March 2026

dunsky
Energy + Climate

EV Market Update

THOUGHT LEADERSHIP

What Canada's New Automotive Strategy Signals for EVs, Consumers, Utilities and Industry

Authors: Jeff Turner and Lindsay Wiginton

The federal government's automotive strategy marks one of the most consequential shifts in Canada's EV policy landscape to date. The **announcement** touches nearly every pillar of EV adoption – vehicle affordability, charging infrastructure, manufacturing, and long-term emissions targets – and will impact investment and planning decisions across the transportation and electricity sectors.

While the elimination of the EV Availability Standard introduces new uncertainties, it also clarifies the federal government's preferred approach to rely on a combination of financial incentives, infrastructure investment, and long-term emissions objectives.

Below, we outline what this shift could mean for EV adoption and what utilities in particular should be paying attention to.

EV Incentives are Back

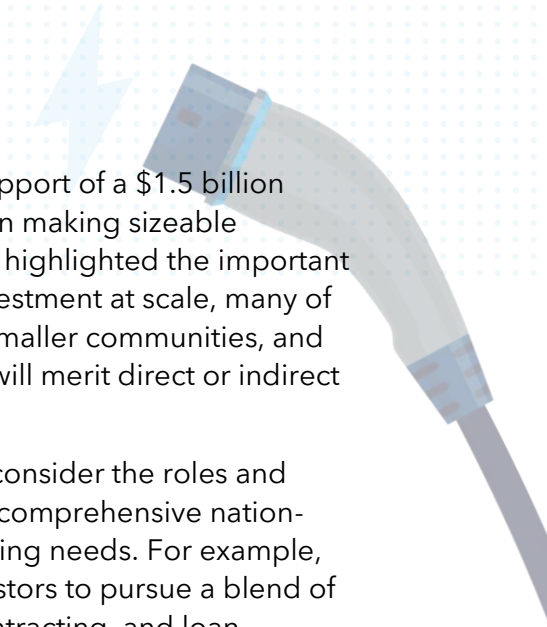
The return of the federal purchase incentive is an important stabilizing signal for the market. The structure – a $5,000 rebate declining by $1,000 per year – closely mirrors our firm's modelling and recommendations. Gradual and transparent phase-outs allow consumers and industry actors to plan, avoiding the demand shocks that often accompany abrupt policy changes.

The program's design does come with constraints. A $50,000 vehicle price cap is somewhat restrictive, though not unprecedented, and history suggests manufacturers may adapt by offering qualifying trims and models.

Still, after a prolonged period of ambiguity following the rebate pause, the return of a clear incentive framework could unlock pent-up consumer demand, provided that vehicle availability keeps pace.

A National Charging Infrastructure Strategy

The automotive strategy announcement included a commitment to develop a new national charging infrastructure strategy. While the details are still to come, the announcement



emphasized an increasing role for private sector actors, with the support of a $1.5 billion envelope at the Canada Infrastructure Bank, which has already been making sizeable investments in national charging networks. While Dunsky has often highlighted the important role of the private sector in accelerating charging infrastructure investment at scale, many of the chargers needed in the near term — particularly in rural areas, smaller communities, and underserved urban settings — still face weaker business cases and will merit direct or indirect government support in the near and medium term.

The national charging infrastructure strategy will need to carefully consider the roles and terms of private and public sector investment to ensure we build a comprehensive nation-wide charging ecosystem that addresses the full spectrum of charging needs. For example, there are road-tested approaches used in Europe that require investors to pursue a blend of high- and lower-profitability sites through careful procurement, contracting, and loan conditions.

The Strategy will also need to equip CIB to invest in a wider range of charging portfolios, including EV-ready retrofits in multi-unit residential buildings – an as-yet untapped opportunity for investment with a **proven business case**.

Close collaboration between the Canada Infrastructure Bank and Natural Resources Canada in developing this strategy will be critical to build on a long track record of federal government support across the entire charging ecosystem while ensuring alignment with utility planning and grid constraints.

From Sales Mandates to Emissions Targets

The most consequential change is the replacement of EVAS with to-be-developed long-term greenhouse gas targets that indirectly require high EV penetration: approximately 75% zero-emission vehicle sales by 2035 and 90% by 2040.

These targets are ambitious and, if maintained, would ultimately require most new vehicle sales to be electric in the long term. However, unlike EVAS, they allow considerably more flexibility in how near-term compliance is achieved.

In practical terms, this means automakers could lean more heavily on non-plug-in hybrid vehicles over the next several years. While this could ease short-term compliance pressures, it introduces uncertainty for parts of the EV ecosystem — particularly charging providers — by reducing clarity on how quickly demand will materialize from plug-in hybrid and battery electric vehicles. The eliminated Availability Standard, in contrast, had legislated near-term targets.

The new regulations' ability to achieve the stated targets depends heavily on the technical details that will be hashed out over the coming years. For instance:

- Given the focus on emissions reductions relative to a baseline, how will that baseline be established, and how will vehicle sizes and fleet mixes be factored in without incentivizing larger vehicles?

- How will emissions reductions from plug-in hybrids be estimated given the influence of battery size and customer behaviour (e.g. how often they plug in)?

In the meantime, utilities and charging networks will need to rely on careful modelling – rather than a clear regulatory path – to build their business cases for investment in charging and grid upgrades.

What This Means for Canadian Utilities and Charging Providers

Long-term electricity demand growth will remain robust. Even with the shifting targets, 75% of new sales being effectively electric by 2035 implies continued rapid vehicle electrification. From a long-range planning perspective, EVs remain a significant driver of load growth and electrification and a major opportunity for grid flexibility.

Near-term uncertainty increases. Greater flexibility in early-year compliance could lead to slower or less predictable EV adoption in the near-term. Dunsky's load forecast modelling (**example**) includes a range of low to high adoption reflecting different policy scenarios and technology shares (e.g. full battery electric vehicles, plug-in hybrids). We are already in touch with our utility clients to discuss what this news may mean for their distribution upgrades, local capacity planning, and targeted grid investments tied to transportation electrification.

Infrastructure timing matters more than ever. Utilities will need to remain agile — monitoring actual adoption trends, coordinating closely with charging providers and municipalities, and avoiding both over- and under-investment in grid capacity.

The value of managed charging grows. As policy certainty shifts from near-term mandates to longer-term outcomes, strategies that reduce system costs — including managed charging, vehicle-to-grid, and **power-efficient design** — become even more important in aligning EV growth with grid readiness.

A Policy Package with Trade-Offs

Many elements of the new federal approach align closely with what our modeling has shown to be effective: reinstated and declining rebates, increased charging investment, and recognition of supply-side constraints.

Whether this approach succeeds will depend on sustained policy commitment, reliable infrastructure delivery, and continued coordination across governments, utilities, and industry. However, the direction is clear: EVs will continue to play a bigger and more central role in Canada's transportation and energy ecosystems.

CANADA

Federal investments expand EV charging and clean transportation initiatives

- The federal government announced more than $97 million in funding for 155 clean transportation projects across Canada, awarding projects under previously announced funding opportunities (not new funding tied to the recently released Auto Strategy). The package includes:
  - $84.4 million through Natural Resources Canada's Zero Emission Vehicle Infrastructure Program to support 122 projects installing more than 8,000 EV chargers nationwide.
  - $7.2 million to fund 30 education and awareness projects, including 11 Indigenous-led initiatives, aimed at increasing public and industry knowledge and confidence related to EVs, charging infrastructure and clean fuels.
  - $5.7 million through the Green Freight Program for three projects to help Canadian fleets cut fuel costs and emissions through vehicle repowering, purchasing low-carbon alternative fuel vehicles and implementing fuel-efficiency best practices.

To learn more, read the **news release**.

BRITISH COLUMBIA

Province seeks input on B.C. ZEV Act and Regulation, and explores revised targets

- B.C. is in the process of collecting stakeholder feedback through March 6 as it reviews potential updates to the ZEV Act and Regulation. The engagement paper was provided directly to stakeholders.
- The Province is exploring recalibrated light-duty ZEV targets in the ranges of 35%–55% by 2030 and 70%–90% by 2035, informed by third-party forecasts, CleanBC Review recommendations, and recent federal direction on national emissions standards.

BC Hydro fast charging rate increase request approved

- The BCUC has approved a 6% increase to the utility's EV fast charging rate, as requested in BC Hydro's public EV charging Year One Evaluation Report. This increase will take effect April 1, 2026.

To learn more, read the **decision** or the **proceeding**.

BC Hydro and TransLink open new Park and Ride hub as network surpasses 800 ports

- BC Hydro and TransLink opened a new public EV fast-charging hub at Coquitlam Central Park and Ride, delivered as a joint utility–transit agency initiative at a major transit access point. The Coquitlam site includes four dual-port 180 kW DC fast chargers and seven Level 2 chargers (15 ports total).
- BC Hydro and TransLink now have three Park and Ride sites with public charging (Coquitlam Central, Port Coquitlam, and South Surrey) providing 53 ports combined.
- BC Hydro has now surpassed 800 public charging ports provincewide. Its fast-charging network now includes 811 charging ports across 178 sites.

To learn more, BC Hydro news releases on the **Coquitlam hub opening** and the **800-port network milestone**.

ALBERTA

[no updates in the March 2026 issue]

SASKATCHEWAN

[no updates in the March 2026 issue]

MANITOBA

Manitoba Hydro releases 2015 Integrated Resource Plan (IRP)

- In February, MB Hydro submitted its 2025 IRP. No EV-specific actions were identified.
- In its baseline scenario for transportation forecasting, the Utility assumed ZEV uptake in the passenger and light-duty categories to reach 100% EV sales by 2034/35, with buses reaching 100% by 2050. Projected uptake for medium- and heavy-duty vehicles ranges from 50% - 80% by 2050.

- Forecasted annual ZEV electricity consumption ranges from approximately 5,000 GWh in the baseline scenario to 10,500 GWh in the high load projection scenario by 2050.
- ZEV peak demand is forecasted to begin rising significantly in 2037/38 across all three scenarios, reaching approximately 1,250 MW to 2,400 MW by 2050 in the baseline and high load scenarios respectively.

To learn more, read the **proceeding** and **Appendix 5 Load Projections**.

ONTARIO

University of Toronto launches Electric Vehicle Innovation Ontario (EVIO) initiative

- In December, the University of Toronto announced a new industry-academic partnership "EVIO" with the goal of accelerating the development and commercialization of next-generation EV and mobility technologies in Ontario.
- The initiative is a collaboration that includes seven other southern Ontario universities, as well as 20 Ontario EV and mobility companies to support research and development projects in the Ontario EV sector.
- Graduate researchers from the universities will be paired with the participating industry partners to "work on real-world challenges in battery chemistry, charging reliability, power electronics, mobility software, cold-weather performance and advanced manufacturing".
- The program received $7.9 million in funding, with $2.5 million from the Federal Economic Development Agency for Southern Ontario and the remaining from industry and academic partners.
- Eligible companies must be Canadian, and operating in, or contributing to the EV ecosystem.

To learn more, read the **news release** or the **program website**.

New EV Charging Rate (EVC Rate) officially in effect

- The Ontario Energy Board's (OEB's) new discounted EV charging rate came into effect on January 1, 2026.
- Eligible commercial EV charging sites will only be required to pay 17% of the Retail Transmission Service Rate (RTSR).

- The rate came about via the OEB's EV Integration Initiative which sought to support the efficient integration of EVs in Ontario's electricity system.
- To be eligible, commercial EV charging stations must meet the following criteria:
  - Include a minimum of one DCFC.
  - At least 90% of the station's total monthly peak demand must relate to EV charging-meaning the total auxiliary load must not exceed 10%.
  - Have a monthly peak demand between 50 to 4,999 kW/month.
  - Have a maximum 12-month average load factor no higher than 20%.
- To see our previous updates on the EV Integration Initiative, see issues from **May 2025**, **February 2025**, and **August 2024**.

To learn more, read the **initiative website**.

QUÉBEC

[no updates in the March 2026 issue]

NEW BRUNSWICK

[no updates in the March 2026 issue]

NOVA SCOTIA

Budget 2026-27 introduces Electric and Hybrid Vehicle Levy

- Effective October 1, 2026, the Province of Nova Scotia will implement an Electric and Hybrid Vehicle Levy to support road construction and maintenance.
- The levy will be paid when applicable vehicles are registered and every two years at registration renewal. Amounts are set at:
  - Fully electric vehicles: $500 every two years
  - Electric-hybrid vehicles: $250 every two years
- The measure is expected to raise $1.6 million in 2026–27 and $3.3 million in 2027–28 once fully implemented.

To learn more, check out the **full budget document**.

PRINCE EDWARD ISLAND

[no updates in the March 2026 issue]

NEWFOUNDLAND AND LABRADOR

Newfoundland and Labrador regulator denies NL Hydro Phase 2 ultra-fast EV charging application

- The NL Energy & Utilities Board (EUB) did not approve NL Hydro's application for $4.26 million to purchase and install 14 DCFC ports at seven sites. The application proposed to fill gaps and serve areas of high demand and included funding for capital costs (covered in our **October 2025 issue**).
- The EUB said Hydro's filing did not adequately address customer impacts, including how the chargers could affect system load and whether that could drive additional utility capital spending in a context of forecasted capacity and energy shortfalls. They also concluded that Hydro did not demonstrate that the project would deliver service at the lowest possible cost, in an environmentally responsible manner, consistent with reliable service.
- For the Labrador Isolated System (primarily diesel-served), the Board found the evidence did not support adding chargers now and said Hydro's isolated systems load management report should be completed first. It also flagged gaps on GHG impacts and on how to weigh benefits to EV owners without clearer legislative policy direction.
- NL Hydro operates a network of 33 DCFC chargers, which were previously approved by the regulator.

To learn more, check out the **decision** or the **proceeding**.

NL Hydro implements hybrid DC fast charging user fees

- NL Hydro has implemented one of the first hybrid DCFC user fee structures in Canada, combining time-based ($/minute) and energy-based ($/kWh) charges while charging, plus an idle fee when EVs are plugged in but not charging.
- The following new rates were in effect as of December 31, 2025:
    - 62 kW chargers:
        - While charging: $0.17/min + $0.15/kWh
        - Plugged in, not charging (idle): $0.50/min
    - 175 kW+ chargers:
        - While charging: $0.33/min + $0.30/kWh
        - Plugged in, not charging (idle): $1.00/min
- Dunsky's 2024–2025 DCFC User Fees work for the utility recommended this innovative hybrid structure to support equitable cost-sharing across drivers and encourage efficient use of fast-charging equipment.

To learn more, check out the **FAQs on NL Hydro's website**.

TERRITORIES

GNWT releases Energy Initiatives Report

- The GNWT recently released its 2024-2025 Energy Initiatives Report, highlighting "progress made over the previous fiscal year to reduce greenhouse gas (GHG) emissions, stabilize energy costs, and support long-term energy security across the Territory".
- The release covered several EV related initiatives including:
  - An estimated 33 tonnes of CO_2e reductions annually from 19 new EVs purchased with incentives through the Arctic Energy Alliance (AEA) EV rebate program.
  - A 42% year over year increase in EV registrations, totalling 125 EVs in the territory (62 BEVs, 63 PHEVs).
  - Completion of an EV corridor with six locations consisting of Level 3 and 2 chargers, and a planned seventh station opening in Buffalo Junction in 2026.
  - An additional $460,000 in funding received from NRCan for its **EV Infrastructure Program** for the fiscal years 2025-2026 and 2026-2027.

To learn more, check out the **news release**.

Additional Updates

- [Easee and Subaru test Sub-Arctic EV charging in NWT]

Contact Us

We invite you to get in touch with us to discuss any upcoming opportunities or questions, or to provide us with feedback on future issues:

Jeff Turner - Director, Mobility
jeff.turner@dunsky.com
(514) 504-9030, ext. 4238

Notes to the Reader
This newsletter was prepared by Dunsky Energy + Climate Advisors, an independent firm focused on the clean energy transition and committed to quality, integrity and unbiased analysis and counsel. Our findings and recommendations are based on the best information available at the time the work was conducted as well as our experts' professional judgment. Dunsky is proud to stand by our work.