[6]</sup> The Report suggests providing more opportunities for consumers to test drive ZEVs and increasing basic ZEV literacy for consumers and salespeople.

While we highlight four of the Report’s recommendations above, there are a number of other important recommendations in the Report. Overall, the Report encourages the Federal government to seek out the economic benefits of the global shift to electric vehicles. The Committee has requested that the government table a comprehensive response to the Report.

The 2021 Budget released by the Federal government on April 19, 2021 is a step in this direction. The Budget proposes to provide \$56.1 million over five years to develop and implement, in coordination with international partners such as the United States, a set of codes and standards for retail ZEV charging and fueling stations. The Federal government believes this measure will provide regulatory certainty to providers of charging services, facilitate the development of the charging network and give more Canadians confidence to purchase and drive ZEVs.

If you have questions about the Report or any related matter, do not hesitate to contact the authors of this Bulletin or any other member of McMillan’s [Automotive Group](#).

[1] House of Commons, Standing Committee on Environment and Sustainable Development, *The Road Ahead: Encouraging the Production and Purchase of Zero-Emission Vehicles in Canada* (April 2021) (Chair: Francis Scarpaleggia), online (pdf): [Report](#) [Report].

[2] Report, Recommendation 7 at page 28.

[3] Report, Recommendation 2 at page 17.

[4] Report, Recommendation 3 at page 21.

[5] Report, at page 20.

[6] Report, Recommendation 12 at page 37.

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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.

The logo for mcmillan, featuring the word "mcmillan" in a lowercase, sans-serif font. The "m" and "c" are in a dark red color, while the "m", "i", "l", "l", "a", and "n" are in a light blue color. The logo is positioned in the upper left corner of a banner image that shows a low-angle view of a modern glass skyscraper against a clear sky.

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