

## Questions for Auto Manufacturers About Regulating Light-Duty ZEV Mandates

The ERP commits the Government to

- Develop an LDV ZEV sales mandate, which will set annually increasing requirements towards achieving 100% LDV ZEV sales by 2035, including mandatory interim targets of at least 20% of all new LDVs offered for sale by 2026 and at least 60% by 2030; and
- Align with the most stringent emission standards in the U.S.

ECCC aims to publish draft regulations in early 2023 and final regulations in 2024.

In addition to routine regulatory consultations, ECCC plans to establish a working group with regulatees to review options and foster sharing of data such as sales forecast.

### Questions for Stakeholders on Regulatory Design

- How should the performance standards and the ZEV mandates connect so that they work together to achieve two objectives: 1) ensure that Canadians have access to a steadily increased supply of ZEVs; and 2) ensure that all of the ICE vehicles that remain offered for sale are increasingly fuel efficient.
  - For example, should the GHG emission standards apply to the entire fleet (as is currently done by ECCC, U.S. EPA and California) or only the non-ZEV portion of the fleet?
- Should ZEV requirements be prescribed as annual targets or at multi-year intervals?
  - [QC, California and BC have annual targets. EU regulations increase in increments every few years with associated ZEV targets tied to the stringency of the emission standards.]
- How should the regulations ensure ZEVs are available throughout the country, not just concentrated in particular locations?
- Should the regulations differentiate
  - Between hybrids, plug-in hybrids and ZEVs
  - Among ZEVs based on range?
- Should the regulations reward companies that outperform their emissions standard?
  - California allowed companies to satisfy a portion of their ZEV requirements with excess credits from their GHG rules for model years 2018-2021.
- Should compliance with the ZEV standards recognize (in the form of credits as in BC or other jurisdictions) actions that support the transition to ZEVs, such as building charging infrastructure?

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### Questions on Timing

The government is targeting CG1 in 2023 and CG2 in 2024, with requirements starting with model year 2026. The U.S. regulations will also be proposed in 2023 and finalized in 2024.

- How much lead time is needed for the ZEV mandates?
- What are the implications of publishing draft Canadian regulations before the US publishes its draft regulations?