



**Canadian Vehicle
Manufacturers' Association**
Association canadienne
des constructeurs de véhicules

October 15, 2019

Minister Benoit Charette
Ministère de l'Environnement et de la Lutte contre
les changements climatiques
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**Subject: Travaux D'élaboration Du Plan D'électrification Et De Changements Climatiques-
Document De Consultation – CVMA Submission**

Dear Minister:

The Canadian Vehicle Manufacturers' Association (CVMA) appreciates the opportunity to provide comments on the Consultation document entitled "Travaux D'élaboration Du Plan D'électrification Et De Changements Climatiques". The CVMA is the national trade association representing Canada's leading auto manufacturers, FCA Canada Inc., Ford Motor Company of Canada, Limited and General Motors of Canada Company.

We acknowledge that Québec is consulting on the next phase of the province's electrification strategy and the objective is to have a pragmatic and ambitious plan for further greenhouse gas emissions reductions post-2020 but at the same time address adaption and continued economic development. In this regard, CVMA and its members wish to work collaboratively with the government on the electrification of the vehicle fleet to help consumers make informed choices in their green transportation decisions and ultimately, transition to a low carbon economy.

Vehicle manufacturers are collectively bringing to market a growing number of electric vehicles across all vehicle segments meeting consumer utility needs. More than 40 models are now available where as just a handful were available a few years ago. Some estimates suggest that as many as 100 models may be available by 2023.

For the industry to continue with further advancement of electric vehicles in Québec, three public policy prerequisites, already in place in Québec, must continue. This comprehensive set of policies is essential to further increase the acceptance of these technologies and must be maintained and built upon. They are:

1. Consumer Incentives – Direct and Indirect,
2. Continued Expansion of Recharging Infrastructure, and
3. Public Education and Awareness.

There is a direct correlation between increased consumer EV adoption in jurisdictions that provide consumer point of purchase incentives and other supports. Consumers need to see a consistent and predictable incentive program to have confidence in choosing this vehicle technology and such programs need to be made available at least until such time as electric vehicles reach price parity with a comparable model internal combustion engine vehicles. This is estimated to occur post-2028. Québec needs to continue to offer the EV incentive post-2020 without any reductions or elimination as it addresses the high cost of electric vehicles which is a key consideration in a consumer's purchase

decision. It should be noted that OEMs are currently providing significant built-in EV price incentives that in many cases exceed total government consumer incentives¹.

Hydro-Québec is putting charging infrastructure in place, and they are strongly encouraged to expand further into more strategic areas. For the continued uptake of EVs (PHEVs and BEVs), the charging infrastructure must lead vehicle population so that consumers have assurances with regard to charging reliability, convenience, and availability. Otherwise, customer concerns about charging will hinder acceptance. The charging infrastructure should provide Level 1 AC, Level 2 AC and DC Fast Chargers which need to be placed in areas to maximize consumer convenience and use. The ability for a consumer to charge at home and at the place of work are important as these are the most frequently used locations for “fueling” these vehicles. In addition, the electrical network capabilities need to have a reliable supply of consistent power for these locations. Ready access to recharging outlets with reliable electric supply is essential to reducing range anxiety and increasing consumer confidence in making their decision to purchase this new technology. This becomes more critical during winter and cold weather operation, such as in Québec, when range is significantly reduced (40% or more at only -7°C according to the AAA tests) due to reduced battery energy storage and increased cabin heating needs for occupant comfort and safety².

Consumer education and awareness to help reduce the mystique around electric vehicle technology and informing consumers of the benefits of owning an EV needs to continue in Québec. This will assist with a consumer understanding of the value proposition for an electric vehicle that meets their transportation needs. Also, additional indirect consumer motivation supports are needed as they are influential in considering an electric vehicle purchase. This includes but is not limited to HOV lane access, preferential parking or reduced toll road fees, etc. Working collaboratively with industry is the best way of advancing electric vehicle acceptance in the province rather than through regulatory interventions. Ultimately, the uptake of electric vehicles is dependant on consumer acceptance and use.

The objective of reducing GHG emissions can also be achieved through accelerating the turnover of the existing fleet and could provide significantly greater GHG reductions than focusing primarily on the emission reductions from new vehicles, which only account for about 8% of the total light duty fleet in any given year. One-third of the Québec vehicle fleet is comprised of vehicles that are 10 years or older. Also, light duty vehicles represent ~22% of Québec's GHG emissions, with new vehicles only representing about 1-2% of the provincial GHGs annually. A complimentary vehicle scrappage program could accelerate the introduction of new vehicles with lower GHG emissions, lower criteria emissions as well as improving road safety through increased numbers of these new vehicles equipped with more comprehensive safety systems.

It is important to highlight that the new light duty vehicle fleet continues to introduce improved GHG technologies across the fleet contributing to reductions in GHGs and fuel use. Furthermore, criteria or smog causing emissions for the light-duty vehicle fleet have been reducing year over year and this trend will continue with new more stringent vehicle emission standards currently being phased in through 2025 model year. In Québec, annual emissions from the overall LDV fleet for Québec (in 2017) represent for volatile organic compounds (VOC) 5.8% and nitrogen oxides (NOx) 10.1%³.

The industry is highly integrated with the U.S. and product availability in alignment across Québec, Canada and North America is essential. Also, customers' requirements of a vehicle must be satisfied within the province regardless if they are considering an EV (plugin hybrid or battery electric) or a much more fuel efficient conventional (internal combustion engine or hybrid) vehicle. If a vehicle's utility or features do not meet the needs of the customer, they will look to other jurisdictions for vehicles or delay their purchase, possibly countering the efforts of reducing GHG emissions.

¹ <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/making-electric-vehicles-profitable>;
https://www.cargroup.org/wp-content/uploads/2018/01/Technology_Roadmap_Combined_23JAN18.pdf

² <https://www.aaa.com/AAA/common/AAR/files/AAA-Electric-Vehicle-Range-Testing-Report.pdf>

³ <https://www.canada.ca/en/environment-climate-change/services/air-pollution/publications/emissions-inventory-report-2019.html>

We also note that Québec has published their draft renewable fuels regulation on October 4, 2019. Fuel improvements such as renewable fuels have the potential to lower GHGs from the fleet of new and existing on-road fleet of vehicles. However, it is essential that fuel-vehicle compatibility is maintained to ensure on-going emission control performance and durability of vehicles while lowering vehicle related GHG emissions.

It is a very dynamic time for vehicle GHG regulation across North America. For this next phase of the electrification strategy, on-going product alignment will be important, and Québec should be monitoring these activities before any concrete decisions are made. At this point in time, there are no ZEV (or GHG) standards past 2025 model year in any jurisdiction and we encourage the government to monitor these activities. In this context, we believe that ongoing discussion with vehicle manufacturers would be beneficial.

In closing, we trust that our comments will be taken in the spirit in which they are intended and we look forward to continuing our dialogue with you on this important issue.

Yours sincerely,

A handwritten signature in black ink, appearing to read "M. Nantais", followed by a period.

Mark A. Nantais
President