CAPC
Sustainability Working Group
May 2005

Initiative	Action Plan Item	Owner	Timing	Status
Vehicle Program	1. Feebates negatively impact the auto industry and the industry has not been requested to assist the NRTEE feebate consultation. Consideration of the impacts should be a part of the deliberation by the NTREE	FED	ST	R
	2. Government / industry obligation to ensure a national fuel standard exists that is required to support advanced vehicle technologies Government regulation(s) to achieve appropriate National fuel quality for advance technologies	FED	MT	

G – Addressed – implementation underway and on time.

Y – Plans, commitments and timelines not clear – attention needed

R – Immediate attention

FED – Federal Government
PROV – Provincial Government
AUTO – Auto Industry
OTHER – Affiliated Organizations

ST – Short Term
MT – Medium Term
LT – Long Term

Feebates

In the Feb. 23, 2005 Federal Budget the Federal government re-introduced the concept of using feebates on new vehicles in an attempt to encourage consumers to purchase more fuel-efficient vehicles. The intent is to reduce greenhouse gas (GHG) emissions. It is expected that a feebate scheme would provide a consumer rebate for the purchase of certain vehicles while imposing a tax on other vehicles; presumably based on a set of fuel consumption criteria established by government. However, the 1999 National Resources Canada study calculated that if Canada imposed feebates the cost would exceed the government budgeted Cost of $15 per Ton by 1800 to 6400 percent, a very poor return on investment.

Subsequently, on April 5, 2005 the auto industry signed an agreement with the Federal government to achieve a 5.3 Mt reduction in GHGs by 2010. The auto industry commitment to the 5.3 Mt target renders any consideration of a feebate concept obsolete. The need for the appointed outside advisory panel -- the National Round Table on the Environment and the Economy (NRTEE) to develop options for a feebate tax, to consult with stakeholders and to make recommendations to the Government prior to the next federal budget in 2006 is also superceded by the auto industry GHG agreement.

The auto industry has limited resources in Canada and needs to focus these resources on the GHG agreement and not be distracted by studying a feebate regime.

Fuel Quality

With the ongoing introduction of advanced vehicle and vehicle emissions technologies by the automotive industry, it is critical that the fuels available in Canada are those with the required fuel properties and quality standards necessary for these advanced vehicle technologies to operate effectively. Incompatible fuels may interfere with the performance of the emission systems of these advanced technology vehicles.

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Initiative	Action Plan Item	Owner	Timing	Status
Energy	1. Electricity cost in Ontario is no longer competitive with other automotive jurisdictions and Ontario's reliable supply at a reasonable cost advantage has been lost	PROV	ST	R
	2. Ontario should reconsider the timeline for the coal phase out since the current supply/demand gap will be exacerbated	PROV	ST	

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ENERGY:

Electricity rates for industrial customers in Ontario have increased 46 percent from the first quarter of 2000 to the second quarter of 2004. The Ontario government should maintain and promote provincial economic growth, and attract a reliable and sustainable supply of environmentally responsible electricity generation and investment to Ontario. Increased costs for energy will put Ontario industry in danger of losing its global competitive edge, which will lead to decreased investment in new technology and/or manufacturing facilities, eventually resulting in job losses across the manufacturing base in Ontario.

The phase out of coal powered generating stations should be linked to the availability of reliable and sustainable electric power costing the same or less as the power being phased our and not to an arbitrary timeline.

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Initiative	Action Plan Item	Owner	Timing	Status
Consumer Program	1. Incentives for advanced fuel and advanced technology vehicles 2. Increase support for alternative refueling infrastructure such as E10 3. A national drive clean education program	FED/PROV FED/PROV FED	MT/LT MT/LT LT	Y

G – Addressed – implementation underway and on time.

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CONSUMER PROGRAM

Incentives for Advanced Fuel and Advanced Technology Low-Emission Vehicles:

To effectively reduce smog related and GHG related vehicle emissions through the introduction of advanced technologies in support Canada's commitment to the Kyoto Protocol, a balanced array of policy initiatives will be necessary. These measures may include incentives for advanced fuel and advanced technology vehicles, the availability of clean fuels, addressing traffic congestion in urban areas, raising consumer awareness of the impact of vehicle usage and the benefits of proper vehicle maintenance.

Due to the high cost of developing and producing advanced technology vehicles, or other fuel efficiency enhancing technology, offering meaningful financial (or tax) incentives directly to consumers will not only stimulate consumer demand by making such vehicles cost competitive with conventional ones, but also will help pull into the market these vehicles that offer significant environmental benefits through lower vehicle emissions relative to conventional vehicles. Automakers are constantly striving to provide vehicles that meet the needs of evermore demanding consumers. But at the end of the day, it is consumers who determine the fuel economy of the whole fleet through their purchase and driving decisions. Helping consumers make the right choice through reducing the cost premium associated with advanced technology vehicles will help accelerate the rate at which these vehicles and their environmental benefits are integrated into the on road fleet.

National Drive Clean Program:

The most cost effective way to lower both emissions and GHG's is to improve the performance of the current 19 million vehicles on the road as opposed to improving the 1.6 million new vehicles added to the on the road fleet each year. A 5% improvement on the current on road fleet equals a 60% improvement for new vehicles only. We need to develop a national program that will improve public awareness of the environmental affects of driving habits, vehicle usage and the benefits of proper maintenance of vehicles. An example of a very useful educational initiative is AIA's "Be Car Care Aware" campaign.

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

G – Addressed – implementation underway and on time.

Y – Plans, commitments and timelines not clear – attention needed

R – Immediate attention

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WORLD LEADER IN MANUFACTURING:

In order to compete in a global automotive industry Federal and Provincial levels of government in Canada should consider increased incentives for energy efficiency investments such as: increased write-off allowances, a shorter write-off time period, preferred borrowing rate and cash rebates. The effect of such options is two fold: firstly, it allows the Canadian based automotive industry to be more globally competitive; secondly, it allows the automotive industry to further reduce GHG emissions through indirect reductions at the electricity generation facility.

In addition, training programmes should be developed on how to reduce energy usage and training credits created to have an incentive to do the training.