

Updating iZEV program to accelerate decarbonizing personal transportation

The Government of Canada's new Electric Vehicle Availability Standard, adopted in December 2023, represents a historic achievement that will accelerate electric vehicle (EV) uptake throughout the country. To date, there has been an impressive deployment of battery-electric vehicles (BEV) and plug-in hybrid electric vehicles (PHEV) in Canada.

However, the literature is clear that transitioning to a fully electric vehicle fleet will not be enough to reach Canada's climate targets, nor solve associated problems relating to equity, individual ownership, road infrastructure, traffic congestion, and safety. Further, Canada still has the world's highest emitting vehicle fleet. Large, fossil fuel-powered vehicles account for an ever-growing share of new vehicle sales, despite efforts to electrify cars and trucks.

To achieve significant GHG emission reductions and transform Canada's transportation system, the Green Budget Coalition recommends improving Canada's Incentives for Zero-Emission Vehicles (iZEV) Program through additional measures to reduce the size, number and use of personal vehicles by supporting active, collective and shared transportation (e.g., public transit, car sharing, and cycling). In addition to reducing GHG emissions, these initiatives will also support lower-income household transportation needs.

Recommendations [TC]:

1. Update the iZEV program, learning from other subsidy programs in Nova Scotia, British Columbia, and France:
 - **\$250 million over two years**
 - **\$75 million** to expand the iZEV program to support the purchase of 50,000 electric-assisted bikes by offering, for example, a 50% purchase subsidy for lower-income households (up to \$2,000) and 20% subsidy for medium—and high-income households (up to \$800).

- **\$175 million** to create a new scrappage program,⁶⁹ offering benefits such as credits towards car-sharing programs, bike rental, or use of public transit, and/or EV purchase subsidies.

- Scale ZEV incentive based on vehicle's energy consumption.
 - Remove the cap on subsidies for car-sharing companies.
2. Ensure an equitable transition to energy-efficient transportation:
 - Make used EVs eligible for a one-time subsidy through the iZEV subsidy program, as recommended by the House of Commons Standing Committee on Environment and Sustainable Development.
 - Scale ZEV purchase incentives amount and cap eligibility based on household income (e.g., \$100,000), learning from California and British Columbia.

For more detail, see the GBC's Budget 2024 recommendation Reducing carbon emissions from road transportation through electric-assisted bikes, equity and subsidy solutions.⁷⁰

See also recommendations in this section: Double public transit ridership by 2035, Strengthening Canada's public electric vehicle charging network, and A clean commute for kids: Bridging the funding gap for school bus electrification.

Contact

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69 For more details see: Équiterre, David Suzuki Foundation, and Environmental Defence, "Achieving a Zero-Emission Future for Light-Duty Vehicles - Joint Submission." 2022. https://archives.equiterre.org/sites/fichiers/zev_consultations_eqt_dsf_ed.pdf

70 Green Budget Coalition, "Recommendations for Budget 2024". <https://greenbudget.ca/wp-content/uploads/2023/11/Green-Budget-Coalition-Recommendations-for-Budget-2024-November-10-2023.pdf>, page 51