















CAPC

Sustainability Working Group

October 2006

Initiative	Action Plan Item	Lead	Timing	Status
VEHICLE EMISSION REGULATION S AND FUEL STANDARDS	1. Avoid regulatory programs that are technology/marketplace forcing and that have a negative impact on the automotive industry in Canada.	FED	MT	
	2. California does not have a vehicle manufacturing industry to be concerned with. Emission Regulations proposed by "California" will not work, as they are technically and economically unfeasible. CAFÉ standards are set at the maximum amount that is technologically and economically feasible without comprising vehicle safety. Maintain national standards harmonized with the United States to ensure Canada is not disadvantaged as an investment destination.	FED	MT	
	3. Any proposed vehicle emission regulations must take into account previous work that has been done by vehicle assemblers under GHG MOU. Uphold current MOU on GHGs until its expiry in 2010 with a view to extending voluntary approach through "smart regulation" initiative.	FED	MT	
	4. Government/industry have an obligation to ensure that national fuel standards exist that supports advanced vehicle technologies and Government implement regulations to achieve appropriate National fuel quality for advanced technologies.	FED	LT	

Initiative	Action Plan Item	Lead	Timing	Status
FEEBATES	1. NRTEE's recommendation that a Feebates program not be implemented at this time should be expanded upon to never be implemented due to the negative direct impact that feebates have on the auto industry and the industry's own programs for addressing GHG emissions.	FED	MT	
ENERGY	1. Electricity cost in Ontario is no longer competitive with many other automotive jurisdictions (costs have increased more than 46% since 2000). Ontario's reliable supply at a reasonable cost is no longer a competitive advantage over competing North America automotive producing regions (I.E. Southeastern States). Avoid decisions that increase Ontario's electricity costs.	PROV	ST	
	2. Ontario should not exclude any one type of electricity generation in favour of another. All forms of generations have trade-offs that must be considered before developing new generation capacity or closing existing capacity. A complete cost analysis must be done on all generation options, to ensure that cost competitive, reliable and secure electricity is available for the automotive industry.	ONT	ST	
CONSUMER PROGRAM	1. Incentives for advanced fuel and advanced technology vehicles and advanced fuels.	FED/PROV	ST	
	2. Increase support for alternative refueling infrastructure such as E10.	FED/PROV	MT/LT	
	3. Introduction of a national drive clean education program.	FED	LT	
	4. Introduction of a national program to encourage the removal of older high polluting vehicles from the on-road fleet.	FED	MT	

Initiative	Action Plan Item	Lead	Timing	Status
World Leader in Manufacturing	1. Funding for demonstration programs and advanced technologies manufacturing.	FED/PROV	LT	
	2. Support for energy-efficient choices in plant investments.	FED/PROV	MT	
	3. Support for employee training for energy efficient training for energy efficient choices.	FED/PROV	LT	



Addressed - Implementation underway and on-time.

FED - Federal Government
 PROV - Provincial Government
 AUTO - Auto Manufacturers, Suppliers



Plans, commitments and timelines not clear - attention needed.



Immediate Attention

MT – Medium Term
 ST – Short Term

CAPC Report on Sustainability

Sustainability Working Group

October 16, 2006

Chair: Gerry Fedchun, APMA

The Sustainability Working Group (SWG) has tabled 5 key initiatives. The sustainability working group has also changed the status and timing of issues to better reflect the work currently being done on those issues. The current activities are outlined below. The SWG intends to continue to focus on these activities until there is sufficient momentum in industry, and government to drive them through to completion.

The five initiatives are:

1. Emissions Regulation and Fuel Standards
2. Feebates
3. Energy
4. Consumer Program
5. World Leader in Manufacturing

1. Emissions Regulations and Fuel Standards:

Federal and provincial governments need to work on a pro-active basis with the automotive industry to apprise of any pending emissions regulations (whether stationary or mobile) so that feedback from the industry can be provided in advance of any broad public consultation. Using CAPC SWG to "beta" test the government's thinking with respect to proposed regulations can provide the opportunity for a collaborative approach to public policy objectives prior to the formal regulatory process.

Any "Canadian unique" emission standard (whether stationary or mobile) has the potential to increase cost (either plant operating costs or vehicle purchase price) and discourage automotive investment in Canada. Emissions standards could potentially be pursued under the Security and Prosperity Partnership which seeks to ensure, to the greatest degree possible, regulatory harmonization.

The GHG MOU was negotiated in good faith by the industry with the previous government and should be preserved. Additionally the fact that the government has indicated a desire to regulate post-2010, should not dissuade industry and government from pursuing voluntary solutions under "smart regulations" that would contemplate voluntary solutions with regulatory backstops if necessary.

Fuel Standards:

The emissions control technology on any vehicle operates in a symbiotic relationship with the fuel that it burns. If the fuel – whether it be gasoline, diesel or renewable fuels is not of a consistently high quality and free of contaminants then the emissions control hardware on the vehicle is at best not being fully optimized and at worst is being compromised by fuel impurities, which may ultimately result in either vehicle failure or a malfunction indicator light being illuminated on the dash of the vehicle. In these situations, the consumer holds the vehicle manufacturer accountable for the malfunction and not the fuel supplier. There needs to be an appreciation by all governments that any movement on vehicle emissions standards can only be pursued in lockstep with the availability of very high quality fuel.

2. Feebates:

While the National Roundtable on the Environment and the Economy ultimately agreed that a feebate in and of itself would not deliver significant GHG reductions nor shift consumers into more fuel efficient vehicles, it did hold out the opportunity for a feebate to be used with a suite of other instruments as part of a larger climate changes strategy. Glen Murray, the Chair of the NRTEE appeared before the House of Commons Standing Committee on Finance in November 2005. Ultimately feebates could have the perverse effect of negatively impacting smog and GHG emissions by inducing consumers to hold on to their older, more polluting vehicles longer as opposed to paying a new tax on the vehicle that meets their utility needs.

3. Energy:

Inexpensive, reliable electricity had traditionally been a competitive advantage for attracting industry to Ontario. Ontario's electricity costs are no longer competitive with many automotive jurisdictions and electricity cost, reliability and security of supply remain vitally important competitiveness issues for the automotive sector in Ontario. In February 2006 the Ontario government did move to provide large industrial electricity consumers with three years of stable, predictable pricing dropping the cost per kilowatt hour from 4.7 cents to 4.6 cents this past May, moving back up to 4.7 cents per kwh in 2007 and to 4.8 cents per kwh in 2008, which addressed this concern for large users in the short term, but the medium term and long term remains uncertain.

4. Consumer Programs:

For consumers to purchase cleaner, alternative or advanced fuels that reduce smog causing emissions or greenhouse gas emissions or both, the fuel cannot cost more than regular gasoline, otherwise consumers will not purchase it. Government tax exemptions or credits to provide incentives for the purchase of lower carbon content fuels needs to be considered. Likewise with advanced technologies, there is a cost premium associated with the manufacturer of these vehicles. The federal government and the other provinces should consider following the lead of Ontario, Quebec, BC and PEI in offering tax rebates or incentives for advanced technology vehicles. Likewise federal, provincial and municipal governments are encouraged to lead by example by purchasing advanced technology vehicles.

From a smog-causing emissions perspective, the largest single benefit that could be realized in the automotive industry is to test older vehicles (i.e. pre 1994) on a regular basis to ensure that they are still in compliance with the emissions standards that they were built to. For those that are not in compliance then consideration should be given to an incentive program to encourage scrapping older vehicles. This could provide Canada with a significant air quality benefit when one considers that there are more than one million 1987 and earlier automobiles on Canada's roads and that each one of these produces the same emissions as 37 2006 model year vehicles

World Leader in Manufacturing

- Funding for demonstration programs and advance technologies manufacturing
 - Funding not just for fuel cell vehicles, but fuel cell stack assembly
- Support for energy-efficient choices in plant investments
 - CIPEC – Industrial Ener-Guide program
 - Life Cycle Analysis of assembly/supplier park versus plant random locations
- Support for employee training for energy efficient choices