

## **Zero-Emission Bus Procurement Incentive Program**

*As part of CUTA's 2020 federal budget submission*

A federal government procurement subsidy for zero-emission buses that would cover 80% of the incremental cost of procuring a battery-electric or hybrid-electric bus over a diesel alternative, coupled with a federal government per-bus subsidy of \$115,000 for electric charging stations, could support the procurement of up to 800 zero-emission buses (ZEBs) a year at an annual cost to the federal government of \$377.44 million. This funding program is supported by [CUTA's survey findings](#) on the projected ZEB procurement plans of Canadian transit agencies. A five-year funding plan to support the federal government in achieving its 5,000 ZEB target would amount to approximately \$1.9 billion.

The following parameters support CUTA's procurement program recommendation:

- Covering 80% of the incremental cost of procuring a zero-emission bus over a diesel alternative would incentivize the procurement change, at the transit agency level, that the federal government is requiring to meet its ZEB target.
- Covering 80% of the incremental cost would also decouple existing Investing in Canada Infrastructure Program (ICIP) funding, which is used for transit expansion, from future federal funding to electrify transit. It would negate a situation where transit agencies buy cheaper diesel buses to grow their fleets at the expense of procuring ZEBs to green their fleets. It is important to note that transit expansion reduces greenhouse gas emissions on our roads by encouraging modal shift away from single occupancy vehicles.
- The 80% procurement subsidy is applied to the median price differential of a zero-emission bus (battery-electric and hybrid-electric) and a diesel bus, which is approximately \$446,000.
- CUTA's survey findings indicated that transit agencies would procure nearly 3,500 ZEBs over the next five years (if new funding is made available). Agency survey respondents represent 85% of the aggregate Canadian transit fleet of all CUTA members. By applying a multiplier to bring the fleet size up to 100%, CUTA estimates that Canadian transit agencies will procure nearly 4,000 ZEBs over the next five years (if new funding is made available).
- Due to varying input from transit agencies and manufacturers on potential price decreases over time for zero-emission buses, CUTA has decided to maintain a constant price point over the five-year time frame. This will ensure that transit agencies have the procurement planning certainty they need to develop long-term municipal transportation plans.

- The \$115,000 per bus subsidy for electric charging infrastructure is a costing average for various on-road and in-facility charging stations. This subsidy level would cover much of the installation and incidental costs associated with electric charging infrastructure.

**For further information:**

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