
BACKGROUND

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Ministry of Environment

GHG GAS REDUCTION (VEHICLE EMISSIONS STANDARDS) ACT

Benefits to Consumers

- New legislation will result in significant fuel cost savings for drivers. On average, consumers will save \$3,600 in fuel costs over the life of a new vehicle (based on fuel at \$1/litre). These savings will pay back any increases in vehicle costs in about three years.
- It will provide consumers with more environmentally conscious choices without compromising vehicle performance, reliability or safety.
- It will ensure that consumers will continue to be able to choose from the full range of vehicles available today.
- Adoption of the California standards will help protect consumers from the impacts of predicted constraints on oil supply and associated record high gasoline prices.

Greenhouse Gas Reductions

- The transportation sector is responsible for 38 per cent of B.C.'s total GHG emissions.
- The standards will reduce GHG emissions by about 22 per cent and 30 per cent in an average new car in 2012 and 2016, respectively, relative to current models.
- When fully implemented in 2016, the standards will achieve a reduction of personal vehicle GHG emissions of nearly 600,000 tonnes annually in B.C.
- This amount is over and above the reduction expected from the new fuel efficiency standards adopted nationally in the U.S. and committed to as a minimum by the Canadian federal government.

Industry Implications

- Analysis by the California Air Resources Board and the Northeast States Centre for a Clean Air Future indicates that manufacturers can meet the 2016 standards with no change in the mix of models offered for sale, using technologies that are already available or under development – without compromising performance, reliability or safety.
- Because the standards apply on a fleet average basis, they do not restrict consumer choice. Manufacturers will comply by selling enough low GHG emission vehicles to meet average fleet requirements.
- Each of two weight classes of vehicles is considered a fleet, and has its own annual standard: one for passenger cars / small trucks; one for larger trucks / SUVs / vans.
 - Thus, many manufacturers will have two fleets.
 - By separating weight class, the regulation preserves choice for heavier vehicles often used for work purposes.
- A U.S. federal court in September 2007 rejected automaker claims that the California-style regulations were burdensome and would cause undue economic hardship to the industry.
- The benefit of the standards is that they will accelerate the broader adoption of clean technologies.

Enforcement

- Under the act, automakers' fleets of vehicles will not be allowed to exceed pre-determined fleet-average GHG emission standards. The "fleet-average" approach enables manufacturers to keep selling vehicles that exceed the allowed emissions – provided they sell enough low-emission vehicles for their fleets to meet the new average standards.
- Following California's model, the regulations will set two separate fleet average standards per year: one standard for passenger cars and small trucks, and a less stringent standard for larger trucks, SUVs and vans.
- Also following the California model, the act provides for automatic administrative penalties for non-compliance with key requirements.
- In addition, and consistent with enforcement provisions in other B.C. climate action bills, the new legislation establishes that certain actions, such as failure to comply with reporting requirements, or providing false or misleading information, will be considered offences and may be subject to prosecution and penalties steeper than the administrative penalties.
- Prosecutions may be initiated where circumstances warrant, such as in cases of particularly serious contraventions.

Government of Canada (Federal Standards)

- The Government of Canada recently announced that it will match the new U.S. Corporate Fuel Economy (CAFE) standard as a minimum.
- That standard would take effect in 2011. National standards are voluntary until that time. However, B.C. is committed to the California standard.
- The Province does not need approval from the federal government to put this standard in place, and the regulation will be ready to be activated when California starts to implement its regulation.

To learn more about B.C.'s climate change initiatives, please visit the Ministry of Environment and the Climate Action Secretariat websites at www.gov.bc.ca/env and www.climateactionsecretariat.gov.bc.ca. For all the details on this and other new legislation, please visit www.leg.bc.ca/38th4th/votes/progress-of-bills.htm.

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