

BRIEFING NOTE

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Design Recommendations for a Retooled EV Availability Standard

Clean Energy Canada strongly supports the Electric Vehicle Availability Standard (EVAS), a policy introduced to reduce greenhouse gas emissions, make EVs more available and affordable for consumers, and futureproof Canada's auto sector. A [September 2025 Abacus Data poll](#) found that **two-thirds of Canadians also prefer to keep some form of the EV Availability Standard in place.**

We recognize that circumstances have changed since Canada's original EVAS was designed and implemented. President Trump's tariffs, premature cancellation of EV tax credits and removal of tailpipe emission standards have introduced significant uncertainty for the auto sector, causing certain companies to cancel projects and decide to layoff auto workers in the U.S. and Canada alike.

Canada's EV Availability Standard—a policy that has not yet come into effect and offers a three year grace period to comply once it does—is not responsible for these impacts. In the U.S., where President Trump has repealed federal tailpipe emission standards and state-level authority to implement their own ZEV mandates, thousands of auto workers [continue to be laid off](#) and [billions of EV-related investments](#) are being abandoned. Repealing Canada's EVAS will not reverse the impacts Trump's tariffs are having on the North American auto industry; what it would do, however, is deprive Canadians of the lower-priced EVs available in other markets around the world, increase Canada's passenger vehicle GHG emission trajectory far beyond our 2035 target and slow the modernization of Canada's auto sector in a global market where [one in four new cars sold](#) will be electric this year.

In this time of turbulence, Canadian industries and consumers need more certainty, not less. As such, we encourage the government to move swiftly in signaling any policy changes and ideally confirming that the policy will stay in place, even if revised. **The review of Canada's Electric Vehicle Availability Standard should focus on how it can best serve Canadians, not whether it should exist. We believe the EVAS review offers an opportunity to re-tool this policy to better deliver affordable EVs to Canadians and better communicate to Canadians how the policy will enhance the competitiveness of Canada's auto industry in the long-run.** This brief offers principles to guide the EVAS review, detailed policy recommendations for its re-design and an overview of how the EVAS fits into a broader EV affordability package we would like to see the federal government advance.

Summary of recommendations

- **Targets:** Lower the 2035 target from 100% to 90-95% to remove the ban on gas-powered vehicles. Slightly lower the 2027-2030 targets, maintaining at least 50% sales by 2030 to offer short-term relief while maintaining a longer-term market signal and investment certainty for companies across the EV supply chain—charging station providers, electric utilities, mining companies and building developers, among others. Do not delay policy implementation any further.
- **Early action credits:** Allow carmakers who sell more than 15-20% EVs in 2026 to earn early action credits and extend the window for when EACs can be used towards compliance until 2029. Make early action credits tradeable to further incentivize EV sales and reward early actors.
- **Compliance flexibilities:** Remove the compliance pathway that allows carmakers to invest in charging infrastructure. The policy motivates these investments already and this compliance pathway is being inaccurately portrayed as a \$20,000 tax on gas cars, reducing public support. Add compliance flexibilities that offer additional partial credits to carmakers who offer more affordable EVs (<\$45,000), EV models at a discount or 0% financing, similar to what B.C. is considering. If a new compliance flexibility is added whereby carmakers receive credit for investing in Canada's EV supply chain, limit its applicability to ZEVs that are assembled in Canada and/or have batteries manufactured in Canada.
- **Treatment of plug-in-hybrids.** Relax requirements around PHEVs by increasing the compliance cap from 20% to 45% between 2026 and 2030 and consider revisiting minimum electric ranges (e.g. reducing from 80km to 50km).
- **Credit generation and reporting requirements:** Revise the EVAS to require yearly reporting of credit trading activity, similar to EV sales regulations in other jurisdictions (Quebec, California) to create public accountability, understand the health of the credit market and determine whether stringency levels continue to be appropriate over time.
- **Treatment of conventional hybrids.** Do not allow conventional hybrids to be eligible for credit under this policy, as this would significantly weaken the policy and undermine its objectives (i.e. reducing emissions; increasing EV availability; stimulating investment in battery EV technology, charging infrastructure and the rest of the EV supply chain). If the federal government wishes to include conventional hybrids, credit allocation should be limited (e.g. to 0.25 credits per vehicle) and inclusion should be timebound (e.g. 2025-2027 only). Adding such limits can contain the impacts including conventional hybrids would have on GHG emissions and EV price reductions.
- **Interaction with the Canada-U.S. passenger vehicle emission standards.** Prioritize the EV Availability Standard, a made-in-Canada policy, over aligning with any version of the U.S. vehicle emission standards. Even the Biden-era vehicle emission standards would not deliver anywhere near the EV price reduction or GHG emission reduction impacts that a strong EVAS would deliver.

Any adjustments to the EV Availability Standard must be considered in the context of a broader EV affordability package that includes other measures such as EV rebates and potential changes to Canada's trade approach geared towards helping Canadian consumers, in addition to industry.

Principles to guide the EVAS review and any revision

As the federal government reviews and considers potential changes to the EVAS, Clean Energy Canada recommends that the following principles guide the federal government's approach:

- **Market certainty:** Consumers and industry need certainty for planning and investments. There are more than [130,000 Canadians employed](#) by companies along the EV supply chain, from charging station providers and electricians, mining companies to electric utilities, that [have called for](#) the EVAS to stay in place due to the market certainty it provides their industries.
- **Competitiveness:** The rest of the world is moving towards electrification, with [the global EV sales share already at 25% and projected to exceed 40% by 2030](#). Canada needs to be prepared for this electric shift by building its EV manufacturing capacity now, so as not to fall further behind in its market competitiveness.
- **Affordability:** Recent polling by [Abacus Data](#) shows that [45% of Canadians are still inclined to get an EV](#) as their next vehicle.¹ But upfront cost remains a key barrier. Lower-priced EVs are available in other countries but Canadians do not have access to them here: [a recent Clean Energy Canada analysis](#) found that Europe has 21 EV models selling for less than the equivalent of \$40,000 Canadian, while Canada only has one). Levels of stringency and additional compliance flexibilities should be considered in light of how the retooled EVAS can better deliver affordable EVs to Canadians. Modelling conducted by the Pembina Institute and Clean Energy Canada found that an EVAS revised in line with our recommendations can bring median EV prices to \$40,000 by 2035, so long as other flexibilities are limited (see Figure 3 in the Appendix below).
- **Policy sovereignty:** Any approach that prioritizes alignment with the U.S. above the policy's other objectives and the interests of Canadians would be allowing our car market and consumer choices to be dictated by influences outside of our country.
- **Emission reductions:** Changes to the EVAS should seek to preserve as many emission reductions as possible in line with Canada's 2030, 2035 and 2050 goals. Canada is already not on track to meet its 2030 emission reduction goals according to the Canadian Climate Institute's [2024 emissions estimate](#), and further delaying the EVAS or adding too many flexibilities could reduce the EVAS's emission reduction impact by more than half (see Figures 2(a) and (b) in the Appendix below). Transportation accounts for a quarter of Canada's GHG emissions, with passenger vehicles making up about half of that amount. With the consumer carbon price repealed and no vehicle emission standards in place post-2027, the EVAS is the main policy Canada has to regulate emissions in passenger vehicles.

¹ Those numbers are even higher in certain regions (Quebec (55%), B.C. (53%), Metro Vancouver (69%) and the GTHA (55%)), as well as among young people (aged 18 to 29 (57%) and 30 to 44 (52%)).

- **Evidence-based:** Any changes to the policy should be based on evidentiary support of the policy’s impact. EV-related misinformation has been on the rise in recent years, as this technology has entered into politically-driven culture wars. Claims about the policy’s design are sometimes inaccurate and statements about how the policy will impact industry are often unsubstantiated. Ideally, modeling of different scenarios and the emission, affordability and industry impacts different levels of stringency might have would inform policy redesign whenever possible.
- **Policy durability:** Changes to the policy that could improve public and industry support while not significantly compromising its EV availability, affordability and emission reduction objectives should be considered to enhance policy durability.
- **Transparency:** EVAS revisions should seek to enhance transparency and ensure stakeholders have accurate information to inform planning and investment decisions, as well as future policy design. For example, the lack of publicly available information on early action credit generation has harmed stakeholders’ ability to analyze the appropriate levels of policy stringency going forward. Carmaker claims about credit price and transactions (i.e. assuming a credit price of \$20,000 and that Tesla is the only carmaker who might generate revenue from credit sales) are misleading the public.
- **Integrity:** Adding too many additional compliance flexibilities will flood the credit market and reduce the effect of the policy. For instance, Quebec’s 2025 [compliance report](#) showed that carmakers had earned so many extra credits between 2014 and 2023 that they could meet their entire combined 2024 targets without selling a single EV. Unpredictable and retroactive changes to credit values and generation will compromise the integrity of the credit market. Any changes to early action credits, credit tradeability and compliance flexibilities should seek to uphold the integrity of the credit market.

Detailed policy design recommendations for the EVAS

The following are Clean Energy Canada’s detailed designed recommendations for a re-tooled EVAS, informed by modelling conducted in coordination with the Pembina Institute, which is included in the Appendix below.

Design element	Proposed change	Rationale
Timeline	Do not delay the implementation of the EVAS any further	<ul style="list-style-type: none"> ● Due to slow vehicle stock turnover, EVAS delays lead to exponential losses in emission reductions. For example, a five year delay in implementation would lead to only a third of original emission reductions (see Figures 2(a) and (b) in the Appendix below). ● Delays EV price reductions, thousands of dollars in annual household

		<p>savings, and the growth of the used EV market.</p> <ul style="list-style-type: none"> • Delays EV industry investment due to unclear market signal
Targets - 2026	<p>The federal government has already removed the requirement for 2026. We recommend making the 2026 target “voluntary” by allowing carmakers to earn early action credits during this year above a threshold of 15-20% EV sales. Extend the window for when EACs can be used until 2029.</p>	<ul style="list-style-type: none"> • Offers short-term relief for carmakers at a time of uncertainty. • Continues to incentivize EV sales and reward early actors without flooding the credit market with too many credits (i.e. by allowing all EV sales in 2026 to earn EACs).
Targets - 2027-2029	<p>Slightly lower 2027-2029 targets. Do not delay policy implementation any further.</p> <p>Specific target levels should be set by considering:</p> <ul style="list-style-type: none"> • The emission and affordability impacts of different scenarios • The estimated number of EACs already earned by carmakers in 2024 /2025 • How EACs will be treated in 2026 • Whether federal EV rebates will be renewed) 	<ul style="list-style-type: none"> • Offers carmakers more flexibility in this time of uncertainty. Setting pragmatic targets balances industry relief while maintaining a clear market signal and giving Canadians access to EVs and the emission benefits/cost-savings they provide. • With slightly reduced targets, can retain the majority of emission reductions and still reach Canada’s 2035 light duty vehicle emissions target (see Figures 2(a) and (b) in the Appendix below). • Encourages earlier EV price reductions, helping Canadians access thousands of dollars in household savings sooner.
Targets - 2030	<p>Lower 2030 target from 60% to 50-55%.</p>	<ul style="list-style-type: none"> • Provides some industry relief five years into the future. • Minimizes impacts on the GHG emission and EV price reductions this policy will deliver (see Figure 3 in the Appendix below). • Offers clear market signal of Canada’s commitment to going electric for consumers and industry.

		<ul style="list-style-type: none"> Keeps Canada in line with global trends in/projections for EV adoption, as well as the corporate 2030 and 2035 targets multiple major automakers (including Ford and GM) remain publicly committed to.²
Targets - 2035	Lower the 2035 target from 100% to 90-95%.	<ul style="list-style-type: none"> Reducing the 100% target could enhance public support by removing the perceived “ban” on gas-powered vehicles and offer options for “hard-to-electrify” jurisdictions”, while still achieving significant emission reductions and improving EV affordability and availability.
Early Action Credits	Allow EACs to be traded among carmakers.	<ul style="list-style-type: none"> Rewards early action and motivates EV sales. Transparent credit trading would be needed to confirm or correct the claims that the policy disproportionately serves Tesla.
Compliance pathways - affordable EVs	Consider adding new compliance pathways such as offering extra credits for affordable EV models (<\$45,000), EV models offered at a discount or at 0% financing.	<ul style="list-style-type: none"> Offers carmakers more flexibility while doing more to drive EV affordability and address the top barrier to adoption. B.C. is currently consulting with automakers on new compliance pathways that would offer extra credit for affordable EVs and charging. The specific changes the B.C. government is considering are offering credits for: “a) A discount of at least 5% on the MSRP for new ZEVs (MSRP must be below \$50,000 for Class 1 and Class 2a vehicles and below \$70,000 for Class 2b vehicles); b) 0% financing on ZEV purchases or leases of new ZEVs (MSRP must be below \$50,000 for Class 1 and Class 2a* vehicles and below \$70,000 for Class 2b** vehicles); and/or c) A complimentary level 2 home charger or a complimentary public charging credit of a minimum of 2,000 kWh. California also offers extra credit for discounted EVs sold in lower-income communities via “environmental justice credits.”
Compliance pathways - charging investments	Remove the EV charging-related compliance pathway. Release a bulletin or other public communication correcting the	<ul style="list-style-type: none"> The compliance pathway is doing more harm to the policy’s durability than good for Canada’s charging network buildout given the widespread and misleading claims that this is an automatic monetary penalty carmakers would face for every EV sale short of their targets. A PBO report found that the EVAS would get us almost entirely to

² Both Ford and General Motors remain committed to EV sales targets of 50% by 2030 and 100% by 2035 in North America.

	widespread claims that this compliance pathway is a monetary penalty and tax on gas cars.	where the charging network needs to be by 2030 without this pathway, simply by unlocking private sector investment.
Compliance pathways - investments in Canada's EV supply chain	<p>Potentially consider offering extra partial credit for BEVs and PHEVs assembled in Canada and/or with a battery manufactured in Canada.</p> <p>Do not allow other types of investments in the EV supply chain (e.g. critical minerals, battery materials, etc) to be eligible for credit.</p>	<ul style="list-style-type: none"> • Rewards domestic assembly, incentivizes investment into Canada and improves industry and labour support for the policy. • Expanding the scope of allowable investments beyond what is recommended (i.e. into critical minerals, battery materials, etc) would be administratively complex, would offer credit for investments that couldn't be as directly connected to EV adoption / availability in Canada, and would weaken the policy's ability to meet its objectives. There are many other policy tools available to support industry and incentivize investment into Canada (i.e. production tax credits, clean technology manufacturing tax credits, EV supply chain investment tax credits, critical mineral exploration tax credits, critical mineral infrastructure fund, Strategic Innovation Fund, the recent tariff response package, etc).
Vehicles eligible for credit - PHEVs	<p>Relax requirements around PHEVs by extending the compliance cap for plug-in hybrid electric vehicles from 20% (where it's set currently) to 45% between 2026 and 2030. Also consider revisiting minimum electric ranges (e.g. reducing from 80km to 50km) if carmakers suggest this would help achieve compliance.</p>	<ul style="list-style-type: none"> • Offers carmakers more flexibility and consumers more choice (especially for those in remote and Northern regions).
Vehicles eligible for credit - conventional hybrids (HEVs)	<p>Do not allow conventional hybrids to be eligible for credit under the EVAS.</p>	<ul style="list-style-type: none"> • Conventional hybrids are already a widespread technology, offer marginal emission reductions and do not need additional support. • Including them as vehicles eligible for credit under the EVAS would undermine policy objectives of improving EV availability and affordability. Integrating them similar as PHEVs would lead to nearly 60% losses in emission reductions and \$2,000 in EV price reductions

		<p>(see Figure 3 in the Appendix below).</p> <ul style="list-style-type: none"> Does not support investment in the EV industry and infrastructure like charging providers, electric utilities, and EV technology innovation.
Interaction with the Canada-U.S. passenger vehicle emission standards	Prioritize the EV Availability Standard over the U.S.-Canada vehicle emission standards.	<ul style="list-style-type: none"> The EV Availability Standard is a made-in-Canada policy not subject to the political whims of another country. President Trump is canceling EV consumer tax credits, imposing tariffs on auto inputs that harm American carmakers and consumers, and interfering with EV and battery investments being made in the U.S.—all of which raise costs for industry and consumers, create significant uncertainty, and lead to higher levels of pollution, emissions, health impacts and pricing at the pump. Canada should not align with the current U.S. administration’s direction. Due to moderate targets, a Biden-era VES would increase EV uptake by only 6% compared to BAU. In comparison, a revised EVAS could increase uptake to 92% by 2035, more than triple cumulative emission reductions and reduce EV purchase prices by an additional \$4,000 (see Figures 1-3 in the Appendix).
Credit transparency	Revise the EVAS to require yearly reporting of credit trading activity, similar to EV sales regulations in other jurisdictions (Quebec, California).	<ul style="list-style-type: none"> Credit market transparency is critical to ensuring public accountability, particularly in understanding the potential impact of early action credits on automakers ability to meet the 2026 target. It also helps determine whether stringency levels are appropriate or need to be revisited.

How the EVAS fits into a broader EV affordability package

Canada should reorient its EV policies to focus on **delivering Canadians a selection of affordable EVs under the price point of \$40K by 2030**. Multiple [polls](#) have shown that this is the price the vast majority of Canadians wish to pay for a new car, electric or gas-powered.³ The federal government has multiple policy tools at its disposal to help achieve this goal—the EV Availability Standard

³ We commissioned a [separate poll](#) of 3,000 residents in the Metro Vancouver and GTHA regions in January 2025 and this finding was confirmed, with 73% of respondents wishing to spend less than \$40K on a new EV and 76% of respondents wishing to spend less than \$40K on a new gas car. This is not yet published.

being an important one. Clean Energy Canada believes a successful package to deliver affordable, <\$40,000-priced EVs in Canada should include:

- 1) **Retooling the EV Availability Standard** to help support consumer choice by attracting models at competitive price points. The federal government should adjust the policy to create short-term flexibility by slightly softening annual targets for 2027-2030, adding targeted additional compliance flexibilities and lowering the 2035 requirement from 100% to ensure this is not a total ban on gas-powered vehicles, while maintaining the overall market signal that Canada is committed to an all-electric future in the longer-term.
- 2) **Reigniting EV demand by recapitalizing the iZEV program with a focus on affordable EVs**, by using lower price caps to help drive down vehicle prices.
- 3) **Reconsidering Canada's trade approach**, by lowering the tariff on Chinese-made EVs and allowing in a limited quota of these affordable vehicles while also recognizing UNECE-safety approved vehicles. Doing so would open Canada's vehicle market to fill important market gaps, drive innovation and ultimately make our auto sector more competitive.

Any adjustments to the EV Availability Standard must be considered in the context of this broader support package and how it should be geared towards helping Canadian consumers and households in addition to industry. The federal government can strike a balance between protecting industry competitiveness while still delivering on the EVAS's policy objectives of emission reductions, EV affordability and consumer choice.

Appendix: EVAS design scenario modelling results

Clean Energy Canada and the Pembina Institute modelled different adjustments to the existing EVAS to understand their impacts on EV uptake, emissions and EV pricing in Canada.⁴ The table below describes the six scenarios we modelled, with Scenario 6 featuring the design approach we recommend.

Scenario	Description	EVAS sales targets	2027-2035 cum. GHG reductions rel. to BAU (MT)	2035 Median EV Price change rel. to BAU
1. BAU	Business as usual (BAU) includes clean fuel regulations and a vehicle emission standard (VES) that is flattened at 2026 levels.	No EVAS	-	-
2. Biden VES	BAU with Biden-era VES (-10% in emissions intensity per year to 85 gCO ₂ /mile for LDVs in 2032).	No EVAS	- 22.31	- 4%
3. Delayed EVAS	Scenario 6, but EVAS implementation is delayed until 2030.	50% by 2030 90% by 2035	- 26.05	- 11%
4. Revised EVAS + 0.75 HEV	Scenario 6, but including conventional hybrids and treating them similar to PHEVs under EVAS (0.75 credit/hybrid).	50% by 2030 90% by 2035	- 31.75	- 8%
5. Revised EVAS + 0.25 HEV	Scenario 6, but offering 0.25 credits per conventional hybrid sold in 2025-2027, in line with a recent proposal from Quebec.		- 62.92	-12%
6. Revised EVAS (recommended approach)	Original EVAS with one year delay (2026) and lower targets for 2030 and 2035.	50% by 2030 90% by 2035	- 76.21	- 12%

Increasing GHG reduction effectiveness

⁴ The following scenarios are based on the AUTomaker-consumer Model (AUM), developed by Dr. Jonn Axsen and Chandan Bhardwaj at SFU, which simulates the impacts of various EVAS and VES designs on Canada's light-duty vehicle sector from 2026 to 2035. The AUM is unique in that it simulates interactions between:

- **Behaviorally-realistic consumers:** three car buyer segments, based on empirical data collected from representative samples of Canadian new car buyers. Consumer preferences evolve with increasing ZEV penetration.
- **Automakers:** represented as an aggregate profit-maximizing automaker. The automaker has multi-year foresight for the automaker, including decisions about: (i) increasing ZEV model variety, (ii) intra-firm cross-price subsidies, and (iii) investing in R&D to reduce future ZEV costs.

The result is a model that produces projections that better simulates how the EVAS may function in practice.

In summary, lowering EVAS targets in line with the above recommendations (i.e. 50% by 2030 and 90% by 2035) preserves GHG emission and EV price reductions, but other design flexibilities such as further delaying implementation and including conventional hybrids does not.

- **Biden VES (#2):** Substituting the EVAS for a vehicle emission standard (VES), even with strong targets, leads to only 1/3 of the EV price reductions and emission savings of a revised EVAS and would increase EV uptake by only 6% compared to BAU by 2035. It was the worst performing scenario after inaction (BAU #1).
- **Delayed EVAS (#3):** Delaying the EVAS implementation until 2030 leads to an additional 50MTCO_{2e} emitted between 2026 and 2035, sacrificing 66% of the cumulative emission reductions our recommended approach (scenario #6) would achieve. The slow turnover rate of the LDV fleet means each year of delay has exponential effects. Although annual EV prices and emissions will decrease steeply in the early 2030s, EV uptake in the LDV stock will be greatly slowed, limiting affordability benefits (including growth of the used EV market) and emission reductions for the majority of Canadians.
- **Broad conventional hybrid inclusion (#4):** Allowing conventional hybrids to be eligible for credit under the EVAS, treating them similar to PHEVs at 0.75 credits each, would more than halve emission reductions achieved by 2035, as they allow new fossil fuel vehicles into the LDV stock that can persist for years.
- **Limited conventional hybrid inclusion (#5):** Offering 0.25 credits for conventional hybrids for a time bound period (2025-2027) will have relatively limited impacts on EV uptake, GHG emissions, and EV price reductions compared to our recommended scenario (#6)—so long as these credit and time restrictions are in place and other flexibilities are limited.
- **Revised EVAS (our recommended approach, #6): A slightly revised EVAS** could still increase EV uptake to 92% of new sales by 2035 and is the only scenario that nearly reaches the 2035 LDV GHG reduction target of 46.2MTCO_{2e}. This design approach would also reduce the median EV price from \$68,000 to \$40,000 by 2035, as more models are introduced and competition increases. Although some of the other scenarios would eventually lead to price reductions, higher prices in earlier years will slow mainstream EV uptake and negatively impact the used EV market and the wider LDV stock, limiting cost savings and emission reductions for Canadians.

Figure 1: Impacts on Canada's EV sales share

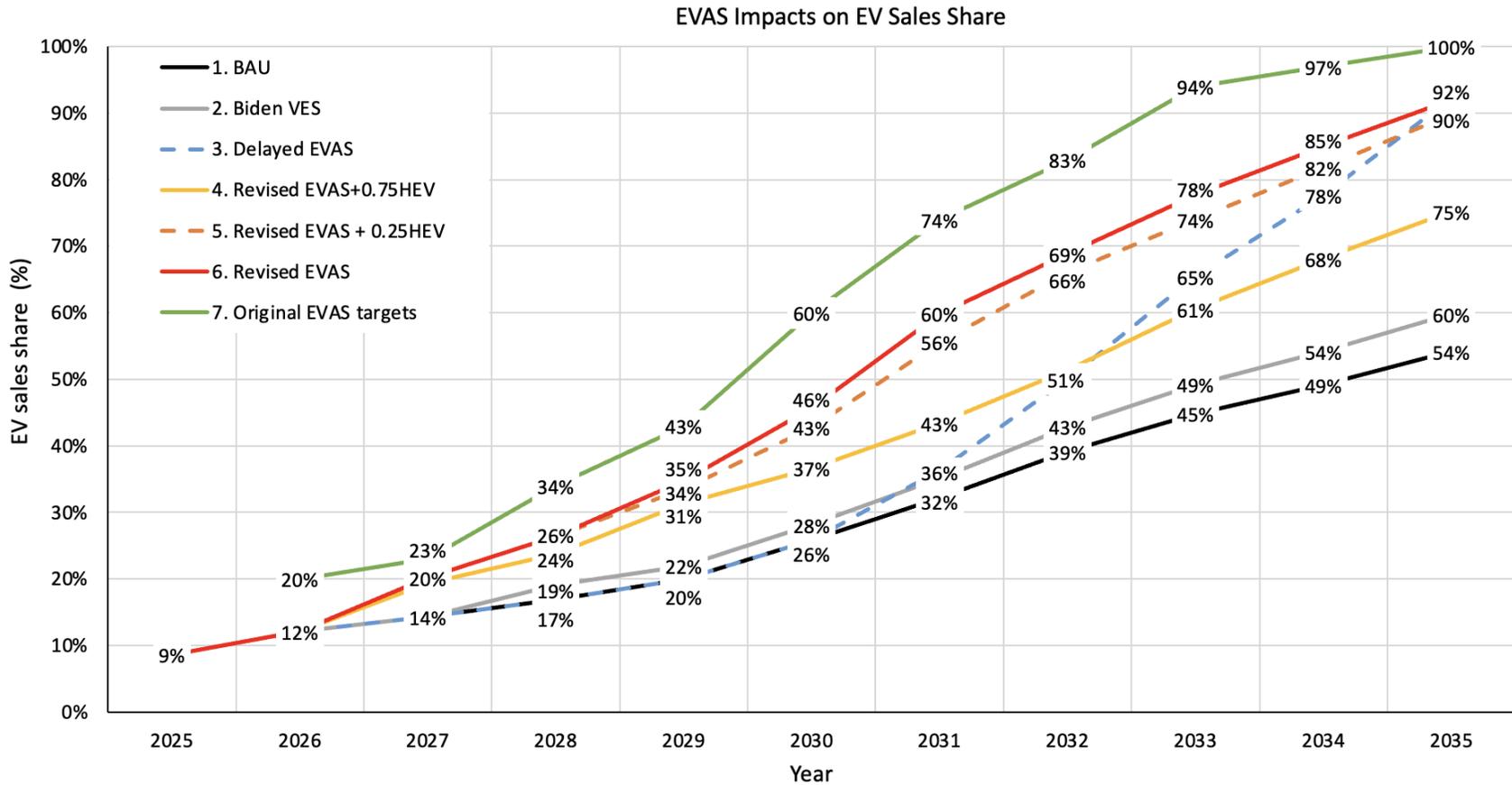


Figure 2(a) and (b): Impacts on greenhouse gas emissions, annual and cumulative

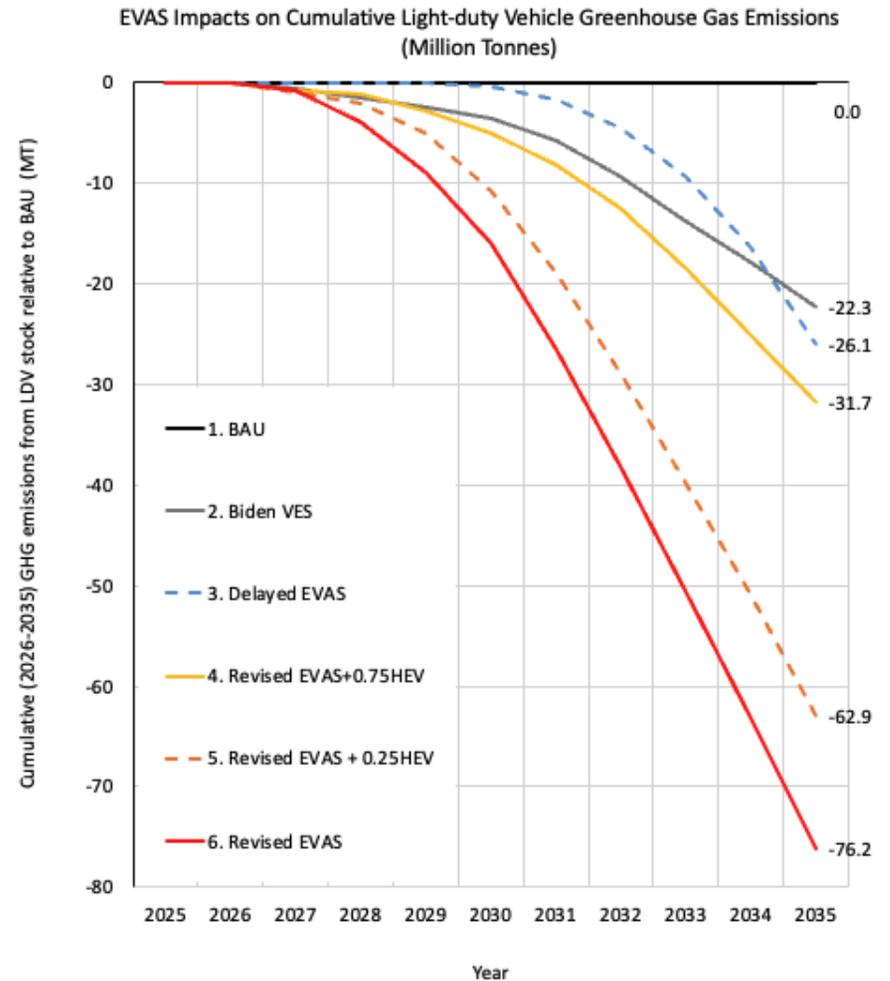
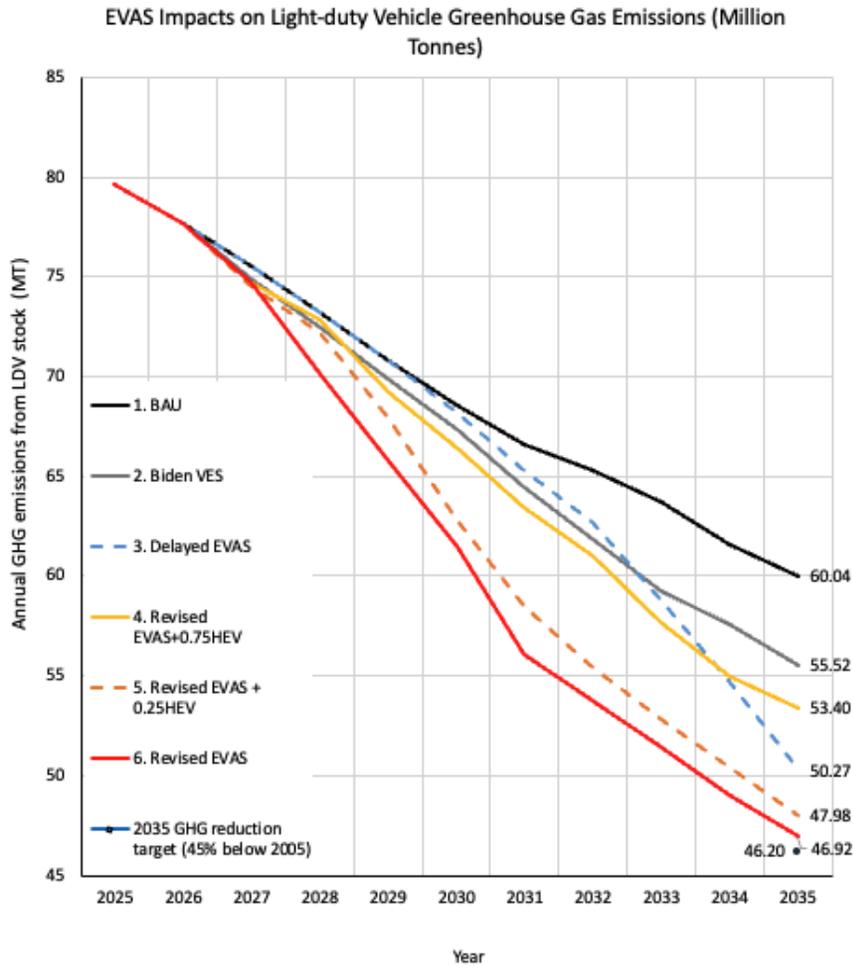
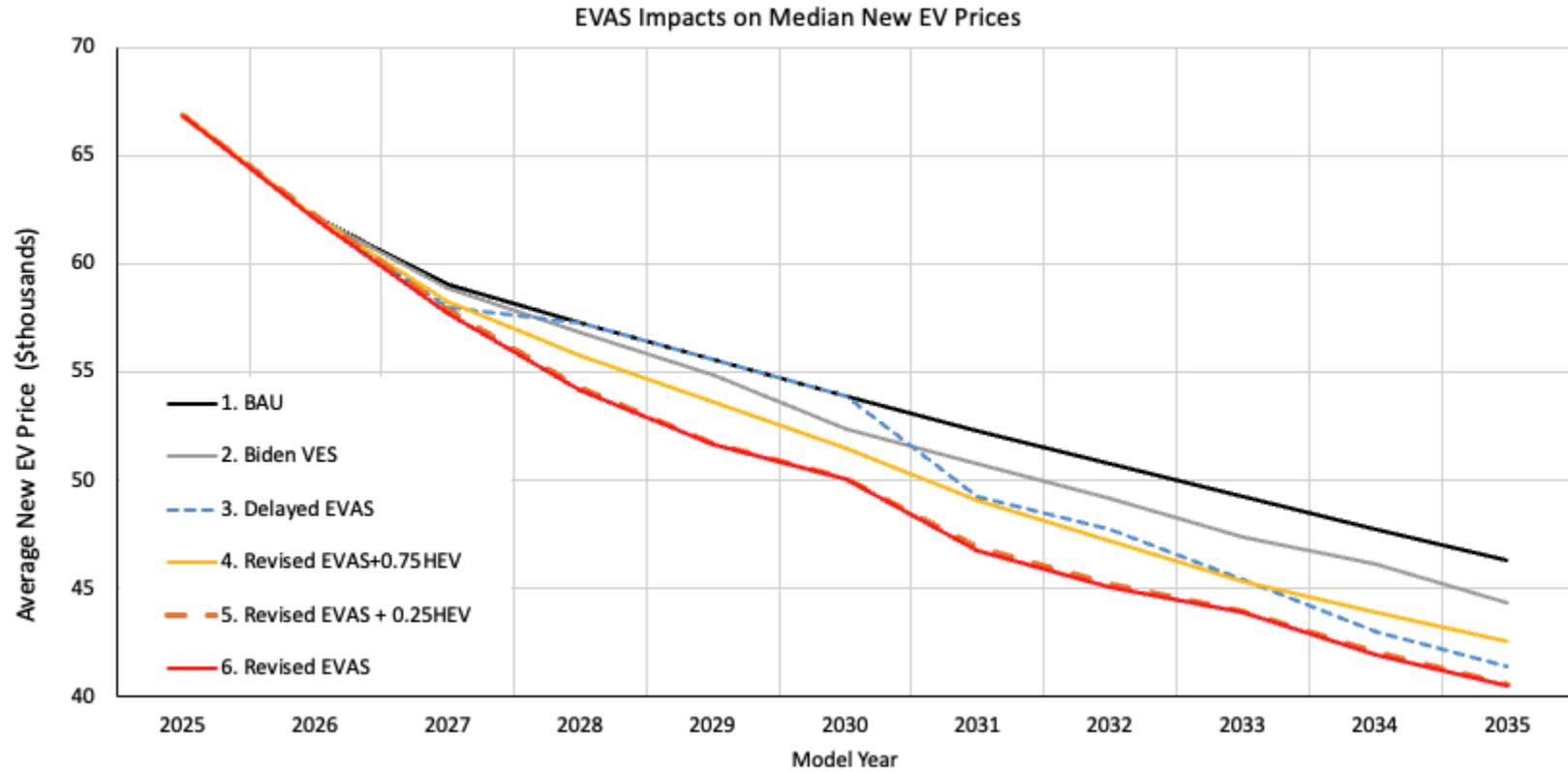


Figure 3: Impacts on median new EV prices*



*The above graph is based on a new EV priced at [\\$66,891, the 2025 median](#). The spread of these price reductions is expected to be uneven across models.