



Does B.C. Still Need Its Own ZEV Mandate?

An assessment of whether B.C.'s ZEV mandate fragments the national market and reallocates emissions reductions across provinces

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About the Energy Futures Institute

The [Energy Futures Institute](#) is a [Resource Works](#)-led project that is bringing a fresh perspective to discussions surrounding the future of energy in British Columbia. Having launched in December 2023, Energy Futures is exploring some of the greatest challenges facing British Columbia's energy security, affordability and independence, answering the big questions on how we meet BC's growing energy demand while protecting our environment, not just today but for the coming decades and centuries ahead. Energy Futures is led by former BC cabinet minister Barry Penner. Penner served as BC's Minister of Environment (and introduced BC's first climate plan), Minister of Aboriginal Relations and Attorney General during his four terms as a MLA. Penner represented Chilliwack in the BC Legislature from 1996 to 2012.

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Executive Summary

In November 2025, British Columbia amended its Zero-Emission Vehicle (ZEV) regulations, expanding compliance options and signalling alignment with federal policy. This report assesses whether the province's separate mandate reduces emissions beyond the federal system and whether its costs justify a separate provincial regime.

The evidence suggests limited incremental benefit. Federal consultation records indicate that automakers plan ZEV supply at the national level, so a provincial mandate is more likely to affect where vehicles are sold than how many are available in Canada. If so, the result is more likely to redistribute where vehicles are sold rather than increase the overall supply of ZEVs in Canada.

The amendments also reduce effective stringency. Broader credit eligibility, lower range thresholds, and expanded use of plug-in hybrids make targets easier to meet and likely reduce real-world emissions reductions.

Maintaining a separate regime imposes costs. Manufacturers must comply with parallel federal and provincial systems with separate reporting, credit tracking, and enforcement. This increases administrative burden and compliance risk.

The regime also introduces internal trade frictions. Province-specific rules can limit vehicle availability and fragment the national market, which conflicts with stated goals of reducing interprovincial barriers.

B.C.'s system appears to retain a sales-mandate structure rather than adopting the technology-neutral approach the federal government has signalled. This more prescriptive model with less compliance flexibility may lead manufacturers to adjust pricing and product mix, reducing the availability of lower-cost gasoline vehicles and raising prices. These effects fall more on lower- and middle-income households, especially those without access to home charging.

B.C.'s original rationale was to lead national policy. As the province aligns with federal targets, that rationale weakens, leaving the case for a separate regime dependent on measurable incremental impact.

If the mandate does not increase emissions reductions beyond the federal framework, the case for a separate regime is weak. B.C. should either demonstrate measurable added benefits or move to harmonize with the federal system.

1. Introduction

On November 18, 2025, the British Columbia government [amended](#) its Zero-Emission Vehicle (ZEV) regulations. The province has so far kept its [2026 sales target](#) of 26 per cent of new vehicle sales, expanded manufacturers' compliance options and stated its intention to amend future provincial targets to align with federal policy.

The government has [stated](#) that “it is vital for B.C. and Canada to be aligned” and that “there should be one clear, harmonized sales target for the country to provide clarity.” This report examines a single question: Does B.C.'s separate ZEV mandate produce measurable emissions reductions beyond the federal system, and if not, do its costs justify maintaining a separate provincial regime?

2. Does the B.C. Mandate Add Emissions Reductions?

Headline targets unchanged; compliance has been loosened

British Columbia's legal requirement of [26 per cent](#) of all new light-duty vehicle sales for the 2026 model year remain, even though the federal government removed its 2026 target and has [abandoned specific sales targets](#) for future years.

Recent [regulatory amendments](#) made by British Columbia change how manufacturers can meet the required target. As detailed in Appendix A, the changes expand credit eligibility, allow more vehicle types to qualify, and relax certain range requirements for plug-in hybrids (PHEVs) and battery-electric vehicles

There is still a grace period allowing a one-year window for non-compliance. The \$20,000 per-vehicle penalty for non-compliance also remains.

However, the amendments make the target easier to satisfy in practice. Broader credit eligibility, lower range thresholds, and agreement-based credits reduce the effective emissions intensity required per credited vehicle.

(1) ZEVs include fully-electric, plug-in hybrid, extended range and fuel-cell vehicles.

The relevant environmental question is not whether the 26 per cent headline number remains intact, but whether average fleet emissions fall at least as much as under the prior framework. Lowering PHEV range thresholds increases the number of vehicles that qualify for credit while potentially increasing real-world emissions.

[Analyses](#) of European fleet data have found that real-world PHEV emissions consistently exceed test values. Making compliance easier with a greater PHEV share reduces regulatory pressure and likely produces smaller incremental GHG reductions than the original, stricter design.

Allocation versus additionality

The more fundamental issue is whether B.C.'s separate mandate increases national emissions reductions at all. In developing the federal framework, the federal government recorded [stakeholder feedback](#) that “ZEV supply for a manufacturer is allocated on a national basis” and that “regional requirements would not generate any additional [ZEV] supply for Canada.” The federal government accepted this reasoning and explicitly decided not to include regional ZEV requirements.

If ZEV production is allocated nationally, a provincial mandate primarily affects where vehicles are sold within Canada, not how many enter the national fleet. B.C.'s regime functions as an allocation rule rather than as an incremental emissions measure. Redistribution within Canada is not additional national emissions reduction.

3. Costs of Maintaining a Separate Provincial Regime

Regulatory duplication

B.C. continues to operate its own compliance regime under provincial law alongside the federal mandate under federal law. Compliance with one does not automatically satisfy the other. Manufacturers must maintain separate reporting submissions, separate credit accounts, and separate verification and enforcement processes.

If a manufacturer falls short under one regime, it must resolve that shortfall within that system. There is no automatic cross-crediting. This increases compliance risk compared with a single unified system and creates ongoing costs for both industry and government that consumers and taxpayers ultimately bear.

Over time, technical differences in definitions or interpretation, such as how electric range is measured, may require manufacturers tailor compliance specifically for B.C., adding cost without corresponding benefit.

The Business Council of Canada has called for avoiding duplicative or conflicting provincial mandates alongside federal standards. If B.C.'s purpose is alignment, the existence of two parallel compliance systems requires clear justification.

Internal trade implications

B.C.'s ZEV framework functions as a non-tariff barrier within Canada because automakers selling nationally must comply with province-specific rules, even when targets align. The Canadian Free Trade Agreement treats [regulatory differences](#) of this kind as internal trade barriers that governments should reduce where possible.

If Ottawa legally codifies its different approach – a clearly technology-neutral national emissions standard that allows manufacturers to meet targets through various options, including hybrids, more efficient gasoline vehicles, as well as fully electric vehicles – and B.C. retains a specific ZEV sales mandate, a constitutional challenge under the doctrine of federal paramountcy cannot be ruled out.

In practical terms, BC's law risks acting as a de facto trade barrier, limiting access to vehicles built in other provinces and fragmenting what should be a single Canadian auto market. Premier David Eby himself has strongly and repeatedly [argued](#) that provinces should lower internal trade barriers, including through [agreements](#) and [legislative measures](#).

In July 2025, [he said](#) it is “more important than ever that we work together to remove trade barriers between provinces” and to make it easier to “buy and sell our great Canadian products to our fellow Canadian neighbours.” Maintaining a separate compliance regime while committing to federal alignment is difficult to reconcile with that position.

4. Market and Distributional Effects

A sales mandate creates pressure when required EV sales exceed market demand. If consumers do not purchase EVs at the required rate, manufacturers must adjust pricing, allocation, or product mix to meet the target. One response to a binding mandate is to reduce shipments of lower-margin and more affordable gas vehicles to B.C., shifting the sales mix toward higher-margin and more expensive models to offset compliance costs. This reduces the availability of entry-level vehicles and puts upward pressure on the price of remaining gas models – an effect felt most acutely by lower-income buyers.

The amendments reduce the risk that the mandate becomes binding in the near term (e.g. 2026 or 2027) by expanding compliance options. They do not, however, eliminate the incentive structure inherent in a sales quota system.

Most ZEVs continue to carry higher upfront prices than comparable gasoline vehicles, and lower- and mid-income households are more sensitive to purchase price and financing conditions. The amendments broaden compliance flexibility but do not fundamentally address this affordability constraint.

Affordability effects are also uneven across households. EVs can offer lower fueling costs when charged at [residential rates](#), but many lower-income households live in multi-family dwellings (e.g. apartment buildings) and lack access to home charging. Reliance on public fast charging, which carries much [higher per-kilowatt-hour rates](#), eliminates much of the expected fuel savings.

5. Alignment and the Leadership Rationale

B.C. previously justified its ZEV mandate on leadership grounds. The province legislated phased ZEV sales requirements before the federal government adopted national targets, with the expectation that early provincial action would influence national policy and pull standards upward across the country. That rationale depends on divergence, that is, B.C. setting standards that exceed federal policy.

Once B.C. adjusts its targets to align more closely with federal policy, the leadership rationale weakens. Maintaining a separate credit system, independent enforcement, and province-specific compliance rules is not harmonization – it's parallel operation.

The province's 2026 engagement paper shared with certain stakeholders shows the BC Government's approach remains a sales mandate, not a technology-neutral emissions standard. It requires automakers to meet a compliance ratio (the share of their sales that must be zero-emission vehicles) and to meet Class A requirements (meaning a minimum share must be fully electric vehicles rather than hybrids). Firms therefore cannot meet a common emissions ceiling through different vehicle mixes. They would still be directed toward specific ZEV shares through sales targets and credit rules. This approach undermines the flexibility of the federal government's technology-neutral emissions standard and may reduce consumer choice while increasing costs.

If provincial and federal targets converge, and if ZEV supply is allocated nationally, a separate provincial compliance regime does not increase national ambition. It operates in parallel without reducing emissions in Canada as a whole, thereby negating claimed climate change mitigation impacts. The B.C. Government has not articulated what concrete benefit the parallel operation provides.

6. Conclusion

The November 2025 regulatory amendments make B.C.'s 26 per cent ZEV target easier to meet without changing its headline value. Broader credit eligibility and lower range thresholds reduce effective stringency, and the likely result is smaller real-world emissions reductions as measured within British Columbia than the original framework would have delivered.

The central question is incremental benefit. Federal consultation records indicate that regional mandates do not increase national ZEV supply when manufacturers allocate production nationally. If that holds, B.C.'s rule primarily affects where vehicles are sold within Canada rather than how many enter the national fleet, and therefore simply shifts where emission reductions are recorded.

The costs of maintaining a separate compliance regime are ongoing: duplicated reporting, increased compliance risk, and regulatory differentiation that functions as a non-tariff barrier within Canada. Those costs sit in direct tension with the province’s stated commitment to reducing internal trade barriers.

Once B.C. commits to matching rather than exceeding federal targets, the case for a separate provincial regime rests entirely on whether it produces measurable emissions reductions beyond what the federal framework would achieve on its own.

The B.C. Government should either produce evidence that the provincial system delivers such incremental benefits or begin formal harmonization with the federal regime which can be as simple as repealing BC’s *Zero Emissions Vehicle Act*. Without that evidence, the costs of the current approach outweigh its demonstrated benefits.

Appendix 1: Changes to ZEV Range Thresholds and Credit Allocation in B.C.

| Change area | What the regulation does | Practical meaning |
|---|---|--|
| BEV range threshold | Lowers a key range cut-off from 241 km to 150 km | More BEVs fall under the updated threshold |
| PHEV qualifying range | Minimum all-electric range at 16 km (2026–2028) and 80 km (2029+) | More PHEVs qualify in the near term |
| Low-range definitions | Updates “low range” cutoffs (e.g., BEV <150 km; EREV <80 km; FCEV <150 km; PHEV thresholds shown above.) ² | Clarifies low-range categories used for credit treatment |
| Base credits (from Oct. 1, 2026) | Sets credit values: BEV and FCEV 1; EREV 1; PHEV 1 (2026), 0.5 (2027–2028), 1 (2029+) | Changes the relative credit value of vehicle types over time |
| PHEV bonus credits (2027–2028) | Allows +0.5 credit for PHEVs with ≥50 km (2027) or ≥60 km (2028) range | Encourages sales of higher-range PHEVs |
| Affordability/charging credits (agreements) | Allows credits for actions such as ≥5% MSRP discount, low/zero-interest financing, free Level 2 home charger or ≥2,000 kWh public charging credit, or eligible public charging investment | Shifts part of compliance toward affordability and access measures |
| Affordability as a criterion | Requires the director to consider consumer affordability when approving certain agreements | Makes affordability a factor in credit approval decisions |

Source: British Columbia, [Order in Council 519](#), November 18, 2025.

(2) EREVs are extended range electric vehicles and FCEVs are fuel-cell electric vehicles.