CLEAN ENERGY CANADA

# SUBMISSION

**Date:** October 29, 2026

## Response to proposed amendments to Canada's vehicle pollution standards

Clean Energy Canada is a clean energy think tank within the Morris J. Wosk Centre for Dialogue at Simon Fraser University.

We are pleased to submit these comments in response to the proposed Regulations Amending the Passenger Automobile and Light Truck Greenhouse Gas Emission Regulations.

### Summary of recommendations:

**Clean Energy Canada recommends new vehicle pollution standards that:**
**1) Resume increases in stringency by the 2028 model year**
**2) Extend out to 2035**
**3) Establish a standard of not less than 62g/mile by 2035 to meet auto strategy targets**
**4) Ramp up to deliver a 40% EV sales target by 2030 and drive early action**
**5) Transition toward a single standard that applies equally across each automaker's entire fleet**
**6) Strictly limit compliance flexibilities**

**For next steps in the process, we recommend that ECCC:**
**1) Launch formal consultations by January 2027 that include a wide range of stakeholders**
**2) Update the methodology underlying the RIAS to explicitly include monetized health benefits**

### Why we need strong, sovereign vehicle pollution regulations in Canada

Clean Energy Canada supports Canada's auto strategy targets of 75% EV sales by 2035 and 90% by 2040.

Supply-side policies like the EV Availability Standard and strong Vehicle Pollution Standards are fundamental to achieving these targets, as they directly address a number of specific barriers that are not easily addressed by other market-based measures:

- Automaker incentives are not always aligned with growing EV adoption, particularly for OEMs that have not yet invested meaningfully in electric models. Dealers too may be more invested in selling gas vehicles that better support their established service business.

- Adoption depends on major infrastructure investments in both charging and electricity generation, distribution, and transmission. Many of these investments need to be planned years in advance to be ready to support targeted levels of adoption.
- Canada is a relatively small market in the global context, and with a U.S. market that is diverging from global rates of EV adoption, supply-side policies ensure that new affordable models will still be available to Canadian consumers.

By providing a coordinated path toward achieving these targets and clear incentives for industry to align with that path, supply-side policies ensure that:

- Automakers invest in new vehicle models and supply the market with the scale of electric vehicles needed to meet Canada's auto strategy goals
- Utilities and charging networks can plan with clear foresight on the expected rate of adoption, so that the number of EVs on Canadian roads can be properly supported by necessary infrastructure
- Consumers benefit from greater choice with a wider range of electric and fuel-efficient vehicles available at affordable prices. For example, Pembina Institute analysis shows that EV prices would be 12% lower by 2035 with a stringent standard in place.

Preliminary analysis by Clean Energy Canada suggests that Canadian EV supply has already been decreasing since the elimination of EVAS was first proposed, with some markets already facing supply limitations. We hope to share a more detailed analysis in the coming weeks.

## Repealing the EV Availability Standard will cost Canadians, but strong vehicle pollution standards can still deliver many of the same benefits

While we support Canada's auto strategy and the stated targets and goals, we do not support the proposal to repeal EVAS without an immediate replacement. By the government's own calculations, repealing the EVAS without replacement results in a net cost to Canada of $90.3 billion, excluding health costs that are independently estimated to exceed $90 billion alone. Vehicle pollution and fuel efficiency standards are common regulations that are in place in many global markets, including every G7 country, covering approximately 87% of global vehicle sales.

We urge the government to put strong vehicle pollution standards in place promptly to mitigate the costs of repealing the EVAS and ensure that a wide range of benefits can be delivered to Canadians, including:

1. **Affordability**: By both encouraging EV adoption and more efficient gas-powered vehicles, a strong vehicle pollution standard will reduce household fuel costs while also supporting the availability of more affordable EV models for Canadians. For example, the U.S.'s original proposed vehicle pollution standards under Biden were estimated to save drivers $12,000 US on average over the lifetime of a new vehicle. EV drivers save even more—$23,000 to $32,000 over ten years for the typical Canadian EV driver—while also benefitting from more stable and predictable electricity prices.

2. **Health**: By supporting a shift to lower-emitting and electric vehicles, vehicle pollution standards meaningfully reduce air pollution with health benefits ranging from fewer

asthma attacks, reduced risk of lung cancer and cardiopulmonary disease, lower hospital utilization and costs, cleaner air, and even smarter toddlers. Recent analysis by TAF estimated that EVAS health benefits exceeded $90 billion and prevented over 11,000 premature deaths. Strong vehicle pollution standards could mitigate damages from this repeal and provide meaningful health benefits.

3. **Investment**: Utilities, electricity producers, and charging providers all rely on clear direction and supportive policy to enable their investments. Over $20 billion in new investments could be unlocked in charging infrastructure alone with strong vehicle pollution standards offering the investment certainty private investors need.

4. **Jobs, economic development and industrial competitiveness**: Investments in electricity generation, grid expansion, and charging infrastructure employ thousands of Canadians and support local economies across the country. One recent EMC study found that electric mobility could contribute over $77 billion to GDP and employ over 600,000 Canadians by 2035—tripling from today's levels with the right support. These are often tradespeople like electricians in roles that can't be easily offshored. In addition, with global adoption of EVs growing fast and reaching one quarter of the global market last year, strong vehicle pollution standards will be fundamental to future auto sector competitiveness and building a domestic market for EV manufacturing in Canada. For example, the EU's EV adoption growth has aligned with the stringency of their pollution standards and now offers a growing domestic market for EU automakers that have shifted to producing more EVs.

5. **Canadian EV supply and consumer choice**: Without the EVAS, vehicle pollution standards are critical to ensure that the Canadian market continues to be prioritized when automakers consider where to send their electric and fuel-efficient vehicles. For example, a number of affordable models have recently been offered or retained in Canada but not the US following the repeal of their planned vehicle pollution standards, including the Kia EV4 & EV5, the Volvo EX30, and the Nissan Ariya, as a result of our stronger EV policies. With Canada now proposing to delay stringency with its only supply-side policy, we risk also losing access to these models and falling further behind other global markets like the EU, where a broad range of EV makes and models—including at very attractive price points—are already on offer.

## Our policy design recommendations for vehicle pollution standards to meet the goals of Canada's auto strategy:

Clean Energy Canada recommends new vehicle pollution standards that:

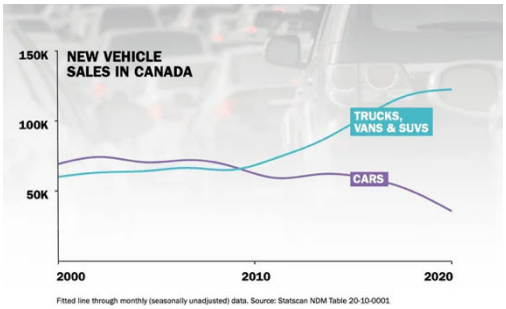
1. **Resume increases in stringency by the 2028 model year.** On October 21, Canada announced that planned vehicle pollution standards would be held at 2026 levels through to 2029, with increases in stringency levels resuming in the 2030 model year. We do not support this approach, which risks delayed action and ultimately would require automakers to meet the target over a shorter six-year period. Increasing stringency earlier, starting in the 2028 model year, would give automakers, utilities, and charging infrastructure companies more regulatory certainty and support earlier investment to achieve the auto strategy's targets.

2. **Extend the next phase of vehicle pollution standards out to 2035.** The next phase of vehicle pollution standards should regulate out to the auto strategy's earliest publicly stated milestone in 2035. If increases into stringency are ultimately delayed to 2030, extending the regulation out to 2035 will be especially critical to provide adequate foresight into planned stringency. This recommended timeline would also match the previous phase of these standards, which regulated over the course of an eight-year cycle.

3. **Establish a standard of not less than 62g/mile by 2035 in order to meet the 75% EV sales target by 2035.** Modeling from Pembina, ICCT, and EMC has shown that achieving this target would require a standard between 59 - 62 grams per mile by 2035, assuming limited compliance flexibilities are available to automakers. By comparison, current European Union proposals for its updated standard are in the range of 18-22g/mile by 2035.

4. **Ramp up to deliver a 40% EV sales target by 2030**, ensuring near-term affordability, health and economic benefits for Canadians. The smoothest path would be to increase stringency each year through the full eight year period to 2035. However, if the government prefers to flatline 2026 stringency levels through to 2029 as recently proposed, we strongly recommend a meaningful jump in the 2030 year to keep the 2035 target readily achievable and encourage earlier action. This approach would also align with the European Union proposal, where a 47% increase in stringency is planned for the 2030 model year.

5. Adjust the current approach of weaker standards for larger vehicles like pickup trucks and SUVs with **a transition toward a single standard that applies equally across each automaker's entire fleet**. This could be phased in over the length of the proposed regulation, similar to the EPA's 2024 rule that narrowed the gap from 53g/mile in 2026 to just 17g/mile by 2032. This approach would help ensure that fleetwide pollution is reduced while addressing the significant shift toward larger, more polluting vehicles that Canada has experienced over the past decade.




6. **Strictly limit compliance flexibilities** so that the regulation can achieve its goal of increased EV sales, reduced pollution, and improved affordability. Automakers had already banked 31.9 million excess credits as of the 2024 model year. With the new standards now proposed to remain flat between 2026 and 2029, automakers would already gain the increased flexibility of a transition away from EVAS, and a four-year period without any increase in stringency. In this context, any further compliance flexibilities could significantly reduce the effectiveness of the regulation, undermine the integrity of the credit market and risk not meeting the auto strategy targets. We therefore strongly recommend that the government place strict limits or exclude compliance flexibilities such as banking, borrowing, super-credits, and off-cycle credits in the new standards.

## Proposed next steps in the regulatory development process

1. **Launch formal consultations on the draft vehicle pollution standards with stakeholders beyond the regulated entities who are directly implicated by this policy—to include EV industry stakeholders, environmental groups, health organizations, electric utilities, municipalities, and consumer groups—by January 2027.**

2. **Update the assumptions and methodology underlying the regulatory impact analysis statement (RIAS) to integrate the most accurate cost and benefit data available to-date and explicitly include the monetized health benefits.** The California Air Resources Board and the U.S. Environmental Protection Agency both monetize the health benefits of air pollutant reductions in their vehicle pollution regulations, an approach that has long been standard practice for our closest regulatory partner. Without this quantification, the RIAS risks presenting an incomplete picture of what the standards will deliver for Canadians.

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