

Draft Order in Council laid before Parliament, the Scottish Parliament and Senedd Cymru, under paragraph 11 of Schedule 3 to the Climate Change Act 2008, for approval by resolution of each House of Parliament, the Scottish Parliament and Senedd Cymru.

DRAFT STATUTORY INSTRUMENTS

2023 No. ****

**CLIMATE CHANGE
ROAD TRAFFIC**

The Vehicle Emissions Trading Schemes Order 2023

Made - - - -

Coming into force in accordance with article 1

At the Court at Buckingham Palace, the *** day of ***

Present,

The King's Most Excellent Majesty in Council

This Order is made in exercise of the powers conferred by sections 44, 46(3), 54 and 90(3) of, and Parts 1 and 3 of Schedule 2 and paragraph 9 of Schedule 3 to, the Climate Change Act 2008(1).

In accordance with paragraph 10 of Schedule 3 to that Act, before the recommendation to His Majesty in Council to make this Order was made—

- (a) the advice of the Committee on Climate Change, including on the amount of the limit referred to in section 48(2) of that Act, was obtained and taken into account; and
- (b) such persons likely to be affected by the Order as the Secretary of State, the Scottish Ministers and the Welsh Ministers considered appropriate were consulted.

In accordance with paragraph 11 of that Schedule, a draft of the instrument containing this Order was laid before Parliament, the Scottish Parliament and Senedd Cymru and approved by a resolution of each House of Parliament, the Scottish Parliament and Senedd Cymru.

Accordingly, His Majesty, by and with the advice of His Privy Council, makes the following Order:

Part 1

Introductory provisions

Citation and commencement

1. This Order may be cited as the Vehicle Emissions Trading Schemes Order 2023 and comes into force on the later of—

- (a) 1st January 2024; or
- (b) the day which is 21 days after the day on which this Order is made.

Extent

- 2.—(1) This Order extends to England and Wales and Scotland, subject to paragraph (2).
- (2) This Part and [Part 8](#) extend to England and Wales, Scotland and Northern Ireland.

Interpretation

3.—(1) In this Order—

“administrator” means the administrator of the Trading Schemes, appointed in accordance with [article 6\(1\)](#);

“allowance” means a CCTS allowance, a CRTS allowance, a VCTS allowance or a VRTS allowance;

“approval authority” means the authority with competence for all aspects of the type-approval of a vehicle, or of the individual vehicle approval, in accordance with Regulation (EU) 2018/858;

“base vehicle” means a vehicle which is used at the initial stage of a multi-stage type-approval; “baseline”—

- (a) in relation to a CCTS participant, is the number resulting from the calculation applicable to that participant which is specified in [Part 1](#) of [Schedule 1](#); and
- (b) in relation to a VCTS participant, is the number resulting from the calculation applicable to that participant which is specified in [Part 2](#) of [Schedule 1](#);

“car” means a passenger car, other than an SPV, which is a vehicle of category M1;

“car club” means a person who meets the conditions in [Schedule 2](#);

“car club service” means the service described in [paragraph 2](#) of [Schedule 2](#);

“CCTS” means the Non-Zero-Emission Car CO₂ Trading Scheme, established by [article 4\(1\)\(b\)](#);

“CCTS allowance” has the meaning given in [article 33](#);

“CCTS participant” means a manufacturer which is a CCTS participant in accordance with [article 32\(1\)](#) or a group of manufacturers which is a pool CCTS participant in accordance with [article 32\(2\)](#);

“certificate of conformity”, in relation to a car, a van, an SPV or a base vehicle, means the document referred to in Articles 36 and 37 of Regulation (EU) 2018/858 and issued by a manufacturer which certifies that the vehicle conforms to the approved type of vehicle and complies with all regulatory requirements applicable at the time of its production;

“civil penalty” means a financial penalty or non-financial penalty which may be imposed under [articles 97](#) to [106](#);

“complete”, in relation to a van or a base vehicle, means a van or a base vehicle which does not need to be completed in order for that vehicle to satisfy the relevant technical requirements of Regulation (EU) 2018/858;

“completed”, in relation to a van, means a van resulting from a multi-stage type-approval which satisfies the relevant technical requirements of Regulation (EU) 2018/858;

“connected”, in relation to two or more manufacturers, means connected within the meaning of section 1122 of the Corporation Tax Act 2010(2);

“credit” means a CRTS credit or a VRTS credit;

“CRTS” means the Non-Zero-Emission Car Registration Trading Scheme, established by [article 4\(1\)\(a\)](#);

“CRTS allowance” has the meaning given in [article 12\(1\)](#);

“CRTS credit” means a CRTS credit acquired in accordance with [articles 18 to 23](#);

“CRTS participant” means a manufacturer which is a CRTS participant in accordance with [article 11\(1\)](#) or a group of manufacturers which is a pool CRTS participant in accordance with [article 11\(2\)](#);

“eco-innovation” means an innovative technology approved as an eco-innovation pursuant to Article 11 of Regulation (EU) 2019/631;

“incomplete”, in relation to a base vehicle, means a base vehicle which must undergo at least one further stage of completion in order for the base vehicle to satisfy the relevant technical requirements of Regulation (EU) 2018/858;

“individual vehicle approval” means the procedure whereby the approval authority certifies that a particular vehicle, whether unique or not, satisfies the relevant administrative provisions and technical requirements for individual vehicle approval in accordance with Regulation (EU) 2018/858;

“individual vehicle approval certificate”, in relation to a car, a van, an SPV or a base vehicle, means an EU individual vehicle approval certificate, as referred to in Article 44.4 of Regulation (EU) 2018/858, or a national individual vehicle approval certificate, as referred to in Article 45.5 of that Regulation;

“low-volume CRTS participant” means a CRTS participant which is to be treated as a low-volume CRTS participant in accordance with [Schedule 4](#);

“low-volume VRTS participant” means a VRTS participant which is to be treated as a low-volume VRTS participant in accordance with [Schedule 4](#);

“manufacturer”, except in Part 8—

- (a) in relation to a car, a complete van or an SPV which has a certificate of conformity, means the person identified as the manufacturer on that certificate;
- (b) in relation to a car, a complete van or an SPV which has an individual vehicle approval certificate, means the person who obtained that approval;
- (c) in relation to a completed van which is not within paragraph (e), the base vehicle of which has a certificate of conformity, means the person identified as the manufacturer on that certificate of conformity;
- (d) in relation to a completed van, the base vehicle of which has an individual vehicle approval certificate, means the person who obtained the individual vehicle approval;
- (e) in relation to a completed van, where the completed vehicle was type-approved in accordance with Annex 21 to Regulation (EU) 2017/1151, means the person identified as the manufacturer on the certificate of conformity for the completed vehicle;

“mass in running order”, in relation to a car, a van, an SPV or a base vehicle, means the mass of the vehicle, with its fuel tank filled to at least 90% of its capacity, including the mass of the driver, the fuel and liquids, fitted with the standard equipment in accordance with the manufacturer’s specifications and, when they are fitted, the mass of the bodywork, the cabin, the coupling and the spare wheel as well as the tools;

“member”, in relation to a pool participant in the Trading Schemes, means a manufacturer which is a member of a group of manufacturers in relation to which the administrator has granted an application under [Schedule 5](#) (application by two or more manufacturers to be a pool participant in the Trading Schemes);

“multi-stage type-approval” means the procedure whereby one or more approval authorities certifies that, depending on its state of completion, an incomplete or completed type of vehicle satisfies the relevant administrative provisions and technical requirements of Regulation (EU) 2018/858;

“NZE car” means a car in relation to which the zero-emission conditions are not met;

“NZE van” means a van in relation to which the zero-emission conditions are not met;

“participant in the Trading Schemes” means a manufacturer or group of manufacturers which is a participant in one or more of the Trading Schemes;

“pool CCTS participant” means a CCTS participant consisting of a group of two or more manufacturers which is a pool CCTS participant in accordance with [article 32\(2\)](#);

“pool CRTS participant” means a CRTS participant consisting of a group of two or more manufacturers which is a pool CRTS participant in accordance with [article 11\(2\)](#);

“pool participant in the Trading Schemes” means a pool CCTS participant, a pool CRTS participant, a pool VCTS participant or a pool VRTS participant;

“pool VCTS participant” means a VCTS participant consisting of a group of two or more manufacturers which is a pool VCTS participant in accordance with [article 64\(2\)](#);

“pool VRTS participant” means a VRTS participant consisting of a group of two or more manufacturers which is a pool VRTS participant in accordance with [article 43\(2\)](#);

“registered” and “registration” are to be construed in accordance with paragraphs (2) and (3);

“registry” has the meaning given in [article 6\(2\)](#);

“Regulation (EC) No 595/2009” means Regulation (EC) No 595/2009 of the European Parliament and of the Council of 18 June 2009 on type-approval of motor vehicles and engines with respect to emissions from heavy duty vehicles (Euro VI) and amending Regulation (EC) No 715/2007 and Directive 2007/46/EC and repealing Directives 80/1269/EEC, 2005/55/EC and 2005/78/EC, as that Regulation has effect in domestic law⁽³⁾, or, as the case may be, as it has effect in EU law from time to time and by virtue of the Windsor Framework⁽⁴⁾;

“Regulation (EU) 2017/1151” means Commission Regulation (EU) 2017/1151 of 1 June 2017 supplementing Regulation (EC) No 715/2007 of the European Parliament and of the Council on type-approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle repair and maintenance information, amending Directive 2007/46/EC of the European Parliament and of the Council, Commission Regulation (EC) No 692/2008 and Commission Regulation (EU) No 1230/2012 and repealing Commission Regulation (EC) No 692/2008, as that Regulation has effect in domestic law⁽⁵⁾,

(3) EUR 595/2009, amended by [S.I. 2022/1273](#).

(4) OJ No. L 188, 18.7.2009, p. 1; amended by [Commission Regulation \(EU\) No 582/2011](#) and 133/2014, Regulation (EU) 2018/858 and Regulation (EU) 2019/1242.

(5) EUR 2017/1151, amended by [S.I. 2022/1273](#).

or, as the case may be, as it has effect in EU law from time to time and by virtue of the Windsor Framework⁽⁶⁾;

“Regulation (EU) 2018/858” means Regulation (EU) 2018/858 of the European Parliament and of the Council of 30 May 2018 on the approval and market surveillance of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles, amending Regulations (EC) No 715/2007 and (EC) No 595/2009 and repealing Directive 2007/46/EC, as that Regulation has effect in domestic law⁽⁷⁾, or, as the case may be, as it has effect in EU law from time to time and by virtue of the Windsor Framework⁽⁸⁾;

“Regulation (EU) 2019/631” means Regulation (EU) 2019/631 of the European Parliament and of the Council of 17 April 2019 setting CO₂ emission performance standards for new passenger cars and for new light commercial vehicles, and repealing Regulations (EC) No 443/2009 and (EU) No 510/2011⁽⁹⁾;

“Regulation (EU) 427/2014” means Commission Implementing Regulation (EU) No 427/2014 of 25 April 2014 establishing a procedure for the approval and certification of innovative technologies for reducing CO₂ emissions from light commercial vehicles pursuant to Regulation (EU) No 510/2011 of the European Parliament and of the Council⁽¹⁰⁾;

“Regulation (EU) 725/2011” means Commission Implementing Regulation (EU) No 725/2011 of 25 July 2011 establishing a procedure for the approval and certification of innovative technologies for reducing CO₂ emissions from passenger cars pursuant to Regulation (EC) No 443/2009 of the European Parliament and of the Council⁽¹¹⁾;

“scheme year” means the period beginning with the date on which this Order comes into force and ending with 31st December 2024, or any of the six subsequent calendar years during the trading period, and—

- (a) a reference to the 2024 scheme year is a reference to the period beginning with the date on which this Order comes into force and ending with 31st December 2024; and
- (b) a reference to a later scheme year described by a calendar year (for example, the “2026 scheme year”) is a reference to the scheme year beginning with 1st January of that year;

“specific emissions of CO₂”, in relation to a car, a van or an SPV, means the CO₂ emissions of the car, van or SPV, expressed in grams of CO₂ per kilometre and determined in accordance with paragraphs (4) to (6);

“SPV” means a vehicle which—

- (a) is of category M1 or N1, or is a vehicle of category N2 which falls within the description in paragraph (c) of the definition of “van”; and
- (b) has specific technical features that enable it to perform a function that requires special arrangements or equipment, as set out in point 5 of Part A of Annex 1 to Regulation (EU) 2018/858;

“SPV car manufacturer” means a person who—

- (a) is not a CRTS participant, nor a member of a group of manufacturers which is a pool CRTS participant, for a scheme year;
- (b) is the manufacturer of a ZE SPV of category M1 which is registered during the scheme year; and

⁽⁶⁾ OJ No. L 175, 07.07.2017, p. 1; amended by Commission Regulation (EU) 2017/1154, 2017/1347 and 2018/1832.

⁽⁷⁾ EUR 2018/858, amended by S.I. 2019/648, 2020/818 and 2022/1273.

⁽⁸⁾ OJ No. L 151, 14.06.2018, p.1; amended by Regulation (EU) 2019/2144 and Commission Delegated Regulation (EU) 2021/1445.

⁽⁹⁾ EUR 2019/631, amended by S.I. 2020/1418, 2021/898, 2021/1242 and 2022/1361.

⁽¹⁰⁾ EUR 2014/427, amended by S.I. 2019/550 and 2022/1361.

⁽¹¹⁾ EUR 2011/725, amended by S.I. 2019/550 and 2022/1361.

(c) notifies the administrator in accordance with [article 74\(2\)](#) (notification of SPV manufacturer’s contact details) for that scheme year;

“SPV manufacturer” means an SPV car manufacturer or an SPV van manufacturer;

“SPV van manufacturer” means a person who—

(a) is not a VRTS participant, nor a member of a group of manufacturers which is a pool VRTS participant, for a scheme year;

(b) is the manufacturer of a ZE SPV of the following kind which is registered during the scheme year—

(i) a ZE SPV of category N1; or

(ii) a ZE SPV of category N2 which falls within the description in paragraph (c) of the definition of “van”; and

(c) notifies the administrator in accordance with [article 74\(2\)](#) (notification of SPV manufacturer’s contact details) for that scheme year;

“trading period” means the period beginning with the date on which this Order comes into force and ending with 31st December 2030;

“Trading Schemes” has the meaning given in [article 4\(1\)](#);

“trading window” means the period beginning with 1st November and ending with 31st December of the year following a scheme year;

“type-approval” means the procedure whereby the approval authority certifies that a type of vehicle satisfies the relevant administrative provisions and technical requirements for type-approval in accordance with Regulation (EU) 2018/858, and “type-approved” is to be construed accordingly;

“van” means a vehicle, other than an SPV, which is—

(a) a vehicle of category N1 which is type-approved in accordance with Annex 21 to Regulation (EU) 2017/1151;

(b) a vehicle—

(i) of category N1;

(ii) which is type-approved in accordance with Regulation (EC) 595/2009; and

(iii) in relation to which the zero-emission conditions are met; or

(c) a vehicle—

(i) of category N2;

(ii) which is type-approved in accordance with Annex 21 to Regulation (EU) 2017/1151 or Regulation (EC) 595/2009;

(iii) which has a maximum mass for the purposes of Article 4 of Regulation (EU) 2018/858 which exceeds 3,500 kilograms but which does not exceed 4,250 kilograms, and the proportion of that mass which exceeds 3,500 kilograms is attributable entirely to the mass of the vehicle’s energy storage system; and

(iv) in relation to which the zero-emission conditions are met;

“VCTS” means the Non-Zero-Emission Van CO₂ Trading Scheme, established by [article 4\(1\)\(d\)](#);

“VCTS allowance” has the meaning given in [article 65](#);

“VCTS participant” means a manufacturer which is a participant in the VCTS in accordance with [article 64\(1\)](#) or a group of manufacturers which is a pool VCTS participant in accordance with [article 64\(2\)](#);

“VRTS” means the Non-Zero-Emission Van Registration Trading Scheme, established by [article 4\(1\)\(c\)](#);

“VRTS allowance” has the meaning given in [article 44\(1\)](#);

“VRTS credit” means a VRTS credit acquired in accordance with [articles 50 to 55](#);

“VRTS participant” means a manufacturer which is a participant in the VRTS in accordance with [article 43\(1\)](#) or a group of manufacturers which is a pool participant in the VRTS in accordance with [article 43\(2\)](#);

“Windsor Framework” means the part of the EU withdrawal agreement known as the Windsor Framework by virtue of Joint Declaration No. 1/2023 of 24th March 2023 made between the EU and the United Kingdom in the Joint Committee established by the EU withdrawal agreement⁽¹²⁾;

“ZE”, in relation to a car, a van or an SPV, means a car, a van or an SPV, as the case may be, in relation to which the zero-emission conditions are met;

“ZE wheelchair accessible SPV” means a ZE SPV which—

- (a) is a vehicle of category M1; and
- (b) is constructed or converted specifically so that it accommodates one or more persons seated in their wheelchairs when travelling on the road;

“the zero-emission conditions” are—

- (a) in relation to a car, a van or an SPV in relation to which type-approval or individual vehicle approval was granted before the date on which this Order comes into force, conditions A and C in paragraphs (7) and (9); and
- (b) in relation to any other car, van or SPV, conditions A to C in [paragraphs \(7\) to \(9\)](#).

(2) Subject to [paragraph \(3\)](#), a reference to registration, in relation to a car, a van or an SPV, is a reference to the first registration in Great Britain of that car, van or SPV under section 21 of the Vehicle Excise and Registration Act 1994⁽¹³⁾, and references to such a vehicle being “registered” are to be construed accordingly.

(3) A reference to registration, in relation to a car, a van or an SPV, does not include the registration of a car, van or SPV which—

- (a) was registered (within the meaning of Article 3(53) of Regulation (EU) 2018/858) outside Great Britain more than three months before the date of its registration within the meaning of [paragraph \(2\)](#); or
- (b) is permanently removed from Great Britain within the period of three months beginning with the date of its registration within the meaning of [paragraph \(2\)](#).

(4) The specific emissions of CO₂ of a car, a complete van or an SPV, other than a vehicle within [paragraph \(5\)](#), are the CO₂ emissions of the vehicle which are specified as the “combined” CO₂ emissions in the certificate of conformity or individual vehicle approval certificate, as the case may be.

(5) Where a car, a complete van or an SPV is classed as an OVC-HEV hybrid electric vehicle in the certificate of conformity or individual vehicle approval certificate, its specific emissions of CO₂ are those specified as the “weighted, combined” CO₂ emissions in that certificate.

(6) The specific emissions of CO₂ of a completed van are determined in accordance with [Schedule 3](#).

(12) Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1145699/Joint_Declaration_by_the_United_Kingdom_of_Great_Britain_and_Northern_Ireland_and_the_European_Union_in_the_Withdrawal_Agreement_Joint_Declaration.pdf

(13) 1994 c. 22. Section 21 was amended by section 19 of, and Schedule 4 to, the Finance Act 1995 and section 18 of, and Schedule 3 to, the Finance Act 1997.

(7) Condition A is that the car, the van or the SPV must have specific emissions of CO₂ of zero grams per kilometre.

(8) Condition B—

- (a) in relation to a car, a complete van or an SPV, is that the minimum electric range, determined in accordance with Annex 21 to Regulation (EU) 2017/1151, must be at least 100 miles; and
- (b) in relation to a completed van, is that the minimum electric range of the base vehicle, determined in accordance with Annex 21 to Regulation (EU) 2017/1151, must be at least 100 miles.

(9) Condition C—

- (a) in relation to a car, or in relation to an SPV of category M1, is that the manufacturer must provide a warranty with the car or the SPV—
 - (i) in respect of any traction battery, hydrogen fuel cell stack or hydrogen tank, covering a warranty period of at least eight years, or a distance of least the first 100,000 miles, whichever is reached first;
 - (ii) in respect of any traction battery, providing for replacement of the battery if it falls below 70% capacity during the warranty period in [paragraph \(i\)](#); and
 - (iii) in respect of the remainder of the vehicle, covering a warranty period of at least three years, or a distance of at least the first 60,000 miles, whichever is reached first; and
- (b) in relation to a van, an SPV of category N1 or an SPV of category N2 which is within the description in paragraph (c) of the definition of “van”, is that the manufacturer must provide a warranty with the van or the SPV—
 - (i) in respect of any traction battery, hydrogen fuel cell stack or hydrogen tank, covering a warranty period of at least eight years, or a distance of least the first 100,000 miles, whichever is reached first;
 - (ii) in respect of any traction battery, providing for replacement of the battery if it falls below 65% capacity during the warranty period in [paragraph \(i\)](#); and
 - (iii) in respect of the remainder of the vehicle, covering a warranty period of at least three years, or a distance of at least the first 60,000 miles, whichever is reached first.

(10) A reference in this Order to a vehicle being a vehicle of category M1, N1 or N2 is a reference to that vehicle category as defined in Article 4 of Regulation (EU) 2018/858.

(11) Subject to [paragraph \(12\)](#), any reference in this Order to rounding a number to the nearest whole number, or to calculating a number to the nearest decimal place, is to be read as a reference to rounding down any fraction of less than one half and rounding up any other fraction.

(12) [Paragraph \(11\)](#) does not apply where a provision of this Order specifies that a number which is not a whole number is to be rounded up to the nearest whole number.

Part 2

Establishment and general provision in relation to the Trading Schemes

Establishment of the Trading Schemes

4.—(1) This Order establishes the following trading schemes, referred to in this Order as “the Trading Schemes”—

- (a) the Non-Zero-Emission Car Registration Trading Scheme;

- (b) the Non-Zero-Emission Car CO₂ Trading Scheme;
- (c) the Non-Zero-Emission Van Registration Trading Scheme; and
- (d) the Non-Zero-Emission Van CO₂ Trading Scheme.

(2) The purpose of the Trading Schemes is to limit, or encourage the limitation of, the emission of greenhouse gas resulting from the registration of NZE cars and NZE vans.

Period by reference to which the Trading Schemes operate

5. The Trading Schemes operate by reference to the trading period.

Administration of the Trading Schemes

6.—(1) The Secretary of State is appointed as the administrator of the Trading Schemes.

(2) The administrator must establish an electronic system (“the registry”) for the purposes of the Trading Schemes, in particular to keep track of—

- (a) participants in the schemes;
- (b) the allocation of allowances to participants;
- (c) the acquisition of credits by participants and SPV manufacturers;
- (d) the trading of allowances and credits by participants and SPV manufacturers; and
- (e) the surrender or expiry of allowances and credits.

(3) The administrator must create an account in the registry for—

- (a) each manufacturer which is a participant in the Trading Schemes, or which is a member of a pool participant in the Trading Schemes; and
- (b) each SPV manufacturer.

Allowances and credits: general

7. Allowances allocated, and credits acquired, for the purposes of the Trading Schemes may not be used by participants in the Trading Schemes or SPV manufacturers for any other purpose.

Pool participants in the Trading Schemes: general

8.—(1) Each manufacturer which is a member of a pool participant in the Trading Schemes is jointly and severally liable—

- (a) to comply with requirements placed on the pool participant in the Trading Schemes by or under this Order; and
- (b) in respect of a financial civil penalty imposed on the pool participant in the Trading Schemes under [Part 6](#).

(2) [Paragraph \(3\)](#) applies to any reference in this Order to a participant in the Trading Schemes being the manufacturer of a car, a van, a base vehicle or an SPV, where that participant is a pool participant in the Trading Schemes.

(3) A reference to which this paragraph applies is to be read as a reference to the pool participant in the Trading Schemes being the manufacturer of a car, a van, a base vehicle or an SPV, as the case may be, of which a member of the group of manufacturers making up the pool participant in the Trading Schemes is the manufacturer.

(4) Any obligation on the administrator to give a notice to, or to notify, a pool participant in the Trading Schemes may be complied with by giving the notice to, or notifying, the manufacturer identified to the administrator in accordance with—

- (a) [paragraph 5\(c\)\(i\)](#) of [Schedule 5](#) (application to be treated as a pool participant) in the application made under that Schedule; or
- (b) [article 83\(1\)](#) (updating information provided with application under [Schedule 5](#)).

Part 3

The Trading Schemes

Chapter 1

The Non-Zero-Emission Car Registration Trading Scheme (CRTS)

Interpretation of Chapter 1

9. In this Chapter—

- (a) the retention by a CRTS participant of a CRTS allowance for use for a scheme year later than the scheme year of allocation in accordance with [article 14\(1\)](#) is referred to as “banking” the CRTS allowance;
- (b) a CRTS allowance which is retained for use for a scheme year later than the scheme year of allocation is referred to as a “banked” CRTS allowance;
- (c) the surrender by a CRTS participant, in accordance with [article 15](#), of a CRTS allowance which is due to be allocated to the participant for a future scheme year is referred to as “borrowing” the CRTS allowance;
- (d) a CRTS allowance which is surrendered as described in [paragraph \(c\)](#) is referred to as a “borrowed” CRTS allowance;
- (e) “scheme year of pooling” means a scheme year for which a group of two or more manufacturers is a pool CRTS participant;
- (f) “banked pool allowances” means CRTS allowances which were banked by a pool CRTS participant for a scheme year of pooling and which remain available for use in accordance with [article 14\(1\)](#) for one or more of the scheme years which follow a scheme year of pooling;
- (g) “borrowed pool allowances” means CRTS allowances which were borrowed by a pool CRTS participant for a scheme year of pooling but which were not accounted for in accordance with [article 15](#) for a scheme year of pooling;
- (h) “departing member” means a manufacturer which ceases to be a member of a pool CRTS participant part-way through the trading period;
- (i) “joining manufacturer” means a manufacturer which becomes a member of a pool CRTS participant part-way through the trading period;
- (j) “in-year banked allowances”, in relation to a scheme year of pooling, means CRTS allowances which were available to a pool CRTS participant to account for its activity in the CRTS in accordance with [article 27](#) for that scheme year of pooling, but which were not required by it in order to do so;
- (k) “in-year borrowed allowances”, in relation to a scheme year of pooling, means CRTS allowances which were borrowed by a pool CRTS participant in order to account for its activity in the CRTS for that scheme year of pooling.

Activity to which the CRTS applies and unit of measurement of activity

10.—(1) The activity to which the CRTS applies is the registration of an NZE car during the trading period.

(2) The unit of measurement of that activity is the registration of one NZE car.

Participants in the CRTS

11.—(1) The manufacturer of a car which is registered during a scheme year is a CRTS participant for that scheme year, subject to paragraph (2).

(2) Two or more manufacturers of a car which is registered during a scheme year are a pool CRTS participant for that scheme year, where the administrator has granted an application made by those manufacturers under [Schedule 5](#) (application by two or more manufacturers to be a pool participant in the Trading Schemes) for that scheme year which relates to the CRTS.

(3) A CRTS participant is a low-volume CRTS participant for a scheme year where that participant meets the criteria to be treated as a low-volume CRTS participant in accordance with [Schedule 4](#).

(4) Where there is any doubt as to the identification of the manufacturer of a car in accordance with paragraph (a) or (b) of the definition of “manufacturer” in [article 3\(1\)](#), the administrator may identify the CRTS participant in relation to the registration of that car.

CRTS allowances and limits on CRTS allowances and CRTS activity

12.—(1) A CRTS allowance is an allowance for the registration of one NZE car.

(2) The total amount of CRTS allowances which may be allocated for the trading period is limited in accordance with [article 13](#).

(3) The total number of units of activity in the CRTS which may be accounted for by the surrender of a CRTS allowance or a CRTS credit in accordance with [article 27](#) for the trading period is limited to the number which results from the following calculation.

Step 1

Calculate the “relevant percentage” for each scheme year which is—

- (a) for the 2024 scheme year, 100%
- (b) for the 2025 scheme year and the 2026 scheme year, the sum of—
 - (i) the percentage shown in column 2 of the Table in Part 1 of [Schedule 6](#) (percentage of car registrations for calculating CRTS allowances) for that scheme year;
 - (ii) the percentage shown in [article 15\(2\)](#) (limits on borrowed CRTS allowances) for that scheme year; and
 - (iii) the percentage shown in [article 23\(3\) to \(5\)](#) (limits on conversion of unused CCTS allowances into CRTS credits) for that scheme year; and
- (c) for the 2027 scheme year, the 2028 scheme year, the 2029 scheme year and the 2030 scheme year, the percentage shown in column 2 of the Table in Part 1 of [Schedule 6](#) for that scheme year.

Step 2

Calculate the number of cars registered during the trading period by a low-volume CRTS participant or by a CRTS participant described in [article 13\(4\)](#) or (6).

Step 3

Calculate the number of cars registered during the trading period by a low-volume CRTS participant or by a CRTS participant described in [article 13\(4\)](#) or (6).

Calculate the total number of cars registered during the trading period, subtract from that number the number obtained at Step 2, and multiply the resulting number by the average of the relevant percentages obtained at Step 1.

Step 4

Calculate the number which is equal to 2.5% of all the cars, vans and SPVs which are registered during the trading period.

Step 5

Calculate the number of ZE SPVs of category M1 of which an SPV car manufacturer is the manufacturer, which were to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date the SPV was registered and which were registered during the trading period, and multiply that number by 0.5.

Step 6

Calculate the number of ZE SPVs of category M1 which are registered during the trading period.

Step 7

Calculate the number of ZE wheelchair accessible SPVs which are registered during the trading period and multiply that number by 0.5.

Step 8

Add together the numbers which result from Steps 2 to 7.

Allocation of CRTS allowances

13.—(1) The administrator must allocate CRTS allowances in accordance with [paragraphs \(2\) to \(7\)](#), and subject to [paragraph \(8\)](#).

(2) Except where a CRTS participant falls within [paragraph \(3\)](#), or where [paragraph \(5\)](#) or [\(7\)](#) applies, the administrator must allocate to a CRTS participant for each scheme year a number of CRTS allowances which is equal to P multiplied by T, where—

- (a) P is the percentage shown in column 2 of the Table in Part 1 of [Schedule 6](#) for that scheme year; and
- (b) T is the total number of cars of which the CRTS participant is the manufacturer and which were registered during that scheme year.

(3) The administrator must allocate to a low-volume CRTS participant a number of CRTS allowances for a scheme year which is equal to the number of cars of which the low-volume CRTS participant is the manufacturer and which are registered during that scheme year, subject to a maximum of 2,499 CRTS allowances.

(4) [Paragraph \(5\)](#) applies for the purpose of calculating the number of CRTS allowances to be allocated to a CRTS participant where—

- (a) the CRTS participant is not a low-volume CRTS participant for the scheme year for which the calculation is made (referred to in this paragraph and in [paragraph \(5\)](#) as “the transition year”);
- (b) the CRTS participant was a low-volume CRTS participant for the scheme year immediately preceding the transition year; and
- (c) the transition year is not the 2030 scheme year.

(5) Where [this paragraph](#) applies, the administrator must allocate to the CRTS participant a number of CRTS allowances for the transition year which is equal to the higher of—

- (a) the number of cars of which the CRTS participant is the manufacturer and which were registered during the transition year, subject to a maximum of 2,499 CRTS allowances; or
 - (b) the number which results from the application of the formula in [paragraph \(2\)](#) for the transition year.
- (6) [Paragraph \(7\)](#) applies for the purpose of calculating the number of CRTS allowances to be allocated to a CRTS participant which—
- (a) was a low-volume CRTS participant by virtue of [Part 2 of Schedule 4](#) for the 2029 scheme year; and
 - (b) is the manufacturer of fewer than 2,500 cars, but more than 999 cars, which were registered during the 2030 scheme year.
- (7) Where this paragraph applies, the administrator must allocate to the CRTS participant a number of CRTS allowances for the 2030 scheme year which is equal to the higher of—
- (a) the number of cars of which the CRTS participant is the manufacturer and which were registered during the 2030 scheme year, subject to a maximum of 2,499 CRTS allowances; or
 - (b) the number which results from the application of the formula in [paragraph \(2\)](#) for the 2030 scheme year.
- (8) The allocation of allowances in accordance with this article may not result in the allocation of part of a CRTS allowance which is smaller than one tenth of a CRTS allowance, and a CRTS participant's allocation of CRTS allowances must, where necessary, be rounded to the nearest decimal place accordingly.

Banking CRTS allowances

- 14.**—(1) A CRTS allowance which is allocated to a CRTS participant in accordance with [article 13](#) for a scheme year (referred to in this article as “the scheme year of allocation”) may be—
- (a) surrendered in accordance with [article 27](#) by that CRTS participant, or by a CRTS participant which acquires the CRTS allowance through trading in accordance with [article 25](#), for the scheme year of allocation or for any of the three subsequent scheme years;
 - (b) traded in accordance with [article 25](#) during the trading window following the scheme year of allocation, or the trading window following any of the three subsequent scheme years, by that CRTS participant or by a CRTS participant which acquires the CRTS allowance through trading in accordance with [article 25](#);
 - (c) exchanged for CCTS allowances in accordance with [article 35](#) for the scheme year of allocation or for any of the three subsequent scheme years.
- (2) A CRTS participant may bank parts of CRTS allowances, but may not bank a part smaller than one tenth of a CRTS allowance.

Borrowing CRTS allowances

- 15.**—(1) Subject to the following provisions of this article, a CRTS participant may, for the 2024 scheme year, the 2025 scheme year or the 2026 scheme year, surrender in accordance with [article 27](#) a number of CRTS allowances which are due to be allocated to it for later scheme years.
- (2) A CRTS participant may borrow CRTS allowances provided—
- (a) the number of CRTS allowances which the CRTS participant borrows to surrender for the 2024 scheme year does not exceed 16.5% of the total number of cars of which the participant is manufacturer and which are registered during the 2024 scheme year;

- (b) the number of CRTS allowances which the CRTS participant borrows to surrender for the 2025 scheme year does not exceed 14% of the total number of cars of which the participant is manufacturer and which are registered during the 2025 scheme year; and
 - (c) the number of CRTS allowances which the CRTS participant borrows to surrender for the 2026 scheme year does not exceed 8.25% of the total number of cars of which the participant is manufacturer and which are registered during the 2026 scheme year.
- (3) The total number of cars of which a CRTS participant is the manufacturer and which are registered during a scheme year is the number notified to the participant by the administrator under article 79.
- (4) A CRTS participant may borrow parts of CRTS allowances, but may not borrow a part smaller than one tenth of a CRTS allowance.
- (5) Where a CRTS participant intends to borrow CRTS allowances in accordance with this article for use for a scheme year—
- (a) the CRTS participant must notify the administrator of that intention, and of the intended number of borrowed CRTS allowances, before the end of the trading window which follows that scheme year; and
 - (b) the administrator must decide whether or not the intended number of borrowed CRTS allowances is appropriate and notify the CRTS participant in writing of that decision.
- (6) A CRTS participant may borrow CRTS allowances which are due to be allocated to it for the 2025 scheme year, the 2026 scheme year or the 2027 scheme year and must account for any borrowed allowances in accordance with the following paragraphs of this article.
- (7) Where a CRTS participant borrows a number of CRTS allowances to surrender for a scheme year, the participant must account for the borrowed allowances by surrendering an equivalent number of CRTS allowances or CRTS credits for the following scheme year or a subsequent scheme year, together with an additional number of CRTS allowances or CRTS credits, calculated in accordance with paragraphs (8) to (11).
- (8) If the CRTS participant accounts for the borrowed allowances for the scheme year which follows immediately after the scheme year for which the borrowed allowances were surrendered, the CRTS participant must surrender—
- (a) a number of CRTS allowances or CRTS credits which is equal to the number of borrowed allowances; and
 - (b) an additional number of CRTS allowances or CRTS credits which amounts to 3.5% of the number of borrowed allowances.
- (9) If the CRTS participant accounts for the borrowed allowances for a scheme year which begins one year after the end of the scheme year for which the borrowed allowances were surrendered, the CRTS participant must surrender—
- (a) a number of CRTS allowances or CRTS credits which is equal to the number of borrowed allowances; and
 - (b) an additional number of CRTS allowances or CRTS credits which amounts to 7.12% of the number of borrowed allowances.
- (10) If the CRTS participant accounts for the borrowed allowances for a scheme year which begins two years after the end of the scheme year for which the borrowed allowances were surrendered, the CRTS participant must surrender—
- (a) a number of CRTS allowances or CRTS credits which is equal to the number of borrowed allowances; and
 - (b) an additional number of CRTS allowances or CRTS credits which amounts to 10.87% of the number of borrowed allowances.

(11) Where the number of additional CRTS allowances or CRTS credits which is to be surrendered in accordance with [paragraph \(8\)\(b\)](#), [\(9\)\(b\)](#) or [\(10\)\(b\)](#) is not a whole number, the number is to be rounded up to the nearest whole number of allowances or credits.

(12) A CRTS participant must account for a borrowed CRTS allowance for a scheme year no later than the 2027 scheme year.

(13) Where a CRTS participant decides to account for borrowed CRTS allowances for a scheme year earlier than the 2027 scheme year, that participant must notify the administrator of its decision, before the end of the trading window which follows the scheme year for which the participant intends to account for the allowances.

(14) Where a decision by a CRTS participant not to account for borrowed CRTS allowances for a scheme year would result in the participant having banked CRTS allowances standing in its name in the registry for the following scheme year, the CRTS participant must give a notification under [paragraph \(13\)](#) which relates to the number of borrowed CRTS allowances which would prevent that outcome.

(15) A borrowed CRTS allowance may not be traded under [article 25](#).

Banked allowances: pool CRTS participants

16.—(1) The administrator must transfer to a departing member its share of any banked pool allowances, calculated in accordance with [paragraphs \(2\)](#) and [\(3\)](#).

(2) The departing member's share of banked pool allowances is the number which results from adding together the departing member's share of the in-year banked allowances for each of the scheme years of pooling during which it was a member of the pool CRTS participant, calculated in accordance with [paragraph \(3\)](#).

(3) The departing member's share of the in-year banked allowances for a scheme year of pooling is calculated as follows.

Step 1

Calculate "PZE", which is the number of ZE cars of which the pool CRTS participant is treated as being the manufacturer in accordance with [article 8\(3\)](#) and which were registered during the scheme year of pooling.

Step 2

Calculate "MZE", which is the number of ZE cars of which the departing member is the manufacturer and which were registered during the scheme year of pooling.

Step 3

Divide MZE by PZE.

Step 4

The departing member's share of the in-year banked allowances for a scheme year of pooling is the number of those allowances multiplied by the number obtained at step 3.

(4) A departing member may use its share of the banked pool allowances in accordance with [article 14](#), as if those allowances had been allocated to it for the scheme year of pooling for which they were allocated to the pool CRTS participant.

(5) Any banked CRTS allowances which remain available for use in accordance with [article 14](#) by a joining manufacturer may be used by the pool CRTS participant in accordance with [article 14](#) during the scheme years of pooling, as if those allowances had been allocated to the pool CRTS participant for the scheme year for which they were allocated to the joining manufacturer.

(6) The administrator must update the registry to reflect the apportionment of banked pool allowances in accordance with this article.

Borrowed allowances: pool CRTS participants

17.—(1) A departing member’s share of the borrowed pool allowances is the number of CRTS allowances which results from adding together the departing member’s share of the in-year borrowed allowances for each of the scheme years of pooling during which it was a member of the pool CRTS participant, calculated in accordance with paragraph (2).

(2) The departing member’s share of the in-year borrowed allowances for a scheme year of pooling is calculated as follows.

Step 1

Calculate “PNZE”, which is the number of NZE cars of which the pool CRTS participant is treated as being the manufacturer in accordance with [article 8\(3\)](#) and which were registered during the scheme year of pooling.

Step 2

Calculate “MNZE”, which is the number of NZE cars of which the departing member is the manufacturer and which were registered during the scheme year of pooling.

Step 3

Divide MNZE by PNZE.

Step 4

The departing member’s share of the in-year borrowed allowances for a scheme year of pooling is the number of those allowances multiplied by the number obtained at step 3.

(3) A departing member must account for its share of the borrowed pool allowances in accordance with [article 15\(7\)](#), as if those allowances had been borrowed by the departing member for the scheme year of pooling for which they were borrowed by the pool CRTS participant.

(4) Any borrowed CRTS allowances which have not been accounted for by a joining manufacturer in accordance with [article 15\(7\)](#) must be so accounted for by the pool CRTS participant for the scheme years of pooling, as if those allowances had been borrowed by the pool CRTS participant for the scheme year for which they were borrowed by the joining manufacturer.

(5) The administrator must update the registry to reflect the apportionment of borrowed CRTS allowances in accordance with this article.

CRTS credits: general

18.—(1) A CRTS participant may acquire a CRTS credit in accordance with [articles 19, 20 and 23](#).

(2) Where its acquires a CRTS credit for a scheme year, a CRTS participant may—

- (a) surrender that CRTS credit for that scheme year in accordance with [article 27](#); or
- (b) trade the credit in accordance with [article 25](#) during the trading window following that scheme year.

(3) An SPV car manufacturer may acquire a CRTS credit in accordance with [article 21](#) or [22](#).

(4) An SPV car manufacturer may trade a credit acquired for a scheme year in accordance with [article 26](#) during the trading window following that scheme year.

(5) Where a CRTS participant or an SPV car manufacturer acquires a CRTS credit in accordance with [articles 19 to 23](#), the administrator must update the registry accordingly.

CRTS credits: registration of ZE SPVs (CRTS participants)

19.—(1) Subject to paragraph (3), a CRTS participant acquires a CRTS credit for a scheme year for each ZE SPV of which it is the manufacturer and which—

- (a) is registered during the scheme year;
- (b) is a vehicle of category M1; and
- (c) is not a ZE wheelchair accessible SPV.

(2) Subject to paragraph (3), a CRTS participant acquires one and a half CRTS credits for a scheme year for each ZE wheelchair accessible SPV of which it is the manufacturer and which is registered during the scheme year.

(3) A CRTS participant may not acquire a number of CRTS credits in accordance with this article for a scheme year which exceeds the number which is the greater of—

- (a) the number of CRTS allowances allocated to that participant in accordance with [article 13](#) for the scheme year; or
- (b) the number of units of activity in the CRTS which that participant has for the scheme year, measured in accordance with [article 24](#).

CRTS credits: car clubs (CRTS participants)

20.—(1) Subject to paragraph (6), a CRTS participant acquires half a CRTS credit for a scheme year (in addition to any CRTS credit acquired under [article 19](#) where applicable) for each ZE car or ZE SPV of category M1—

- (a) of which it is the manufacturer and which is registered during the scheme year; and
- (b) which is to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date it is registered.

(2) The administrator must record in the registry the expiry of a half CRTS credit acquired by a CRTS participant under paragraph (1) if—

- (a) the administrator gives written notice to the CRTS participant that it is satisfied that a ZE car or ZE SPV of category M1 mentioned in [paragraph \(1\)\(a\)](#) is not being, or has not been, used in accordance with [paragraph \(1\)\(b\)](#); and
- (b) the CRTS participant has not traded that half CRTS credit in accordance with [article 25](#) nor surrendered it in accordance with [article 27](#).

(3) Where a CRTS participant receives, before 1st November 2031, a notice from the administrator in accordance with [paragraph \(2\)\(a\)](#) and it has traded in accordance with [article 25](#), or surrendered in accordance with [article 27](#), a half CRTS credit acquired under [paragraph \(1\)](#) to which that notice applies, that participant must account for each such half CRTS credit in accordance with [article 27\(1\)\(b\)](#).

(4) A CRTS participant must comply with the obligation in paragraph (3)—

- (a) for the scheme year for which the administrator is satisfied that a ZE car or ZE SPV of category M1 is not being, or has not been, used in accordance with [paragraph \(1\)\(b\)](#); or
- (b) for the 2030 scheme year, where the administrator is so satisfied after the end of 2030 scheme year but before 1st November 2031.

(5) The administrator may not give a notice in accordance with [paragraph \(2\)\(a\)](#) where—

- (a) a car club has ceased to use a ZE car or ZE SPV for the purposes of offering a car club service because the vehicle has sustained damage; and
- (b) the Secretary of State has been notified of that in accordance with paragraph 1 or 2 of Schedule 3A to the Road Vehicles (Registration and Licensing) Regulations 2002(**14**).

(6) A CRTS participant may not acquire a number of CRTS credits for a scheme year in accordance with this article which exceeds 2.5% of the number of cars, vans and SPVs of which that participant is the manufacturer and which were registered during the scheme year.

CRTS credits: registration of ZE SPVs (SPV car manufacturers)

21.—(1) An SPV car manufacturer acquires a CRTS credit for a scheme year for each ZE SPV of which it is the manufacturer and which—

- (a) is registered during the scheme year;
- (b) is a vehicle of category M1; and
- (c) is not a ZE wheelchair accessible SPV.

(2) An SPV car manufacturer acquires one and a half CRTS credits for a scheme year for each ZE wheelchair accessible SPV of which it is the manufacturer and which is registered during a scheme year.

CRTS credits: car clubs (SPV car manufacturers)

22.—(1) Subject to paragraph (3), an SPV car manufacturer acquires half a CRTS credit for a scheme year (in addition to any CRTS credit acquired under [article 21](#) where applicable) for each ZE SPV of category M1—

- (a) of which it is the manufacturer and which is registered during the scheme year; and
- (b) which is to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date it is registered.

(2) The administrator must record in the registry the expiry of a half CRTS credit acquired by an SPV car manufacturer under [paragraph \(1\)](#) if—

- (a) the administrator gives written notice to the SPV car manufacturer that it is satisfied that a ZE SPV mentioned in [paragraph \(1\)\(a\)](#) is not being, or has not been, used in accordance with [paragraph \(1\)\(b\)](#); and
- (b) the SPV car manufacturer has not traded that half CRTS credit in accordance with [article 26](#).

(3) Where an SPV car manufacturer receives, before 1st November 2031, a notice from the administrator in accordance with [paragraph \(2\)\(a\)](#) and it has traded in accordance with [article 26](#) a half CRTS credit acquired under [paragraph \(1\)](#) to which that notice applies, the SPV car manufacturer must forfeit a half CRTS credit to which it becomes entitled under [paragraph \(1\)](#) for each half CRTS credit to which the notice relates.

(4) The administrator may not give a notice in accordance with [paragraph \(2\)\(a\)](#) where—

- (a) a car club has ceased to use a ZE SPV for the purposes of offering a car club service because the vehicle has sustained damage; and
- (b) the Secretary of State has been notified of that in accordance with paragraph 1 or 2 of Schedule 3A to the Road Vehicles (Registration and Licensing) Regulations 2002.

CRTS credits: conversion of unused CCTS allowances

23.—(1) A CRTS participant may acquire one CRTS credit in exchange for 167 unused CCTS allowances by making a request to the administrator if—

- (a) the CRTS participant's number of units of activity in the CCTS in a scheme year does not exceed the number of CCTS allowances which were allocated to it in accordance with [article 34](#) for that year;

- (b) the CRTS participant has more CCTS allowances than it requires in order to comply with [article 38\(1\)](#) (accounting for activity in the CCTS) for that scheme year (referred to in this article as “unused CCTS allowances”); and
 - (c) the unused CCTS allowances were allocated by the administrator for the 2024 scheme year, the 2025 scheme year or the 2026 scheme year.
- (2) A request under [paragraph \(1\)](#)—
- (a) must be made during the trading window following the scheme year for which the unused CCTS allowances were allocated; and
 - (b) must be for a whole number of CRTS credits.
- (3) A request under [paragraph \(1\)](#) to exchange unused CCTS allowances allocated for the 2024 scheme year is limited to a number of CRTS credits which does not exceed 14.3% of the number of CRTS allowances allocated to the CRTS participant for that scheme year.
- (4) A request under [paragraph \(1\)](#) to exchange unused CCTS allowances allocated for the 2025 scheme year is limited to a number of CRTS credits which does not exceed 12.6% of the number of CRTS allowances allocated to the CRTS participant for that scheme year.
- (5) A request under [paragraph \(1\)](#) to exchange unused CCTS allowances allocated for the 2026 scheme year is limited to a number of CRTS credits which does not exceed 8.25% of the number of CRTS allowances allocated to the CRTS participant for that scheme year.
- (6) A CRTS credit acquired in accordance with this article may not be traded under [article 25](#).

Measuring activity in the CRTS

24. A CRTS participant’s number of units of activity in the CRTS during a scheme year is the number of NZE cars of which the participant is the manufacturer and which are registered during that scheme year, as notified to the participant by the administrator in accordance with [article 79](#).

Trading CRTS allowances and credits: CRTS participants

25.—(1) During a trading window, a CRTS participant may trade any CRTS allowances or CRTS credits with another CRTS participant, but may not trade—

- (a) a CRTS allowance which was borrowed in accordance with [article 15](#); or
- (b) a CRTS credit which was acquired in accordance with [article 23](#) (conversion of unused CCTS allowances).

(2) A CRTS participant may trade parts of CRTS allowances or CRTS credits, but may not trade a part smaller than one tenth of a CRTS allowance or CRTS credit.

(3) Each CRTS participant which is party to a trade must, before the end of the trading window, notify the administrator of the trade and each notification must include—

- (a) the name and account number in the registry of the CRTS participant which is the transferor;
- (b) the name and account number in the registry of the CRTS participant which is the transferee;
- (c) the number of CRTS allowances or CRTS credits traded; and
- (d) the price paid for those CRTS allowances or CRTS credits.

(4) A CRTS participant which trades a CRTS allowance or a CRTS credit in accordance with this article must inform the other party to the trade of their account number in the registry.

(5) Where a CRTS participant is a pool CRTS participant, a reference in this article to a CRTS participant's account number is a reference to the account number of the manufacturer identified to the administrator in accordance with—

- (a) [paragraph 5\(c\)\(i\) of Schedule 5](#) (application to be treated as a pool participant) in the application made under that Schedule; or
- (b) [article 83\(1\)](#) (updating information provided with application under [Schedule 5](#)).

(6) Where a trade is notified in accordance with [paragraph \(3\)](#), the administrator must update the registry and notify the parties to the trade accordingly.

(7) Unless the administrator is satisfied that notification of a trade has been given in accordance with this article, the trade is treated as not having taken place.

Trading CRTS credits: SPV car manufacturers

26.—(1) An SPV car manufacturer may trade CRTS credits acquired by it under [article 21](#) or [22](#) in accordance with [paragraphs \(2\) and \(3\)](#).

(2) During the trading window following the scheme year for which a CRTS credit was acquired by an SPV car manufacturer, the SPV car manufacturer may trade the CRTS credit by way of disposing of it to a CRTS participant.

(3) A trade under [paragraph \(2\)](#) must comply with [paragraphs \(2\) to \(5\) of article 25](#), as if references to a CRTS participant in those paragraphs (except for the reference in [paragraph \(3\)\(b\)](#)) include an SPV car manufacturer.

(4) Where a trade is notified in accordance with [article 25\(3\)](#), the administrator must update the registry and notify the parties to the trade accordingly.

(5) Unless the administrator is satisfied that notification of a trade has been given in accordance with this article, the trade is treated as not having taken place.

Accounting for activity in the CRTS

27.—(1) For each scheme year, and no later than 31st December of the year following a scheme year, a CRTS participant must account for—

- (a) each unit of its activity in the CRTS, measured in accordance with [article 24](#), by surrendering a CRTS allowance or a CRTS credit;
- (b) each half CRTS credit which the participant must account for in accordance with [article 20\(3\)](#) (car clubs), by surrendering a half CRTS allowance or a half CRTS credit; and
- (c) any additional CRTS allowances or CRTS credits which the participant must surrender, or which it chooses to surrender, for that scheme year in accordance with [article 15\(7\)](#) (accounting for borrowed CRTS allowances).

(2) A CRTS participant must surrender in accordance with [paragraph \(1\)](#) CRTS allowances and CRTS credits which are recorded in its name in the registry, including any CRTS allowances or CRTS credits acquired through trading in accordance with [article 25](#) or [26](#), in the following order of priority—

- (a) CRTS credits;
- (b) CRTS allowances which were allocated by the administrator for the scheme year for which the surrender is made;
- (c) borrowed CRTS allowances;
- (d) banked CRTS allowances.

(3) The administrator must update the registry to record the surrender of CRTS allowances and CRTS credits.

Payments: CRTS

28.—(1) Where a CRTS participant has insufficient CRTS allowances or CRTS credits to account for the matters in [article 27\(1\)](#) for a scheme year, it must make a payment to the administrator.

(2) The payment amount is £15,000 for—

- (a) each unit of the CRTS participant’s activity in the CRTS during the scheme year, measured in accordance with [article 24](#), which the participant does not account for by surrendering a CRTS allowance or a CRTS credit to the administrator on or before the 31st December of the year following that scheme year;
- (b) each CRTS credit which the CRTS participant must account for in accordance with [article 20\(3\)](#) (car clubs) for the scheme year, and which the participant does not account for by surrendering a CRTS allowance or a CRTS credit to the administrator on or before the 31st December of the year following that scheme year; and
- (c) each additional CRTS allowance which the CRTS participant must account for in accordance with [article 15\(7\)](#) (borrowed CRTS allowances) for the scheme year and which the participant does not account for by surrendering a CRTS allowance or CRTS credit to the administrator on or before the 31st December of the year following that scheme year.

(3) The administrator must give a CRTS participant notice of a requirement to make a payment in accordance with this article (referred to in this article as a “payment notice”).

(4) A payment notice must be in writing and must set out—

- (a) the amount of the payment and how the amount is calculated;
- (b) the date by which payment must be made, which must not be less than 30 days after the date on which the notice is given;
- (c) that payment must be made to the administrator;
- (d) how payment must be made; and
- (e) information about rights of appeal.

(5) A CRTS participant which receives a payment notice under this article must make the payment in accordance with the notice.

(6) The administrator must pay any payment received under this article into the consolidated fund.

Banked or borrowed CRTS allowances of former CRTS participants

29.—(1) This article applies to a person who—

- (a) was a CRTS participant, or a member of a pool CRTS participant, for a scheme year;
- (b) is no longer a CRTS participant or a member of a pool CRTS participant for the subsequent scheme year; and
- (c) has banked CRTS allowances standing in their name in the registry or has not yet accounted for borrowed CRTS allowances in accordance with [article 15](#).

(2) In this article, a person described in paragraph (1) is referred to as a “former CRTS participant”, and the first scheme year for which the person no longer participates in the CRTS, as described in paragraph (1)(b), is referred to as the “first non-participation scheme year”.

(3) A former CRTS participant may dispose of a banked CRTS allowance referred to in [paragraph \(1\)\(c\)](#) through trading in accordance with [article 25](#) during the trading window which

follows the first non-participation scheme year, as if references in that article to a CRTS participant (except for the reference in [paragraph \(3\)\(b\)](#)) include the former CRTS participant.

(4) A former CRTS participant must account for a borrowed CRTS allowance referred to in [paragraph \(1\)\(c\)](#) in accordance with [article 15](#) before the end of the trading window which follows the first non-participation scheme year.

(5) A former CRTS participant may comply with the obligation in [paragraph \(4\)](#) by—

- (a) surrendering a banked CRTS allowance;
- (b) acquiring a CRTS allowance or CRTS credit during the trading window which follows the first non-participation scheme year through trading in accordance with [article 25](#) or [26](#), as if references in those articles to a CRTS participant include the former CRTS participant, and surrendering that allowance or credit; or
- (c) making a payment in accordance with [article 28](#).

Expiry of CRTS allowances and CRTS credits

30.—(1) The administrator must record in the registry the expiry of a CRTS allowance, including a CRTS allowance which has been traded in accordance with [article 25](#), which is—

- (a) surrendered by a CRTS participant in accordance with [article 27](#);
- (b) not surrendered by a CRTS participant for—
 - (i) the scheme year for which it was allocated;
 - (ii) any of the three subsequent scheme years; or
 - (iii) a scheme year earlier than the scheme year for which it was due to be allocated, in accordance with [article 15](#) (borrowing CRTS allowances);
- (c) not surrendered by a former CRTS participant in accordance with [article 29\(5\)\(a\)](#); or
- (d) converted into CCTS allowances in accordance with [article 35](#).

(2) The administrator must record in the registry the expiry of a CRTS credit, including a CRTS credit which has been traded in accordance with [article 25](#) or [26](#), which is—

- (a) surrendered by a CRTS participant in accordance with [article 27](#); or
- (b) not surrendered by a CRTS participant for the scheme year for which the credit was acquired.

Chapter 2

The Non-Zero-Emission Car CO₂ Trading Scheme (CCTS)

Activity to which the CCTS applies and unit of measurement of activity

31.—(1) The activity to which the CCTS applies is the registration of an NZE car during the trading period.

(2) The unit of measurement of that activity is each gram of CO₂ per kilometre emitted by such a car.

Participants in the CCTS

32.—(1) Subject to [paragraph \(2\)](#), the manufacturer of more than 999 NZE cars which are registered during a scheme year is a CCTS participant for that year.

(2) Where two or more manufacturers are collectively the manufacturers of more than 999 NZE cars which are registered during a scheme year, those manufacturers are a pool CCTS participant

for that scheme year if the administrator has granted an application made by those manufacturers under [Schedule 5](#) (application by two or more manufacturers to be a pool participant in the Trading Schemes) for that scheme year which relates to the CCTS.

(3) Where there is any doubt as to the identification of the manufacturer of a car in accordance with paragraph (a) or (b) of the definition of “manufacturer” in [article 3\(1\)](#), the administrator may identify the CCTS participant in relation to the registration of that car.

CCTS allowances

33. A CCTS allowance is an allowance for an NZE car which is registered during a scheme year to emit one gram of CO₂ per kilometre.

Allocation of CCTS allowances

34.—(1) Subject to paragraph (2), the administrator must allocate to each CCTS participant for each scheme year a number of CCTS allowances which is equal to N multiplied by B, where—

- (a) N is the number of NZE cars of which the participant is the manufacturer and which are registered during that scheme year; and
- (b) B is that participant’s baseline.

(2) Where the number of CCTS allowances which results from the application of the formula in paragraph (1) is not a whole number, the number is to be rounded to the nearest whole number.

Conversion of unused CRTS allowances into CCTS allowances

35.—(1) A CCTS participant may acquire 135 CCTS allowances in exchange for one unused CRTS allowance by making a request to the administrator if—

- (a) the participant’s number of units of activity in the CRTS in a scheme year, measured in accordance with [article 24](#), does not exceed the number of CRTS allowances which were allocated to it in accordance with [article 13](#) for that year;
- (b) the participant has more CRTS allowances than it requires (referred to in this article as “unused CRTS allowances”) in order to comply with [article 27\(1\)](#) (accounting for activity in the CRTS) for that scheme year; and
- (c) the participant did not acquire the unused CRTS allowances by means of borrowing under [article 15](#).

(2) A request under [paragraph \(1\)](#)—

- (a) must be made during the trading window following the scheme year for which the CCTS participant intends to surrender the CCTS allowances to which the request relates; and
- (b) must relate to a whole number of CRTS allowances.

(3) If a CCTS participant makes a request in accordance with [paragraph \(1\)](#), the administrator must update the registry accordingly.

Measuring activity in the CCTS

36.—(1) The number of units of activity that must be accounted for by a CCTS participant for a scheme year is the sum of the number of grams of CO₂ per kilometre emitted by each NZE car of which the participant is the manufacturer and which is registered during the scheme year.

(2) For the purposes of this article, the number of grams of CO₂ per kilometre emitted by an NZE car is the number specified in that car’s specific emissions of CO₂, with that number having been, where applicable—

- (a) reduced in accordance with paragraph (3); or
 - (b) corrected in accordance with Article 13(3) of Regulation (EU) 2019/631 (lack of correspondence of CO₂ emission and fuel consumption values).
- (3) An NZE car's specific emissions of CO₂ are reduced by the number of grams of CO₂ per kilometre specified in the car's certificate of conformity as CO₂ savings achieved by any eco-innovation, unless—
- (a) the Secretary of State has given a notice to the administrator in accordance with Article 12(2)(b) of Regulation (EU) 725/2011⁽¹⁵⁾ which relates to that eco-innovation; and
 - (b) the notice was given during the scheme year which immediately preceded the scheme year for which a CCTS participant's number of units of activity in the CCTS is measured.
- (4) A CCTS participant's number of units of activity during a scheme year, if not a whole number, is calculated to three decimal places only.

Trading CCTS allowances

- 37.**—(1) During a trading window, a CCTS participant may trade any CCTS allowances with another CCTS participant.
- (2) A CCTS participant must trade whole numbers of CCTS allowances.
 - (3) Each CCTS participant which is a party to a trade must, before the end of the trading window, notify the administrator and each notification must include—
 - (a) the name and account number in the registry of the CCTS participant which is the transferor;
 - (b) the name and account number in the registry of the CCTS participant which is the transferee;
 - (c) the number of CCTS allowances traded; and
 - (d) the price paid for those CCTS allowances.
 - (4) A CCTS participant which trades a CCTS allowance in accordance with this article must inform the other party to the trade of their account number in the registry.
 - (5) Where a CCTS participant is a pool CCTS participant, a reference in this article to a CCTS participant's account number is a reference to the account number of the manufacturer identified to the administrator in accordance with—
 - (a) paragraph 5(c)(i) of Schedule 5 (application to be treated as a pool participant) in the application made under that Schedule; or
 - (b) article 83(1) (updating information provided with application under Schedule 5).
 - (6) Where a trade is notified in accordance with paragraph (3), the administrator must update the registry and notify the parties to the trade accordingly.
 - (7) Unless the administrator is satisfied that notification of a trade has been given in accordance with this article, the trade is treated as not having taken place.

Accounting for activity in the CCTS

- 38.**—(1) For each scheme year, and no later than 31st December of the year following a scheme year, a CCTS participant must account for each unit of its activity during the scheme year, measured in accordance with article 36, by surrendering a CCTS allowance.
- (2) The administrator must update the registry to record the surrender of CCTS allowances.

⁽¹⁵⁾ Article 12(2)(b) is inserted by article 111(3) of this Order.

Payments: CCTS

39.—(1) Where a CCTS participant has insufficient CCTS allowances to account for its activity during a scheme year in accordance with [article 38](#), it must make a payment to the administrator.

(2) The payment amount is £86 for each unit of a CCTS participant’s activity during a scheme year, measured in accordance with [article 36](#), which the participant does not account for by surrendering a CCTS allowance to the administrator on or before 31st December of the year following that scheme year.

(3) Where the payment amount referred to in paragraph (2) is not a whole number of pence, the amount is to be rounded to the nearest whole number of pence.

(4) The administrator must give a CCTS participant notice of a requirement to make a payment in accordance with this article (referred to in this article as a “payment notice”).

(5) A payment notice must be in writing and must set out—

- (a) the amount of the payment and how the amount is calculated;
- (b) the date by which payment must be made, which must not be less than 30 days after the date on which the notice is given;
- (c) that payment must be made to the administrator;
- (d) how payment must be made; and
- (e) information about rights of appeal.

(6) A CCTS participant which receives a payment notice under this article must make the payment in accordance with the notice.

(7) The administrator must pay any payment received under this article into the consolidated fund.

Expiry of CCTS allowances

40. The administrator must record in the registry the expiry of a CCTS allowance, including a CCTS allowance which has been traded in accordance with [article 37](#), which is—

- (a) surrendered by a CCTS participant;
- (b) not surrendered in accordance with [article 38](#) for the scheme year for which it was allocated under [article 34](#) or for which it was acquired under [article 35](#) (conversion of unused CRTS allowances into CCTS allowances); or
- (c) converted into CRTS credits in accordance with [article 23](#).

Chapter 3

The Non-Zero-Emission Van Registration Trading Scheme (VRTS)

Interpretation of Chapter 3

41. In this Chapter—

- (a) the retention by a VRTS participant of a VRTS allowance for use for a scheme year later than the scheme year of allocation in accordance with [article 46\(1\)](#) is referred to as “banking” the VRTS allowance;
- (b) a VRTS allowance which is retained for use for a scheme year later than the scheme year of allocation is referred to as a “banked” VRTS allowance;
- (c) the surrender by a VRTS participant, in accordance with [article 47](#), of a VRTS allowance which is due to be allocated to the participant for a future scheme year is referred to as “borrowing” the VRTS allowance;

- (d) a VRTS allowance which is surrendered as described in [paragraph \(c\)](#) is referred to as a “borrowed” VRTS allowance;
- (e) “scheme year of pooling” means a scheme year for which a group of two or more manufacturers is a pool VRTS participant;
- (f) “banked pool allowances” means VRTS allowances which were banked by a pool VRTS participant for a scheme year of pooling and which remain available for use in accordance with [article 46\(1\)](#) for one or more of the scheme years which follow a scheme year of pooling;
- (g) “borrowed pool allowances” means VRTS allowances which were borrowed by a pool VRTS participant for a scheme year of pooling but which were not accounted for in accordance with [article 47](#) for a scheme year of pooling;
- (h) “departing member” means a manufacturer which ceases to be a member of a pool VRTS participant part-way through the trading period;
- (i) “joining manufacturer” means a manufacturer which becomes a member of a pool VRTS participant part-way through the trading period;
- (j) “in-year banked allowances”, in relation to a scheme year of pooling, means VRTS allowances which were available to a pool VRTS participant to account for its activity in the VRTS in accordance with [article 59](#) for that scheme year of pooling, but which were not required by it in order to do so;
- (k) “in-year borrowed allowances” means VRTS allowances which were borrowed by a pool VRTS participant in order to account for its activity in the VRTS for a particular scheme year of pooling.

Activity to which the VRTS applies and unit of measurement of activity

42.—(1) The activity to which the VRTS applies is the registration of an NZE van during the trading period.

(2) The unit of measurement of that activity is the registration of one NZE van.

Participants in the VRTS

43.—(1) The manufacturer of a van which is registered during a scheme year is a VRTS participant for that year, subject to [paragraph \(2\)](#).

(2) Two or more manufacturers of a van which is registered during a scheme year are a pool VRTS participant for that scheme year, where the administrator has granted an application made by those manufacturers under [Schedule 5](#) (application by two or more manufacturers to be a pool participant in the Trading Schemes) for that scheme year which relates to the VRTS.

(3) A VRTS participant is a low-volume VRTS participant for a scheme year where that participant meets the criteria to be treated as a low-volume VRTS participant in accordance with [Schedule 4](#).

(4) Where there is any doubt as to the identification of the manufacturer of a van in accordance with paragraphs (a) to (e) of the definition of “manufacturer” in [article 3\(1\)](#), the administrator may identify the VRTS participant in relation to the registration of that van.

VRTS allowances and limits on VRTS allowances and VRTS activity

44.—(1) A VRTS allowance is an allowance for the registration of one NZE van.

(2) The total amount of VRTS allowances which may be allocated for the trading period is limited in accordance with [article 45](#).

(3) The total number of units of activity in the VRTS which may be accounted for by the surrender of a VRTS allowance or a VRTS credit in accordance with [article 59](#) for the trading period is limited to the number which results from the following calculation.

Step 1

Calculate the “relevant percentage” for each scheme year which is—

- (a) for the 2024 scheme year and the 2025 scheme year, 100%;
- (b) for the 2026 scheme year, the sum of—
 - (i) the percentage shown in column 2 of the Table in Part 2 of [Schedule 6](#) (percentage of van registrations for calculating VRTS allowances) for that scheme year;
 - (ii) the percentage shown in [article 47\(2\)](#) (limits on borrowed VRTS allowances) for that scheme year; and
 - (iii) the percentage shown in [article 55\(3\) to \(5\)](#) (limits on conversion of unused VCTS allowances into VRTS credits) for that scheme year; and
- (c) for the 2027 scheme year, the 2028 scheme year, the 2029 scheme year and the 2030 scheme year, the percentage shown in column 2 of the Table in Part 2 of [Schedule 6](#) for that scheme year.

Step 2

Calculate the number of vans registered during the trading period by a low-volume VRTS participant or by a VRTS participant described in [article 45\(4\)](#) or [\(6\)](#).

Step 3

Calculate the total number of vans registered during the trading period, subtract from that number the number obtained at Step 2, and multiply the resulting number by the average of the relevant percentages obtained at Step 1.

Step 4

Calculate the number which is equal to 2.5% of all the cars, vans and SPVs which are registered during the trading period.

Step 5

Calculate the number of ZE SPVs of category N1, and ZE SPVs of category N2 which are within the description in paragraph (c) of the definition of “van” in [article 3\(1\)](#), of which an SPV van manufacturer is the manufacturer, which were to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date the SPV was registered and which were registered during the trading period, and multiply that number by 0.5.

Step 6

Calculate the number of ZE SPVs of category N1, or of category N2 which fall within the description in paragraph (c) of the definition of “van” in [article 3\(1\)](#), which are registered during the trading period.

Step 7

Add together the numbers which result from Steps 2 to 6.

Allocation of VRTS allowances

45.—(1) The administrator must allocate VRTS allowances in accordance with [paragraphs \(2\) to \(7\)](#) and subject to [paragraph \(8\)](#).

(2) Except where a VRTS participant falls within paragraph (3), or where paragraph (5) or (7) applies, the administrator must allocate to a VRTS participant for each scheme year a number of VRTS allowances which is equal to P multiplied by T , where—

- (a) P is the percentage shown in column 2 of the Table in Part 2 of [Schedule 6](#) for that scheme year; and
- (b) T is the total number of vans of which the VRTS participant is the manufacturer and which were registered during that scheme year.

(3) The administrator must allocate to a low-volume VRTS participant a number of VRTS allowances for a scheme year which is equal to the number of vans of which the low-volume VRTS participant is the manufacturer and which were registered during that scheme year, subject to a maximum of 2,499 VRTS allowances.

(4) [Paragraph \(5\)](#) applies for the purpose of calculating the number of VRTS allowances to be allocated to a VRTS participant where—

- (a) the VRTS participant is not a low-volume VRTS participant for the scheme year for which the calculation is made (referred to in this paragraph and in [paragraph \(5\)](#) as “the transition year”);
- (b) the VRTS participant was a low-volume VRTS participant for the scheme year immediately preceding the transition year; and
- (c) the transition year is not the 2030 scheme year.

(5) Where [this paragraph](#) applies, the administrator must allocate to the VRTS participant a number of VRTS allowances for the transition year which is equal to the higher of—

- (a) the number of vans of which the low-volume VRTS participant is the manufacturer and which were registered during the transition year, subject to a maximum of 2,499 VRTS allowances; or
- (b) the number which results from the application of the formula in [paragraph \(2\)](#) for the transition year.

(6) [Paragraph \(7\)](#) applies for the purpose of calculating the number of VRTS allowances to be allocated to a VRTS participant which—

- (a) was a low-volume VRTS participant by virtue of [Part 2 of Schedule 4](#) for the 2029 scheme year; and
- (b) is the manufacturer of fewer than 2,500 vans, but more than 999 vans, which were registered during the 2030 scheme year.

(7) Where [this paragraph](#) applies, the administrator must allocate to the VRTS participant a number of VRTS allowances for the 2030 scheme year which is equal to the higher of—

- (a) the number of vans of which the low-volume VRTS participant is the manufacturer and which were registered during the 2030 scheme year, subject to a maximum of 2,499 VRTS allowances; or
- (b) the number which results from the application of the formula in [paragraph \(2\)](#) for the 2030 scheme year.

(8) The allocation of allowances in accordance with this article may not result in the allocation of part of a VRTS allowance which is smaller than one tenth of a VRTS allowance, and a VRTS participant’s allocation of VRTS allowances must, where necessary, be rounded to the nearest decimal place accordingly.

Banking VRTS allowances

46.—(1) A VRTS allowance which is allocated to a VRTS participant in accordance with [article 45](#) for a scheme year (referred to in this article as “the scheme year of allocation”) may be—

- (a) surrendered in accordance with [article 59](#) by that VRTS participant, or by a VRTS participant which acquires the VRTS allowance through trading in accordance with [article 57](#), for the scheme year of allocation, or for any of the three subsequent scheme years;
- (b) traded in accordance with [article 57](#) during the trading window following the scheme year of allocation or the trading window following any of the three subsequent scheme years, by that participant or by a VRTS participant which acquires the VRTS allowance through trading in accordance with [article 57](#);
- (c) exchanged for VCTS allowances in accordance with [article 67](#) for the scheme year of allocation or for any of the three subsequent scheme years.

(2) A VRTS participant may bank parts of VRTS allowances, but may not bank a part smaller than one tenth of a VRTS allowance.

Borrowing VRTS allowances

47.—(1) Subject to the following provisions of this article, a VRTS participant may, for the 2024 scheme year, the 2025 scheme year or the 2026 scheme year, surrender in accordance with [article 59](#) a number of VRTS allowances which are due to be allocated to it for later scheme years.

(2) A VRTS participant may borrow VRTS allowances provided—

- (a) the number of VRTS allowances which the VRTS participant borrows to surrender for the 2024 scheme year does not exceed 9% of the total number of vans of which the participant is manufacturer and which are registered during the 2024 scheme year;
- (b) the number of VRTS allowances which the VRTS participant borrows to surrender for the 2025 scheme year does not exceed 8% of the total number of vans of which the participant is manufacturer and which are registered during the 2025 scheme year; and
- (c) the number of VRTS allowances which the VRTS participant borrows to surrender for the 2026 scheme year does not exceed 6% of the total number of vans of which the participant is manufacturer and which are registered during the 2026 scheme year.

(3) The total number of vans of which a VRTS participant is the manufacturer and which are registered during a scheme year is the number notified to the participant by the administrator under [article 79](#).

(4) A VRTS participant may borrow parts of VRTS allowances, but may not borrow a part smaller than one tenth of a VRTS allowance.

(5) Where a VRTS participant intends to borrow VRTS allowances in accordance with this article for use for a scheme year—

- (a) the VRTS participant must notify the administrator of that intention, and of the intended number of borrowed VRTS allowances, before the end of the trading window which follows that scheme year; and
- (b) the administrator must decide whether or not the intended number of borrowed VRTS allowances is appropriate and notify the VRTS participant in writing of that decision.

(6) A VRTS participant may borrow VRTS allowances which are due to be allocated to it for the 2025 scheme year, the 2026 scheme year or the 2027 scheme year and must account for any borrowed allowances in accordance with the following paragraphs of this article.

(7) Where a VRTS participant borrows a number of VRTS allowances to surrender for a scheme year, the participant must surrender an equivalent number of VRTS allowances or VRTS credits

for the following scheme year or a subsequent scheme year, together with an additional number of VRTS allowances or VRTS credits, calculated in accordance with paragraphs (8) to (11).

(8) If the VRTS participant accounts for the borrowed allowances for the scheme year which follows immediately after the scheme year for which the borrowed allowances were surrendered, the VRTS participant must surrender—

- (a) a number of VRTS allowances or VRTS credits which is equal to the number of borrowed allowances; and
- (b) an additional number of VRTS allowances or VRTS credits which amounts to 3.5% of the number of borrowed allowances.

(9) If the VRTS participant accounts for the borrowed allowances for a scheme year which begins one year after the end of the scheme year for which the borrowed allowances were surrendered, the VRTS participant must surrender—

- (a) a number of VRTS allowances or VRTS credits which is equal to the number of borrowed allowances; and
- (b) an additional number of VRTS allowances or VRTS credits which amounts to 7.12% of the number of borrowed allowances.

(10) If the VRTS participant accounts for the borrowed allowances for a scheme year which begins two years after the end of the scheme year for which the borrowed allowances were surrendered, the VRTS participant must surrender—

- (a) a number of VRTS allowances or VRTS credits which is equal to the number of borrowed allowances; and
- (b) an additional number of VRTS allowances or VRTS credits which amounts to 10.87% of the number of borrowed allowances.

(11) Where the number of additional VRTS allowances or VRTS credits which is to be surrendered in accordance with paragraph (8)(b), (9)(b) or (10)(b) is not a whole number, the number is to be rounded up to the nearest whole number of allowances or credits.

(12) A VRTS participant must account for a borrowed VRTS allowance for a scheme year no later than the 2027 scheme year.

(13) Where a VRTS participant decides to account for borrowed VRTS allowances for a scheme year earlier than the 2027 scheme year, that participant must notify the administrator of its decision, before the end of the trading window which follows the scheme year for which the participant intends to account for the allowances.

(14) Where a decision by a VRTS participant not to account for borrowed VRTS allowances for a scheme year would result in the participant having banked VRTS allowances standing in its name in the registry for the following scheme year, the VRTS participant must give a notification under paragraph (13) which relates to the number of borrowed VRTS allowances which would prevent that outcome.

(15) A borrowed VRTS allowance may not be traded under [article 57](#).

Banked allowances: pool VRTS participants

48.—(1) The administrator must transfer to a departing member its share of any banked pool allowances, calculated in accordance with paragraphs (2) and (3).

(2) The departing member's share of the banked pool allowances is the number which results from adding together the departing member's share of the in-year banked allowances for each of the scheme years of pooling during which it was a member of the pool VRTS participant, calculated in accordance with paragraph (3).

(3) The departing member's share of the in-year banked allowances for a scheme year of pooling is calculated as follows.

Step 1

Calculate "PZE", which is the number of ZE vans of which the pool VRTS participant is treated as being the manufacturer in accordance with article 8(3) and which were registered during the scheme year of pooling.

Step 2

Calculate "MZE", which is the number of ZE vans of which the departing member is the manufacturer and which were registered during the scheme year of pooling.

Step 3

Divide MZE by PZE.

Step 4

The departing member's share of the in-year banked allowances for a scheme year of pooling is the number of those allowances multiplied by the number obtained at step 3.

(4) A departing member may use its share of the banked pool allowances in accordance with article 46, as if those allowances had been allocated to it for the scheme year of pooling for which they were allocated to the pool VRTS participant.

(5) Any banked VRTS allowances which remain available for use in accordance with article 46 by a joining manufacturer may be used by the pool VRTS participant in accordance with article 46 for the scheme years of pooling, as if those allowances had been allocated to the pool VRTS participant for the scheme year for which they were allocated to the joining manufacturer.

(6) The administrator must update the registry to reflect the apportionment of banked pool allowances in accordance with this article.

Borrowed allowances: pool VRTS participants

49.—(1) A departing member's share of the borrowed pool allowances is the number of VRTS allowances which results from adding together the departing member's share of the in-year borrowed allowances for each of the scheme years of pooling during which it was a member of the pool VRTS participant, calculated in accordance with paragraph (2).

(2) The departing member's share of the in-year borrowed allowances for a scheme year of pooling is calculated as follows.

Step 1

Calculate "PNZE", which is the number of NZE vans of which the pool VRTS participant is treated as being the manufacturer in accordance with article 8(3) and which were registered during the scheme year of pooling.

Step 2

Calculate "MNZE", which is the number of NZE vans of which the departing member is the manufacturer and which were registered during the scheme year of pooling.

Step 3

Divide MNZE by PNZE.

Step 4

The departing member's share of the in-year borrowed allowances for a scheme year of pooling is the number of those allowances multiplied by the number obtained at step 3.

(3) A departing member must account for its share of the borrowed pool allowances in accordance with [article 47\(7\)](#), as if those allowances had been borrowed by it for the scheme year of pooling for which they were borrowed by the pool VRTS participant.

(4) Any borrowed VRTS allowances which have not been accounted for by a joining manufacturer in accordance with [article 47\(7\)](#) must be so accounted for by the pool VRTS participant for the scheme years of pooling, as if those allowances had been borrowed by the pool VRTS participant for the scheme year for which they were borrowed by the joining manufacturer.

(5) The administrator must update the registry to reflect the apportionment of borrowed VRTS allowances in accordance with this article.

VRTS credits: general

50.—(1) A VRTS participant may acquire a VRTS credit in accordance with articles [51](#), [52](#) and [55](#).

(2) Where it acquires a VRTS credit for a scheme year, a VRTS participant may—

- (a) surrender that VRTS credit for that scheme year in accordance with [article 59](#); or
- (b) trade that credit in accordance with [article 57](#) during the trading window following that scheme year.

(3) An SPV van manufacturer may acquire a VRTS credit in accordance with [article 53](#) or [54](#).

(4) An SPV van manufacturer may trade a credit acquired for a scheme year in accordance with [article 58](#) during the trading window following that scheme year.

(5) Where a VRTS participant or an SPV van manufacturer acquires a VRTS credit in accordance with articles [51](#) to [55](#), the administrator must update the registry accordingly.

VRTS credits: registration of ZE SPVs (VRTS participants)

51.—(1) Subject to paragraph (2), a VRTS participant acquires a VRTS credit for a scheme year for each ZE SPV of which it is the manufacturer and—

- (a) which is registered during a scheme year; and
- (b) which is a vehicle of category N1 or a vehicle of category N2 which falls within the description in paragraph (c) of the definition of “van” in [article 3\(1\)](#).

(2) A VRTS participant may not acquire a number of VRTS credits for a scheme year in accordance with [paragraph \(1\)](#) which exceeds the number which is the greater of—

- (a) the number of VRTS allowances allocated to that participant in accordance with [article 45](#) for the scheme year; or
- (b) the number of units of activity in the VRTS which that participant has for the scheme year, measured in accordance with [article 56](#).

VRTS credits: car clubs (VRTS participants)

52.—(1) Subject to [paragraph \(6\)](#), a VRTS participant acquires half a VRTS credit for a scheme year (in addition to any VRTS credit acquired under [article 51](#) where applicable) for each ZE van, ZE SPV of category N1, or ZE SPV of category N2 which falls within the description in paragraph (c) of the definition of “van” in [article 3\(1\)](#)—

- (a) of which it is the manufacturer and which is registered during the scheme year; and
- (b) which is to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date it is registered.

(2) The administrator must record in the registry the expiry of a half VRTS credit acquired by a VRTS participant under paragraph (1) if—

- (a) the administrator gives written notice to the VRTS participant that it is satisfied that a ZE van or ZE SPV mentioned in paragraph (1)(a) is not being, or has not been, used in accordance with paragraph (1)(b); and
- (b) the VRTS participant has not traded that half VRTS credit in accordance with article 57 nor surrendered it in accordance with article 59.

(3) Where a VRTS participant receives, before 1st November 2031, a notice from the administrator in accordance with paragraph (2)(a) and it has traded in accordance with article 57, or surrendered in accordance with article 59, a half VRTS credit acquired under paragraph (1) to which that notice applies, that participant must account for each such half VRTS credit in accordance with article 59(1)(b).

(4) A VRTS participant must comply with the obligation in paragraph (3)—

- (a) for the scheme year for which the administrator is satisfied that a ZE van or ZE SPV mentioned in paragraph (1)(a) is not being, or has not been, used in accordance with paragraph (1)(b); or
- (b) for the 2030 scheme year, where the administrator is so satisfied after the end of the 2030 scheme year but before 1st November 2031.

(5) The administrator may not give a notice in accordance with paragraph (2)(a) where—

- (a) the car club has ceased to use a ZE van or ZE SPV for the purposes of offering a car club service because the vehicle has sustained damage; and
- (b) the Secretary of State has been notified of that in accordance with paragraph 1 or 2 of Schedule 3A to the Road Vehicles (Registration and Licensing) Regulations 2002.

(6) A VRTS participant may not acquire a number of VRTS credits for a scheme year in accordance with this article which exceeds 2.5% of the number of cars, vans and SPVs of which that participant is the manufacturer and which were registered during the scheme year.

VRTS credits: registration of ZE SPVs (SPV van manufacturers)

53. An SPV van manufacturer acquires a VRTS credit for a scheme year in respect of each ZE SPV of which it is the manufacturer and which—

- (a) is registered during the scheme year; and
- (b) is a vehicle of category N1 or a vehicle of category N2 which falls within the description in paragraph (c) of the definition of “van” in article 3(1).

VRTS credits: car clubs (SPV van manufacturers)

54.—(1) Subject to paragraph (3), an SPV van manufacturer acquires half a VRTS credit for a scheme year (in addition to any VRTS credit acquired under article 53 where applicable) for each ZE SPV of category N1 or ZE SPV of category N2 which falls within the description in paragraph (c) of the definition of “van” in article 3(1)—

- (a) of which it is the manufacturer and which is registered during the scheme year; and
- (b) which is to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date it is registered.

(2) The administrator must record in the registry the expiry of a half CRTS credit acquired by an SPV van manufacturer under paragraph (1) if—

- (a) the administrator gives written notice to the SPV van manufacturer that it is satisfied that a ZE SPV mentioned in paragraph (1)(a) is not being, or has not been, used in accordance with paragraph (1)(b); and
- (b) the SPV van manufacturer has not traded that half VRTS credit in accordance with article 58.

(3) Where an SPV van manufacturer receives, before 1st November 2031, a notice from the administrator in accordance with paragraph (2)(a) and it has traded in accordance with article 58 a half VRTS credit acquired under paragraph (1) to which that notice applies, the SPV van manufacturer must forfeit a half VRTS credit to which it becomes entitled under paragraph (1) for each half VRTS credit to which the notice relates.

- (4) The administrator may not give a notice in accordance with paragraph (2)(a) where—
 - (a) the car club has ceased to use the ZE SPV for the purposes of offering a car club service because the vehicle has sustained damage; and
 - (b) the Secretary of State has been notified of that in accordance with paragraph 1 or 2 of Schedule 3A to the Road Vehicles (Registration and Licensing) Regulations 2002.

VRTS credits: conversion of unused VCTS allowances

55.—(1) A VRTS participant may acquire one VRTS credit in exchange for 216 unused VCTS allowances by making a request to the administrator if—

- (a) the VRTS participant’s number of units of activity in the VCTS in a scheme year does not exceed the number of VCTS allowances which were allocated to it in accordance with article 66 for that year;
 - (b) the VRTS participant has more VCTS allowances than it requires in order to comply with article 70 (accounting for activity in the VCTS) for that scheme year (referred to in this article as “unused VCTS allowances”); and
 - (c) the unused VCTS allowances were allocated by the administrator for the 2024 scheme year, the 2025 scheme year or the 2026 scheme year.
- (2) A request under paragraph (1)—
- (a) must be made during the trading window following the scheme year for which the unused VCTS allowances were allocated; and
 - (b) must be for a whole number of VRTS credits.

(3) A request under paragraph (1) to exchange unused VCTS allowances allocated for the 2024 scheme year is limited to a number of VRTS credits which does not exceed 6.5% of the number of VRTS allowances allocated to the VRTS participant for that scheme year.

(4) A request under paragraph (1) to exchange unused VCTS allowances allocated for the 2025 scheme year is limited to a number of VRTS credits which does not exceed 7.2% of the number of VRTS allowances allocated to the VRTS participant for that scheme year.

(5) A request under paragraph (1) to exchange unused VCTS allowances allocated for the 2026 scheme year is limited to a number of VRTS credits which does not exceed 6% of the number of VRTS allowances allocated to the VRTS participant for that scheme year.

- (6) A VRTS credit acquired in accordance with this article may not be traded under article 57.

Measuring activity in the VRTS

56. A VRTS participant’s number of units of activity in the VRTS during a scheme year is the number of NZE vans of which the participant is the manufacturer and which are registered during that scheme year, as notified to the participant by the administrator in accordance with article 79.

Trading VRTS allowances and credits: VRTS participants

57.—(1) During a trading window, a VRTS participant may trade any VRTS allowances or VRTS credits with another VRTS participant, but may not trade—

- (a) a VRTS allowance which was borrowed in accordance with [article 47](#); or
- (b) a VRTS credit which was acquired in accordance with [article 55](#) (conversion of unused VCTS allowances).

(2) A VRTS participant may trade parts of VRTS allowances or VRTS credits, but may not trade a part smaller than one tenth of a VRTS allowance or VRTS credit.

(3) Each VRTS participant which is party to a trade must, before the end of the trading window, notify the administrator of the trade and each notification must include—

- (a) the name and account number in the registry of the VRTS participant which is the transferor;
- (b) the name and account number in the registry of the VRTS participant which is the transferee;
- (c) the number of VRTS allowances or VRTS credits traded; and
- (d) the price paid for those VRTS allowances or VRTS credits.

(4) A VRTS participant which trades a VRTS allowance or a VRTS credit in accordance with this article must inform the other party to the trade of their account number in the registry.

(5) Where a VRTS participant is a pool VRTS participant, a reference in this article to a VRTS participant's account number is a reference to the account number of the manufacturer identified to the administrator in accordance with—

- (a) [paragraph 5\(c\)\(i\) of Schedule 5](#) (application to be treated as a pool participant) in the application made under that Schedule; or
- (b) [article 83\(1\)](#) (updating information provided with application under [Schedule 5](#)).

(6) Where a trade is notified in accordance with [paragraph \(3\)](#), the administrator must update the registry and notify the parties to the trade accordingly.

(7) Unless the administrator is satisfied that notification of a trade has been given in accordance with this article, the trade is treated as not having taken place.

Trading VRTS credits: SPV van manufacturers

58.—(1) An SPV van manufacturer may trade VRTS credits acquired by it under [article 53](#) or [54](#) in accordance with [paragraphs \(2\) and \(3\)](#).

(2) During the trading window following the scheme year for which a VRTS credit was acquired by an SPV van manufacturer, the SPV van manufacturer may trade the VRTS credit by way of disposing of it to a VRTS participant.

(3) A trade under [paragraph \(2\)](#) must comply with [paragraphs \(2\) to \(5\) of article 57](#), as if the references to a VRTS participant in those paragraphs (with the exception of the reference in [paragraph \(3\)\(b\)](#)) include an SPV van manufacturer.

(4) Where a trade is notified in accordance with [article 57\(3\)](#), the administrator must update the registry and notify the parties to the trade accordingly.

(5) Unless the administrator is satisfied that notification of a trade has been given in accordance with this article, the trade is treated as not having taken place.

Accounting for activity in the VRTS

59.—(1) For each scheme year, and no later than 31st December of the year following a scheme year, a VRTS participant must account for—

- (a) each unit of its activity in the VRTS, measured in accordance with [article 56](#), by surrendering a VRTS allowance or a VRTS credit;
- (b) each half VRTS credit which the participant must account for in accordance with [article 52\(3\)](#) (car clubs), by surrendering a half VRTS allowance or a half VRTS credit; and
- (c) any additional VRTS allowances or VRTS credits which the participant must surrender, or which it chooses to surrender, for that scheme year in accordance with [article 47\(7\)](#) (accounting for borrowed VRTS allowances).

(2) A VRTS participant must surrender in accordance with [paragraph \(1\)](#) VRTS allowances and VRTS credits which are recorded in its name in the registry, including any VRTS allowances or VRTS credits acquired through trading in accordance with [article 57](#) or [58](#), in the following order of priority—

- (a) VRTS credits;
- (b) VRTS allowances which were allocated by the administrator for the scheme year for which the surrender is made;
- (c) borrowed VRTS allowances;
- (d) banked VRTS allowances.

(3) The administrator must update the registry to record the surrender of VRTS allowances and VRTS credits.

Payments: VRTS

60.—(1) Where a VRTS participant has insufficient VRTS allowances or VRTS credits to account for the matters in [article 59\(1\)](#) for a scheme year, it must make a payment to the administrator.

(2) Subject to [paragraph \(3\)](#), the payment amount is £18,000 for—

- (a) each unit of the VRTS participant's activity in the VRTS during the scheme year, measured in accordance with [article 56](#), which the participant does not account for by surrendering a VRTS allowance or a VRTS credit to the administrator on or before the 31st December of the year following that scheme year;
- (b) each VRTS credit which the VRTS participant must account for in accordance with [article 52\(3\)](#) (car clubs) for the scheme year, and which the participant does not account for by surrendering a VRTS allowance or a VRTS credit to the administrator on or before the 31st December of the year following that scheme year; and
- (c) each additional VRTS allowance which the VRTS participant must account for in accordance with [article 47\(7\)](#) (borrowed VRTS allowances) for the scheme year and which the participant does not account for by surrendering a VRTS allowance or VRTS credit to the administrator on or before the 31st December of the year following that scheme year.

(3) For the 2024 scheme year, the payment amount in respect of each of the matters mentioned in [paragraph \(2\)\(a\)](#) or [\(b\)](#) is £9,000.

(4) The administrator must give a VRTS participant notice of a requirement to make a payment in accordance with this article (referred to in this article as a “payment notice”).

(5) A payment notice must be in writing and must set out—

- (a) the amount of the payment and how the amount is calculated;

- (b) the date by which payment must be made, which must not be less than 30 days after the date on which the notice is given;
 - (c) that payment must be made to the administrator;
 - (d) how payment must be made; and
 - (e) information about rights of appeal.
- (6) A VRTS participant which receives a payment notice under this article must make the payment in accordance with the notice.
- (7) The administrator must pay any payment received under this article into the consolidated fund.

Banked or borrowed VRTS allowances of former VRTS participants

61.—(1) This article applies to a person who—

- (a) was a VRTS participant, or a member of a pool VRTS participant, for a scheme year;
- (b) is no longer a VRTS participant or a member of a pool VRTS participant for the subsequent scheme year; and
- (c) has banked VRTS allowances standing in their name in the registry or has not yet accounted for borrowed VRTS allowances in accordance with [article 47](#).

(2) In this article, a person described in paragraph (1) is referred to as a “former VRTS participant”, and the first scheme year for which the person no longer participates in the VRTS, as described in paragraph (1)(b), is referred to as the “first non-participation scheme year”.

(3) A former VRTS participant may dispose of a banked VRTS allowance referred to in [paragraph \(1\)\(c\)](#) during the trading window which follows the first non-participation scheme year through trading in accordance with [article 57](#), as if references in that article to VRTS participants (except for the reference in [article 57\(3\)\(b\)](#)) include the former VRTS participant.

(4) A former VRTS participant must account for a borrowed VRTS allowance referred to in [paragraph \(1\)\(c\)](#) in accordance with [article 47](#) before the end of the trading window which follows the first non-participation scheme year.

(5) A former VRTS participant may comply with the obligation in paragraph (4) by—

- (a) surrendering a banked VRTS allowance;
- (b) acquiring a VRTS allowance or VRTS credit during the trading window which follows the first non-participation scheme year through trading in accordance with [article 57](#) or [58](#), as if references in those articles to a VRTS participant include the former VRTS participant, and surrendering that allowance or credit; or
- (c) making a payment accordance with [article 60](#).

Expiry of VRTS allowances and VRTS credits

62.—(1) The administrator must record in the registry the expiry of a VRTS allowance, including a VRTS allowance which has been traded in accordance with [article 57](#), which is—

- (a) surrendered by a VRTS participant in accordance with [article 59](#);
- (b) not surrendered by a VRTS participant for—
 - (i) the scheme year for which it was allocated;
 - (ii) any of the three subsequent scheme years; or
 - (iii) a scheme year earlier than the scheme year for which it was due to be allocated, in accordance with [article 47](#) (borrowing VRTS allowances);
- (c) not surrendered by a former VRTS participant in accordance with [article 61\(5\)\(a\)](#); or

- (d) converted into VCTS allowances in accordance with [article 67](#).
- (2) The administrator must record in the registry the expiry of a VRTS credit, including a VRTS credit which has been traded in accordance with [article 57](#) or [58](#), which is—
 - (a) surrendered by a VRTS participant in accordance with [article 59](#); or
 - (b) not surrendered by a VRTS participant for the scheme year for which the credit was acquired.

Chapter 4

The Non-Zero-Emission Van CO₂ Trading Scheme (VCTS)

Activity to which the VCTS applies and unit of measurement of activity

- 63.**—(1) The activity to which the VCTS applies is the registration of an NZE van during the trading period.
- (2) The unit of measurement of that activity is each gram of CO₂ per kilometre emitted by such a van.

Participants in the VCTS

- 64.**—(1) Subject to [paragraph \(2\)](#), the manufacturer of more than 999 NZE vans which are registered during a scheme year is a VCTS participant for that year.
- (2) Where two or more manufacturers are collectively the manufacturers of more than 999 NZE vans which are registered during a scheme year, those manufacturers are a pool VCTS participant for that scheme year if the administrator has granted an application made by those manufacturers under [Schedule 5](#) (application by two or more manufacturers to be a pool participant in the Trading Schemes) for that scheme year which relates to the VCTS.
- (3) Where there is any doubt as to the identification of the manufacturer of a van in accordance with paragraphs (a) to (e) of the definition of “manufacturer” in [article 3\(1\)](#), the administrator may identify the VCTS participant in relation to the registration of that van.

VCTS allowances

- 65.** A VCTS allowance is an allowance for an NZE van which is registered during a scheme year to emit one gram of CO₂ per kilometre.

Allocation of VCTS allowances

- 66.**—(1) Subject to [paragraph \(2\)](#), the administrator must allocate to each VCTS participant for each scheme year a number of VCTS allowances which is equal to N multiplied by B, where—
- (a) N is the number of NZE vans of which the participant is the manufacturer and which are registered during that scheme year; and
 - (b) B is that participant’s baseline.
- (2) Where the number of VCTS allowances which results from the application of the formula in [paragraph \(1\)](#) is not a whole number, the number is to be rounded to the nearest whole number.

Conversion of unused VRTS allowances into VCTS allowances

- 67.**—(1) A VCTS participant may acquire 206 VCTS allowances in exchange for one unused VRTS allowance by making a request to the administrator if—

- (a) the participant's number of units of activity in the VRTS in a scheme year, measured in accordance with [article 56](#), does not exceed the number of VRTS allowances which were allocated to it in accordance with [article 45](#) for that year;
 - (b) the participant has more VRTS allowances than it requires (referred to in this article as "unused VRTS allowances") in order to comply with [article 59](#) (accounting for activity in the VRTS) for that scheme year; and
 - (c) the participant did not acquire the unused VRTS allowances by means of borrowing under [article 47](#).
- (2) A request under [paragraph \(1\)](#)—
- (a) must be made during the trading window following the scheme year for which the VCTS participant intends to surrender the VCTS allowances to which the request relates; and
 - (b) must relate to a whole number of VRTS allowances.
- (3) If a VCTS participant makes a request in accordance with [paragraph \(1\)](#), the administrator must update the registry accordingly.

Measuring activity in the VCTS

68.—(1) The number of units of activity that must be accounted for by a VCTS participant for a scheme year is the sum of the number of grams of CO₂ per kilometre emitted by each NZE van of which the participant is the manufacturer and which is registered during the scheme year.

(2) For the purposes of this article, the number of grams of CO₂ per kilometre emitted by an NZE van is the number specified in that van's specific emissions of CO₂, with that number having been, where applicable—

- (a) reduced in accordance with [paragraph \(3\)](#); or
- (b) corrected in accordance with Article 13(3) of Regulation (EU) 2019/631 (lack of correspondence of CO₂ emission and fuel consumption values).

(3) An NZE van's specific emissions of CO₂ are reduced by the number of grams of CO₂ per kilometre specified in the van's certificate of conformity as CO₂ savings achieved by any eco-innovation, unless—

- (a) the Secretary of State has given a notice to the administrator in accordance with Article 12(2)(b) of Regulation (EU) 427/2014(**16**) which relates to the eco-innovation; and
- (b) the notice was given during the scheme year which immediately preceded the scheme year for which a VCTS participant's number of units of activity in the VCTS is measured.

(4) A VCTS participant's number of units of activity during a scheme year, if not a whole number, is calculated to three decimal places only.

Trading VCTS allowances

69.—(1) During a trading window, a VCTS participant may trade any VCTS allowances with another VCTS participant.

(2) A VCTS participant must trade whole numbers of VCTS allowances.

(3) Each VCTS participant which is a party to a trade must, before the end of the trading window, notify the administrator and each notification must include—

- (a) the name and account number in the registry of the VCTS participant which is the transferor;

(16) Article 12(2)(b) is inserted by article 112(3) of this Order.

- (b) the name and account number in the registry of the VCTS participant which is the transferee;
 - (c) the number of VCTS allowances traded; and
 - (d) the price paid for those VCTS allowances.
- (4) A VCTS participant which trades a VCTS allowance in accordance with this article must inform the other party to the trade of their account number in the registry.
- (5) Where a VCTS participant is a pool VCTS participant, a reference in this article to a VCTS participant's account number is a reference to the account number of the manufacturer identified to the administrator in accordance with—
- (a) [paragraph 5\(c\)\(i\) of Schedule 5](#) (application to be treated as a pool participant) in the application made under that Schedule; or
 - (b) [article 83\(1\)](#) (updating information provided with application under [Schedule 5](#)).
- (6) Where a trade is notified in accordance with [paragraph \(3\)](#), the administrator must update the registry and notify the parties to the trade accordingly.
- (7) Unless the administrator is satisfied that notification of a trade has been given in accordance with this article, the trade is treated as not having taken place.

Accounting for activity in the VCTS

- 70.**—(1) For each scheme year, and no later than 31st December of the year following a scheme year, a VCTS participant must account for each unit of its activity during the scheme year, measured in accordance with [article 68](#), by surrendering a VCTS allowance.
- (2) The administrator must update the registry to record the surrender of VCTS allowances.

Payments: VCTS

- 71.**—(1) Where a VCTS participant has insufficient VCTS allowances to account for its activity during a scheme year in accordance with [article 70](#), it must make a payment to the administrator in accordance with this article.
- (2) The payment amount is £86 for each unit of a VCTS participant's activity during a scheme year, measured in accordance with [article 68](#), which the participant does not account for by surrendering a VCTS allowance to the administrator on or before 31st December of the year following that scheme year.
 - (3) Where the payment amount referred to in [paragraph \(2\)](#) is not a whole number of pence, the amount is to be rounded to the nearest whole number of pence.
 - (4) The administrator must give a VCTS participant notice of a requirement to make a payment in accordance with this article (referred to in this article as a "payment notice").
 - (5) A payment notice must be in writing and must set out—
 - (a) the amount of the payment and how the amount is calculated;
 - (b) the date by which payment must be made, which must not be less than 30 days after the date on which the notice is given;
 - (c) that payment must be made to the administrator;
 - (d) how payment must be made; and
 - (e) information about rights of appeal.
 - (6) A VCTS participant which receives a payment notice under this article must make the payment in accordance with the notice.

(7) The administrator must pay any payment received under this article into the consolidated fund.

Expiry of VCTS allowances

72. The administrator must record in the registry the expiry of a VCTS allowance, including a VCTS allowance which has been traded in accordance with [article 69](#), which is—

- (a) surrendered by a VCTS participant;
- (b) not surrendered in accordance with [article 70](#) for the scheme year for which it was allocated under [article 66](#) or for which it was acquired under [article 67](#) (conversion of unused VRTS allowances into VCTS allowances); or
- (c) converted into VRTS credits in accordance with [article 55](#).

Part 4

Information

Information: participants in the Trading Schemes

73.—(1) Subject to paragraph (4), for each scheme year, the administrator must gather and record—

- (a) the information specified in [Part 1](#) of [Schedule 7](#), in relation to each car and each ZE SPV of category M1 which is registered during that scheme year;
- (b) the information specified in [Part 2](#) of [Schedule 7](#), in relation to each van, each ZE SPV of category N1, and each ZE SPV of category N2 which is within the description in paragraph (c) of the definition of “van” in [article 3\(1\)](#), which is registered during that scheme year; and
- (c) the information specified in [Part 3](#) of [Schedule 7](#), in relation to the base vehicle of a completed van which is registered during that scheme year.

(2) The information specified in [paragraph 1](#) or [6](#) of [Schedule 7](#) is to be taken from the certificate of conformity, or the individual vehicle approval certificate, of the car, the van or the ZE SPV, as the case may be.

(3) Subject to paragraph (4), for each scheme year, a participant in the Trading Schemes must, in relation to each car, van, ZE SPV or base vehicle of which it is the manufacturer and which is registered during the scheme year—

- (a) ensure that the information in [Part 1](#), [2](#) or [3](#) of [Schedule 7](#), as the case may be, is available to the administrator through the process of type-approval and registration of vehicles; and
- (b) to the extent that the information is not so available, provide the information to the administrator—
 - (i) on or before 31st August of the year following each scheme year; or
 - (ii) where the information is that specified in [paragraph 2](#) or [7](#) of [Schedule 7](#), within the period of time specified in a request made by the administrator for the provision of that information.

(4) The obligations in [paragraphs \(1\)](#) and [\(3\)](#) do not apply to the extent that the administrator—

- (a) is satisfied that the information referred to in those paragraphs is not available in relation to a particular vehicle; and
- (b) notifies the participant in the Trading Schemes concerned of that fact in writing.

(5) A CRTS participant or VRTS participant must provide to the administrator, on or before 31st August of the year following a scheme year—

- (a) the number of ZE cars, ZE vans and ZE SPVs of which the participant is the manufacturer and which were registered during the scheme year which are to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date they are registered, along with the vehicle identification numbers of the vehicles and the name by which the operator of the car club is known;
- (b) evidence that condition C of the zero-emission conditions (warranty) is met in relation to the ZE cars, ZE vans and ZE SPVs of which the participant is the manufacturer and which were registered during the scheme year;
- (c) the number of ZE SPVs of which the participant is the manufacturer and which were registered during the scheme year, except for ZE wheelchair accessible SPVs, and a breakdown of that number by vehicle category for the purposes of Article 4 of Regulation (EU) 2018/858;
- (d) the number of ZE wheelchair accessible SPVs of which the participant is the manufacturer and which were registered during the scheme year; and
- (e) a copy of the audit certificate referred to in [article 75\(3\)](#).

(6) Subject to [paragraph \(7\)](#), a participant in the Trading Schemes must notify the administrator on or before the date which is two months after the date on which this Order comes into force of—

- (a) the name, address and other contact details of the person to whom any notification or correspondence about the Trading Schemes should be sent;
- (b) the name which the participant, or which each manufacturer which is a member of a pool participant in the Trading Schemes, indicates or intends to indicate on the certificate of conformity or the individual vehicle approval certificate for the cars, vans or ZE SPVs of which it is the manufacturer; and
- (c) the world manufacturer identifier of the vehicle identification number which the participant, or which each manufacturer which is a member of a pool participant in the Trading Schemes, indicates, or intends to indicate, on the certificate of conformity or the individual vehicle approval certificate for the cars, vans or ZE SPVs of which it is the manufacturer.

(7) A participant which becomes a participant in the Trading Schemes after the date mentioned in [paragraph \(6\)](#) must provide the administrator with the information mentioned in that paragraph without delay after becoming a participant.

(8) A participant in the Trading Schemes must notify any changes to the information mentioned in [paragraph \(6\)](#) to the administrator without delay.

(9) The administrator must notify each manufacturer which is a participant in the Trading Schemes, or which is a member of a pool participant in the Trading Schemes, of its account number in the registry before the start of the trading window which follows the first scheme year for which that manufacturer becomes a participant in the Trading Schemes or a member of a pool participant in the Trading Schemes.

Information: SPV manufacturers

74.—(1) Where an SPV manufacturer wishes to acquire a CRTS credit or a VRTS credit for a scheme year accordance with [article 21](#), [22](#), [53](#) or [54](#), the SPV manufacturer must comply with [paragraphs \(2\) to \(4\)](#).

(2) An SPV manufacturer must notify the administrator on or before 20th April of the year following the scheme year for which it wishes to acquire a credit described in [paragraph \(1\)](#) of—

- (a) the name, address and other contact details of the person to whom any notification or correspondence about the Trading Schemes should be sent;
 - (b) the name which the SPV manufacturer indicates, or intends to indicate, on the certificate of conformity or the individual vehicle approval certificate for the ZE SPVs of which it is the manufacturer; and
 - (c) the world manufacturer identifier of the vehicle identification number which the SPV manufacturer indicates, or intends to indicate, on the certificate of conformity or the individual vehicle approval certificate for the ZE SPVs of which it is the manufacturer.
- (3) Subject to paragraph (5), an SPV manufacturer must ensure that the following information, in relation to each ZE SPV of which is the manufacturer and which is registered during a scheme year for which it wishes to acquire a credit described in paragraph (1), is available to the administrator through the process of type-approval and registration of vehicles, and to the extent that it is not, provide it to the administrator on or before 31st August of the year following that scheme year—
- (a) the information specified in sub-paragraphs (a) to (s) of paragraph 1 of Schedule 7, in relation to each ZE SPV of category M1 which is registered during that scheme year; and
 - (b) the information specified in sub-paragraphs (a) to (t) of paragraph 6 of Schedule 7, in relation to each ZE SPV of category N1, and each ZE SPV of category N2 which is within the description in paragraph (c) of the definition of “van” in article 3(1), which is registered during that scheme year.
- (4) An SPV manufacturer must provide to the administrator, on or before 31st August of the year following the scheme year for which it wishes to acquire a credit described in paragraph (1)—
- (a) the number of ZE SPVs of which the participant is the manufacturer and which were registered during the scheme year which are to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date they are registered, along with the vehicle identification numbers of the SPVs and the name by which the operator of the car club is known;
 - (b) evidence that condition C of the zero-emission conditions (warranty) is met in relation to the ZE SPVs of which the SPV manufacturer is the manufacturer and which were registered during the scheme year;
 - (c) the number of ZE SPVs of which the participant is the manufacturer and which were registered during the scheme year, except for ZE wheelchair accessible SPVs, and a breakdown of that number by vehicle category for the purposes of Article 4 of Regulation (EU) 2018/858;
 - (d) the number of ZE wheelchair accessible SPVs of which the participant is the manufacturer and which were registered during the scheme year; and
 - (e) a copy of the audit certificate referred to in article 76(3).
- (5) The obligation in paragraph (3) does not apply to the extent that the administrator—
- (a) is satisfied that the information referred to in that paragraph is not available in relation to a particular vehicle; and
 - (b) notifies the SPV manufacturer concerned of that fact in writing

Maintenance and audit of records by participants in the Trading Schemes

75.—(1) A participant in the Trading Schemes must keep a record of the information referred to in article 73(1) and (5)(a) to (d) in relation to the cars, vans and ZE SPVs of which the participant is the manufacturer and which are registered during each scheme year.

(2) A participant in the Trading Schemes must, on at least an annual basis, carry out an audit of the records required to be kept under [paragraph \(1\)](#) to ensure its compliance with the requirements of that paragraph.

(3) The participant in the Trading Schemes must evidence the satisfactory completion of such an audit by completing a document in writing (referred to in [paragraph \(4\)](#) as “an audit certificate”).

(4) The audit certificate may be in such form as the participant in the Trading Schemes sees fit but must be—

- (a) signed by a person who exercises management control in respect of the activities of the participant; and
- (b) kept with its records.

Maintenance and audit of records by SPV manufacturers

76.—(1) An SPV manufacturer must keep a record of the information referred to in [article 74\(3\)](#) and [\(4\)\(a\)](#) to [\(d\)](#) in relation to the ZE SPVs of which it is the manufacturer and which are registered during each scheme year for which the SPV manufacturer wishes to earn a CRTS credit or VRTS credit.

(2) An SPV manufacturer must, on at least an annual basis, carry out an audit of the records required to be kept under [paragraph \(1\)](#) to ensure its compliance with the requirements of that paragraph.

(3) An SPV manufacturer must evidence the satisfactory completion of such an audit by completing a document in writing (referred to in [paragraph \(4\)](#) as “an audit certificate”).

(4) The audit certificate may be in such form as the SPV manufacturer sees fit but must be—

- (a) signed by a person who exercises management control in respect of the activities of the SPV manufacturer; and
- (b) kept with its records.

Preparation of provisional information

77.—(1) On or before 31st May of each year following a scheme year, the administrator must prepare the following information for the scheme year, and for each participant in the Trading Schemes—

- (a) the total number of cars of which the participant is the manufacturer and which were registered during the scheme year;
- (b) the total number of vans of which the participant is the manufacturer and which were registered during the scheme year;
- (c) the number of ZE cars of which the participant is the manufacturer and which were registered during the scheme year;
- (d) the number of ZE vans of which the participant is the manufacturer and which were registered during the scheme year;
- (e) the number of NZE cars of which the participant is the manufacturer and which were registered during the scheme year and their specific emissions of CO₂;
- (f) the number of NZE vans of which the participant is the manufacturer and which were registered during the scheme year and their specific emissions of CO₂;
- (g) the average of the specific emissions of CO₂ of the NZE cars of which the participant is the manufacturer and which were registered during the scheme year;

- (h) the average of the specific emissions of CO₂ of the NZE vans of which the participant is the manufacturer and which were registered during the scheme year;
 - (i) the number of ZE SPVs of category M1, except for ZE wheelchair accessible SPVs, of which the participant is the manufacturer and which were registered during the scheme year;
 - (j) the number of ZE wheelchair accessible SPVs of which the participant is the manufacturer and which were registered during the scheme year;
 - (k) the number of ZE SPVs of category N1, or of category N2 which fall within the description in paragraph (c) of the definition in “van” in [article 3\(1\)](#), of which the participant is the manufacturer and which were registered during the scheme year;
 - (l) the number of CRTS allowances allocated and, where applicable, the number of banked CRTS allowances;
 - (m) the number of VRTS allowances allocated and, where applicable, the number of banked VRTS allowances;
 - (n) the number of CCTS allowances allocated;
 - (o) the number of VCTS allowances allocated;
 - (p) the number of CRTS credits acquired;
 - (q) the number of VRTS credits acquired;
 - (r) the number of units of activity in the CRTS and any additional matters for which the participant must account for that scheme year in accordance with [article 27\(1\)\(b\)](#) or [\(c\)](#) (car club credits and borrowed CRTS allowances);
 - (s) the number of units of activity in the VRTS and any additional matters for which the participant must account for that scheme year in accordance with [article 59\(1\)\(b\)](#) or [\(c\)](#) (car club credits and borrowed VRTS allowances);
 - (t) the number of units of activity in the CCTS;
 - (u) the number of units of activity in the VCTS.
- (2) The administrator must, on or before 31st May of each year following a scheme year, notify in writing each participant in the Trading Schemes of—
- (a) the provisional information mentioned in [paragraph \(1\)](#); and
 - (b) such of the information specified in [Schedule 7](#) for that participant and that scheme year as the administrator holds.
- (3) On or before 31st May of each year following a scheme year, the administrator must prepare the following information for the scheme year and for each SPV manufacturer—
- (a) the number of ZE SPVs of category M1, except for ZE wheelchair accessible SPVs, of which the SPV manufacturer is the manufacturer and which were registered during the scheme year;
 - (b) the number of ZE wheelchair accessible SPVs of which the SPV manufacturer is the manufacturer and which were registered during the scheme year;
 - (c) the number of ZE SPVs of category N1, or of category N2 which fall within the description in paragraph (c) of the definition in “van” in [article 3\(1\)](#), of which the SPV manufacturer is the manufacturer and which were registered during the scheme year;
 - (d) the number of CRTS credits acquired;
 - (e) the number of VRTS credits acquired.
- (4) The administrator must, on or before 31st May of each year following a scheme year, notify in writing each SPV manufacturer of—

- (a) the provisional information mentioned in paragraph (3); and
- (b) such of the information specified in [Schedule 7](#) in relation to that SPV manufacturer and that scheme year as the administrator holds.

Error notification

78.—(1) On or before 31st August of each year following a scheme year, a participant in the Trading Schemes or an SPV manufacturer may notify the administrator of any errors identified in the information notified by the administrator under [article 77\(2\)](#) or (4).

(2) A notification given under [paragraph \(1\)](#)—

- (a) must identify the error; and
- (b) may be accompanied by evidence which demonstrates that the administrator has made an error.

(3) The administrator must take into account a notification given under [this article](#) in the preparation of the final information under [article 79](#).

Preparation and notification of final information

79. On or before 31st October of each year following a scheme year, the administrator must prepare the final information mentioned in [article 77\(1\)](#) and (3) and notify it in writing to each participant in the Trading Schemes and each SPV manufacturer.

Publication of final information

80.—(1) On or before 15th March of the year which begins one year after the end of a scheme year, the administrator must publish the following information for the scheme year—

- (a) the information mentioned in [paragraph 1](#) of [Schedule 7](#), with the exception of the information in sub-paragraph (n) and sub-paragraphs (t) to (v);
- (b) the information mentioned in [paragraph 6](#) of [Schedule 7](#), with the exception of the information in sub-paragraph (o) and sub-paragraphs (u) to (w);
- (c) in relation to each participant in the Trading Schemes and where applicable—
 - (i) the number of ZE cars and ZE vans of which the participant was the manufacturer and which were registered during the scheme year;
 - (ii) the number of NZE cars and NZE vans of which the participant was the manufacturer and which were registered during the scheme year;
 - (iii) the baseline for the purposes of the CCTS or VCTS;
 - (iv) the number of credits acquired by the participant under each of [article 19\(1\)](#), [19\(2\)](#), [20](#), [51](#) and [52](#);
 - (v) the net number of allowances and, where applicable, credits in each of the Trading Schemes which each participant in the schemes acquired or disposed of through trading during the trading window following the scheme year;
 - (vi) the average of the specific emissions of CO₂ of the NZE cars, and of the NZE vans, of which the participant was the manufacturer and which were registered during the scheme year;
- (d) in relation to each SPV manufacturer—
 - (i) the number of ZE SPVs of which the manufacturer is the manufacturer and which were registered during the scheme year, stating how many of those were ZE wheelchair accessible SPVs;

- (ii) the number of credits acquired by the SPV manufacturer under each of [articles 21\(1\), 21\(2\), 22, 53 and 54](#);
 - (iii) the number of credits in each of the CRTS or VRTS which the SPV manufacturer disposed of through trading during the trading window following the scheme year;
 - (e) the average of the specific emissions of CO₂ of all the NZE cars, and of all the NZE vans, registered during the scheme year.
- (2) In [paragraph \(1\)\(c\)\(v\)](#), a reference to “trading” is a reference to trading allowances or credits under [article 25, 26, 37, 57, 58 or 69](#).
- (3) In [paragraph \(1\)\(d\)\(iii\)](#), a reference to “trading” is a reference to disposing of credits through trading under [article 26 or 58](#).
- (4) The administrator may publish amended information at any time where it discovers any error or omission in the published information.

Power of administrator to require information from participants and SPV manufacturers

81.—(1) The administrator may at any time require a participant in the Trading Schemes or an SPV manufacturer to provide information which is required by the administrator in order to administer the Trading Schemes by giving a notice to the participant or the manufacturer.

(2) Any notice given under [paragraph \(1\)](#) must—

- (a) be in writing;
- (b) identify the information required and the reason it is required; and
- (c) specify the form in which, and the time period within which, the information must be provided to the administrator.

(3) A person to whom a notice is given under this article must comply with the requirement contained in the notice.

(4) The information which a person may be required to provide under this article includes information that, although not in the person’s possession, it is reasonable to require the person to obtain or compile for the purpose of administering the Trading Schemes.

Updating information provided with an application under [Part 3 of Schedule 4](#) (low-volume participants)

82. A low-volume CRTS participant and a low-volume VRTS participant must notify the administrator without delay if there is a change in the information provided with the application made under [Part 3 of Schedule 4](#) which affects the participant’s eligibility to be a low-volume CRTS participant or a low-volume VRTS participant, as the case may be.

Updating information provided with an application under [Schedule 5](#) (pool participants)

83.—(1) Each manufacturer which is a member of a pool participant in the Trading Schemes must notify the administrator without delay if there is a change to the identity of the manufacturer notified to the administrator as the contact point in accordance with [paragraph 5\(c\)\(i\) of Schedule 5](#).

(2) A notification under [paragraph \(1\)](#) must be accompanied by the evidence mentioned in [paragraph 7\(b\) of Schedule 5](#) in relation to the new manufacturer which will act as the contact point.

Manner of provision of information to administrator

84.—(1) Any obligation of a participant in the Trading Schemes or an SPV manufacturer to provide information to, or to notify, the administrator must be complied with by providing the information, or making the notification—

- (a) through a website of the administrator; or
- (b) in another manner, in a case where the administrator determines that it is necessary to allow notification or the provision of information in that manner.

(2) This article is subject to [article 81\(2\)\(c\)](#) (power of administrator to require information for Trading Scheme administration), [article 86\(b\)](#) (power of administrator to require production of information or documents) and [paragraph 9\(d\) of Schedule 4](#) (form of application under that Schedule).

Part 5

Monitoring compliance and enforcement

Powers of administrator in respect of monitoring compliance

85.—(1) The powers of the administrator in this Part may only be exercised where the administrator reasonably believes there has been a failure by a participant in the Trading Schemes or an SPV manufacturer (referred to in this Part as “P”) to comply with a requirement of this Order.

(2) The administrator may authorise a person to exercise, on behalf of the administrator and in accordance with the terms of the authorisation, the administrator’s powers in this Part.

(3) A person authorised in accordance with paragraph (2) is referred to in this Part as an “authorised person”.

Power to require production of documents or provision of information

- 86.** The administrator or an authorised person may, by a written notice given to P, require P—
- (a) to provide the administrator or the authorised person with information or documents; and
 - (b) to provide such information or documents in the form specified in the notice and within such period, or at such time, as is specified in the notice.

Power to question officers of a company

87. The administrator or an authorised person may, by a written notice given to P, require P to make available any officer of a company believed to be able to give information relevant to an investigation into whether there has been a failure by P to comply with a requirement of this Order and require that officer—

- (a) to attend at a place and time specified by the administrator or authorised person;
- (b) to answer questions (in the absence of any person other than those whom the administrator or authorised person allows to be present and a person nominated by the officer being asked questions); and
- (c) to sign a declaration of truth of the answers given to those questions.

Powers of entry, etc

- 88.** The administrator or an authorised person may—

- (a) enter any premises with a warrant issued in accordance with [article 90](#), together with any equipment or material as may be required; and
- (b) when entering premises by virtue of paragraph (a), be accompanied by such persons as appear to the administrator or authorised person to be necessary.

Seizure of documents or records

89.—(1) The administrator or an authorised person exercising the power of entry under [article 88](#) may seize any documents or records.

(2) Where the administrator or authorised person seizes documents or records under [paragraph \(1\)](#), they must—

- (a) provide the occupier of the premises with a written record of any items which are seized; and
- (b) retain any seized item for no longer than necessary, and so far as possible, in its original condition.

Warrant

90.—(1) A justice may issue a warrant in relation to any premises for the purposes of [article 88\(a\)](#) where the justice is satisfied that—

- (a) there are reasonable grounds for the exercise of the power in that paragraph; and
- (b) one or more of the conditions in paragraph (2) are fulfilled in relation to the premises.

(2) The conditions referred to in paragraph (1)(b) are that—

- (a) the exercise of the power by consent in relation to the premises has been refused;
- (b) a refusal of consent to the exercise of the power is reasonably expected;
- (c) the premises are unoccupied;
- (d) the occupier is temporarily absent from the premises and the case is one of urgency; or
- (e) a request for admission to the premises would defeat the purpose of the entry.

(3) A warrant issued in accordance with this article continues to have effect until the purpose for which it was issued has been fulfilled.

(4) In paragraph (1), “justice” means—

- (a) in England or Wales, a justice of the peace;
- (b) in Scotland, a justice of the peace or sheriff.

Legal professional privilege

91. Nothing in this Part requires any person to produce a document which that person would be entitled to withhold the production of on the grounds of legal professional privilege.

Enforcement notices

92.—(1) Where the administrator considers that a participant in the Trading Schemes or an SPV manufacturer has contravened, is contravening or is likely to contravene a requirement imposed by or under this Order, the administrator may give notice (an “enforcement notice”) to the participant or SPV manufacturer.

(2) An enforcement notice must be given in writing and must set out—

- (a) the requirement that the administrator considers has been contravened, is being contravened or is likely to be contravened;
 - (b) details of the contravention or likely contravention;
 - (c) the steps that must be taken to remedy the contravention or to ensure that a contravention does not occur;
 - (d) the period within which the steps must be taken and any updates which must be provided to the administrator about the steps taken;
 - (e) information about rights of appeal.
- (3) A person to whom an enforcement notice is given must comply with the requirements of the notice within the period set out in the notice.
- (4) The administrator may withdraw an enforcement notice at any time by giving notice of the withdrawal to the person to whom the enforcement notice is given.

Part 6

Civil penalties

Civil penalties: general

- 93.**—(1) The administrator—
- (a) may impose a civil penalty in accordance with articles 97 to 106; and
 - (b) where it does so, it must give written notice of such penalty (referred to in this Part as a “penalty notice”).
- (2) A penalty notice must specify—
- (a) the provision of this Order that is breached; and
 - (b) information about rights of appeal.
- (3) In this Part—
- “block” means the restriction of the operation of a participant in the Trading Schemes’, or an SPV manufacturer’s, account in the registry, so that the participant or SPV manufacturer may not—
- (a) trade allowances or credits;
 - (b) bank or borrow CRTS allowances, within the meaning of [article 9](#);
 - (c) be treated as falling within [article 13\(4\)](#) or [\(6\)](#) (transitional allocation of CRTS allowances);
 - (d) acquire CCTS allowances under [article 35](#);
 - (e) bank or borrow VRTS allowances within the meaning of [article 41](#);
 - (f) be treated as falling within [article 45\(4\)](#) or [\(6\)](#) (transitional allocation of VRTS allowances);
 - (g) acquire VCTS allowances under [article 67](#);
 - (h) be treated as a low-volume CRTS participant or low-volume VRTS participant in accordance with [Schedule 4](#); or
 - (i) make an application to be a pool participant in the Trading Schemes under [Schedule 5](#);

“financial year”, in relation to a participant in the Trading Schemes or an SPV manufacturer, has the meaning given in section 390 of the Companies Act 2006(17);

“publication” means to publish on a part of the registry which is accessible to the public—

- (a) the name of a participant in the Trading Schemes or an SPV manufacturer, including, where a participant is a pool participant in the Trading Schemes, the name of each member of that pool participant; and
- (b) details of the breach for which a civil penalty has been imposed;

“turnover”, in relation to a participant in the Trading Schemes or an SPV manufacturer, means its turnover as defined in section 474(1) of the Companies Act 2006(18), as if that section applied to participants in the Trading Schemes or SPV manufacturers, and excluding turnover arising outside the United Kingdom.

(4) For so long as the operation of a pool participant in the Trading Schemes' account in the registry is restricted by a block, that participant continues to be treated as a pool participant in the Trading Schemes, even where the grant of an application by the administrator under Schedule 5 would otherwise be required.

(5) In relation to a pool participant in the Trading Schemes—

- (a) its turnover for the purposes of paragraph (3) is the aggregate turnover of each of the members of the pool participant; and
- (b) a reference to its financial year is a reference to the financial year of the manufacturer identified to the administrator in accordance with—
 - (i) paragraph 5(c)(i) of Schedule 5 (application to be treated as a pool participant) in the application made under that Schedule; or
 - (ii) article 83(1) (updating information provided with application under Schedule 5).

Financial penalties: general

94.—(1) A penalty notice in respect of a financial penalty must specify—

- (a) that payment must be made to the administrator;
- (b) how payment must be made;
- (c) where no daily penalty applies or the total amount of the daily penalty can be determined at the date of the giving of the notice—
 - (i) the total amount due;
 - (ii) where applicable, how it has been calculated; and
 - (iii) the date by which it must be paid; and
- (d) where a daily penalty rate applies and the total amount of the daily penalty cannot be determined at the date of the giving of the notice—
 - (i) the amount of the initial penalty; and
 - (ii) details of the applicable daily rate.

(2) Where paragraph (1)(d) applies and the total amount of the daily penalty can be determined after the date of giving of the notice, the administrator must give a further notice to the person liable to the penalty which complies with paragraph (1)(c).

(3) The administrator must pay any financial penalty received into the consolidated fund.

(17) 2006 c. 46.

(18) Section 474(1) is amended by S.I. 2015/980.

(4) In England and Wales, a financial penalty is recoverable as if it were payable under an order of the county court in England and Wales.

(5) In Scotland, a financial penalty may be enforced in the same manner as an extract registered decree arbitral bearing a warrant of execution issued by the sheriff court of any sheriffdom in Scotland.

(6) Where action is taken under paragraph (4) for the recovery of a sum payable as a financial penalty pursuant to this Order, the financial penalty is, for England and Wales, to be treated for the purposes of section 98 of the Courts Act 2003(19) (register of judgments and orders etc.) as if it were a judgment entered in the county court.

Non-financial penalties: general

95.—(1) The administrator may impose the penalty of a block until—

- (a) the failure is remedied; and
- (b) any financial penalty imposed in respect of the same failure is paid.

(2) Publication lasts until—

- (a) the failure is remedied; and
- (b) any financial penalty imposed in respect of the same failure is paid.

(3) The administrator must remove a block or publication promptly when the breach to which it relates has been remedied and any associated financial penalty is paid.

(4) A civil penalty other than a financial penalty has effect from the date of service of the penalty notice, unless the notice provides otherwise.

Waiver and modification of civil penalties

96.—(1) Where the administrator considers appropriate, the administrator may—

- (a) waive a penalty;
- (b) allow additional time to pay a financial penalty;
- (c) impose a lower financial penalty than the amount provided for in articles 97 to 106 or substitute such a lower financial penalty where one has already been imposed; or
- (d) modify the application of a publication or a block.

(2) Where at any time before a financial penalty is due to be paid the administrator ceases to be satisfied that the person is liable for that penalty, the administrator may serve a further notice on that person to—

- (a) withdraw the penalty notice; or
- (b) modify the penalty notice by substituting a lower penalty.

(3) Before exercising a power in this article, the administrator must consult the relevant national authorities(20).

(19) 2003 c. 39. Section 98 has been amended by sections 48(1) and 106(2) of, and paragraph 55(1), (2), (3)(a) and (b) of Schedule 8 and paragraph 15 of Schedule 16 to, the Tribunals, Courts and Enforcement Act 2007 (c. 15) and section 17(5) of, and paragraph 40(a) and (c) of Part 2 of Schedule 9 to, the Crime and Courts Act 2013 (c. 22). Further amendments made by the Tribunals, Courts and Enforcement Act 2007 have yet to be brought into force.

(20) See section 47 of the Climate Change Act 2008 for the meaning of “relevant national authorities”.

Failure to make a payment to account for activity in the Trading Schemes

97.—(1) The administrator may impose the penalties in paragraph (2) where a participant in the Trading Schemes fails to make a payment which is due in accordance with a payment notice given under [article 28](#), [39](#), [60](#) or [71](#).

(2) The penalties are—

(a) the financial penalty of—

- (i) the amount of the payment which was specified in the payment notice and which remains outstanding; and
- (ii) a daily penalty at a daily rate which is the sum of £750 and 0.75% of the amount of the payment specified in the payment notice, beginning with the day after the day on which that payment was due;

(b) publication; and

(c) a block.

Failure to provide information under [article 73](#)

98.—(1) The administrator may impose the penalties in paragraph (2) where a participant in the Trading Schemes fails to comply with a requirement in [article 73](#) to provide, or to ensure that the administrator has available to it, the information or evidence specified in—

- (a) [article 73\(5\)\(a\)](#) to [\(d\)](#) (SPVs, car clubs and ZE car or van warranties);
- (b) paragraph [1\(g\)](#), [6\(g\)12\(c\)](#) or [13\(c\)](#) of [Schedule 7](#) (specific emissions of CO₂ of a car, van or SPV);
- (c) paragraph [1\(i\)](#) or [6\(k\)](#) of [Schedule 7](#) (fuel type and fuel mode of a car, van or SPV);
- (d) paragraph [1\(l\)](#) or [6\(n\)](#) of [Schedule 7](#) (code for any eco-innovations);
- (e) paragraph [1\(r\)](#) or [6\(r\)](#) of [Schedule 7](#) (electric range of a car, van or SPV, where applicable).

(2) The penalties are—

(a) the financial penalty of—

- (i) £7,500;
- (ii) £15,000 for each car to which a failure in paragraph (1) relates;
- (iii) £15,000 for each ZE SPV of category M1 to which a failure in paragraph (1) relates;
- (iv) £18,000 for each van to which a failure in paragraph (1) relates; and
- (v) £18,000 for each ZE SPV which is of category N1, or which is of category N2 and which falls within the description in paragraph (c) of the definition in “van” in [article 3\(1\)](#), to which a failure in paragraph (1) relates;

(b) publication; and

(c) a block.

(3) The administrator may impose the penalties in paragraph (4) where a participant in the Trading Schemes fails to comply with a requirement in [article 73](#) to provide, or to ensure that the administrator has available to it, any information other than that specified in [paragraph \(1\)](#).

(4) The penalties are—

(a) the financial penalty of £750; and

(b) publication.

Failure to maintain records

99.—(1) The administrator may impose the penalties in paragraph (2) where a participant in the Trading Schemes fails to maintain and audit its records, as required by [article 75](#), or where an SPV manufacturer fails to maintain and audit its records, as required by [article 76](#).

- (2) The penalties are—
- (a) the financial penalty of £7,500;
 - (b) publication; and
 - (c) a block.

Failure to provide information under [article 81](#) (information required for the purposes of administering the Trading Schemes)

- 100.**—(1) The administrator may impose the penalties in paragraph (2) where—
- (a) the administrator has required a participant in the Trading Schemes or an SPV manufacturer to provide information in a notice in accordance with [article 81](#); and
 - (b) the participant or manufacturer has failed to comply with the notice by the time specified in it.
- (2) The penalties are—
- (a) the financial penalty of £7,500; and
 - (b) publication.

Failure to provide information under [article 86](#) (information required where suspected failure to comply with this Order)

- 101.**—(1) The administrator may impose the penalties in paragraph (2) where—
- (a) the administrator or an authorised person has given notice to a participant in the Trading Schemes or an SPV manufacturer under [article 86](#); and
 - (b) the participant or SPV manufacturer has failed to comply with the notice by the time specified in it.
- (2) The penalties are—
- (a) the financial penalty of £750,000 or, if lower, 0.5% of the turnover of the participant in the Trading Schemes or the SPV manufacturer for its financial year ending during the scheme year to which the failure relates;
 - (b) publication; and
 - (c) a block.

Failure to make officer available for questioning

- 102.**—(1) The administrator may impose the penalties in paragraph (2) where—
- (a) the administrator or an authorised person has given notice to a participant in the Trading Schemes or an SPV manufacturer under [article 87](#) to make an officer available for questioning in accordance with that article; and
 - (b) that officer was not made available in accordance with the notice by the time specified in it.
- (2) The penalties are—
- (a) the financial penalty of £75,000;
 - (b) a block; and

- (c) publication.

Refusal to allow access to premises

103.—(1) The administrator may impose the penalties in paragraph (2) where a person in control of any premises refuses the administrator or an authorised person access to those premises, or intentionally obstructs the administrator or an authorised person from accessing to those premises, contrary to [article 88](#).

- (2) The penalties are—
 - (a) the financial penalty of £75,000;
 - (b) a block; and
 - (c) publication.

Failure to comply with enforcement notice

104.—(1) The administrator may impose the penalty in paragraph (2) where a participant in the Trading Schemes or an SPV manufacturer fails to comply with the requirements of an enforcement notice given under [article 92](#).

- (2) The penalty is the financial penalty of—
 - (a) £4,500; and
 - (b) a daily penalty at a daily rate of £100, beginning with the day after the day by which the participant in the Trading Schemes or SPV manufacturer was to have taken steps to comply with the requirements of the enforcement notice, up to a maximum of £3,000.

Provision of false or misleading information: participants in the Trading Schemes

105.—(1) The administrator may impose the penalties in [paragraph \(2\)](#) where a participant in the Trading Schemes provides false or misleading information under an obligation on a participant in [article 73](#) (provision of information to administrator).

- (2) The penalties are—
 - (a) where the false or misleading information is the information or evidence specified in [article 98\(1\)](#), or where the false or misleading information consists of a failure to ensure that the administrator is aware of every car, van and SPV of which the participant in the Trading Schemes is the manufacturer and which is registered during a scheme year, the financial penalty of—
 - (i) £7,500;
 - (ii) £15,000 for each car to which the false or misleading information relates;
 - (iii) £15,000 for each ZE SPV of category M1 to which the false or misleading information relates;
 - (iv) £18,000 for each van to which the false or misleading information relates; and
 - (v) £18,000 for each ZE SPV which is of category N1, or which is of category N2 and which falls within the description in paragraph (c) of the definition in “van” in [article 3\(1\)](#), to which the false or misleading information relates;
 - (b) where the false or misleading information is information other than that described in [sub-paragraph \(a\)](#), the financial penalty of £750;
 - (c) publication; and
 - (d) a block.

(3) The administrator may impose the penalties in [paragraph \(4\)](#) where a participant in the Trading Schemes provides false or misleading information in a notification under [article 78](#) (error notification).

(4) The penalties are—

(a) where the false or misleading information is that specified in [paragraph 1\(g\), \(i\), \(l\) or \(r\)](#) of [Schedule 7](#) (specific emissions of CO₂, fuel type and fuel mode, eco-innovations and electric range), the financial penalty of—

(i) £7,500;

(ii) £15,000 for each car to which the false or misleading information relates; and

(iii) £15,000 for each ZE SPV of category M1 to which the false or misleading information relates;

(b) where the false or misleading information is that specified in [paragraph 6\(g\), \(k\), \(n\) or \(r\)](#), or [paragraph 12\(c\) or 13\(c\)](#) of [Schedule 7](#) (specific emissions of CO₂, fuel type and fuel mode, eco-innovations and electric range), the financial penalty of—

(i) £7,500;

(ii) £18,000 for each van to which the false or misleading information relates; and

(iii) £18,000 for each ZE SPV which is of category N1, or which is of category N2 and which falls within the description in [paragraph \(c\)](#) of the definition in “van” in [article 3\(1\)](#), to which the false or misleading information relates;

(c) where the false or misleading information is information other than that referred to in [sub-paragraph \(a\) or \(b\)](#), the financial penalty of £750;

(d) publication; and

(e) a block.

(5) The administrator may impose the penalties in [paragraph \(6\)](#) where a participant in the Trading Schemes provides false or misleading information in response to a notice given by the administrator under [article 81](#) (power of administrator to require information for purposes of Trading Schemes).

(6) The penalties are—

(a) the financial penalty of £7,500; and

(b) publication.

(7) The administrator may impose the penalties in [paragraph \(8\)](#) where a participant in the Trading Schemes provides false or misleading information in response to a notice given by the administrator or an authorised person under [article 86](#) (power to require information where suspected failure to comply with this Order).

(8) The penalties are—

(a) the financial penalty of £750,000 or, if lower, 0.5% of the turnover of the participant in the Trading Schemes for its financial year ending during the scheme year to which the false or misleading information relates;

(b) publication; and

(c) a block.

(9) The administrator may impose the penalties in [paragraph \(10\)](#) where a participant in the Trading Schemes provides false or misleading information in an application made under—

(a) [Part 3 of Schedule 4](#) (application to be a low-volume CRTS or VRTS participant); or

(b) [Schedule 5](#) (application to be pool participant in the Trading Schemes).

(10) The penalties are—

- (a) the financial penalty of £75,000; and
- (b) publication.

Provision of false or misleading information: SPV manufacturers

106.—(1) The administrator may impose the penalties in paragraph (2) where an SPV manufacturer provides false or misleading information under an obligation on an SPV manufacturer in [article 74](#) (provision of information to the administrator).

(2) The penalties are—

- (a) where the false or misleading information is the information or evidence specified in [article 74\(4\)\(a\)](#) to [\(d\)](#), the financial penalty of—
 - (i) £7,500;
 - (ii) £15,000 for each ZE SPV of category M1 to which the false or misleading information relates; and
 - (iii) £18,000 for each ZE SPV which is of category N1, or which is of category N2 and which falls within the description in paragraph (c) of the definition in “van” in [article 3\(1\)](#), to which the false or misleading information relates;
- (b) where the false or misleading information is information other than that specified in [sub-paragraph \(a\)](#), the financial penalty of £750;
- (c) publication; and
- (d) a block.

(3) The administrator may impose the penalties in paragraph (4) where an SPV manufacturer provides false or misleading information in a notification given by an SPV manufacturer under [article 78](#) (error notification).

(4) The penalties are—

- (a) where the false or misleading information is that specified in [paragraph 1\(i\)](#) or [\(r\)](#) of [Schedule 7](#) (fuel type and fuel mode and electric range), the financial penalty of—
 - (i) £7,500; and
 - (ii) £15,000 for each ZE SPV of category M1 to which the false or misleading information relates;
- (b) where the false or misleading information is that specified in [paragraph 6\(k\)](#) or [\(r\)](#) of [Schedule 7](#) (fuel type and fuel mode and electric range), the financial penalty of—
 - (i) £7,500; and
 - (ii) £18,000 for each ZE SPV which is of category N1, or which is of category N2 and which falls within the description in paragraph (c) of the definition in “van” in [article 3\(1\)](#), to which the false or misleading information relates;
- (c) where the false or misleading information is information other than that mentioned in [sub-paragraph \(a\)](#) or [\(b\)](#), the financial penalty of £750;
- (d) publication; and
- (e) a block.

(5) The administrator may impose the penalties in paragraph (6) where an SPV manufacturer provides false or misleading information in response to a notice given by the administrator under [article 81](#) (power to require information for purposes of Trading Schemes).

(6) The penalties are—

- (a) the financial penalty of £7,500; and

(b) publication.

(7) The administrator may impose the penalties in paragraph (8) where an SPV manufacturer provides false or misleading information in response to a notice given by the administrator or an authorised person under [article 86](#) (power of administrator to require information where suspected failure to comply with this Order).

(8) The penalties are—

- (a) the financial penalty of £750,000 or, if lower, 0.5% of the turnover of the SPV manufacturer for its financial year ending during the scheme year to which the false or misleading information relates;
- (b) publication; and
- (c) a block.

Part 7

Appeals

Decisions to which this Part applies

107. This Part applies to the following decisions of the administrator—

- (a) a decision under [article 11\(4\)](#), [32\(3\)](#), [43\(4\)](#) or [64\(3\)](#) that a person is the manufacturer of a car or a van, as the case may be;
- (b) a decision to give a notice under paragraph (2)(a) of [article 20](#), [22](#), [52](#) or [54](#) in relation to the use of a vehicle by a car club;
- (c) a decision not to reflect in the final information notified to a participant in the Trading Schemes or an SPV manufacturer under [article 79](#) any error which that participant or manufacturer has notified to the administrator accordance with [article 78](#);
- (d) a decision under [paragraph 12](#) of [Schedule 4](#) to reject an application by a CRTS participant to be a low-volume CRTS participant, or to reject an application by a VRTS participant to be a low-volume VRTS participant;
- (e) a decision under [paragraph 8](#) of [Schedule 5](#) to reject an application made under that Schedule by two or more manufacturers to be treated as a pool participant in the Trading Schemes;
- (f) a decision that a trade has not taken place under [article 25\(7\)](#), [26\(5\)](#), [37\(7\)](#), [57\(7\)](#), [58\(5\)](#) or [69\(7\)](#);
- (g) a decision to give a payment notice under [article 28\(3\)](#), [39\(4\)](#), [60\(4\)](#) or [71\(4\)](#);
- (h) a decision to give an enforcement notice under [article 92](#);
- (i) a decision to impose a civil penalty under [Part 6](#).

Appeal against decisions of the administrator

108.—(1) A participant in the Trading Schemes or an SPV manufacturer may appeal to the First-tier tribunal against a decision of the administrator to which this Part applies, on the ground that—

- (a) the decision was based on an error of fact;
- (b) the decision was wrong in law;
- (c) in the case of a financial penalty, that the amount of the penalty is unreasonable;
- (d) in the case of a non-financial penalty, that the nature of the penalty is unreasonable; or

(e) that the decision was wrong or unreasonable for any other reason.

(2) The First-tier tribunal may confirm the administrator’s decision, cancel it or substitute its own decision.

(3) Until any appeal made under this article against a decision mentioned in article 107(a) to (h) has been finally determined or withdrawn, no civil penalty may be imposed under Part 6 in relation to the decision.

(4) Until any appeal made under this article against a decision to impose a civil penalty under Part 6 has been finally determined or withdrawn, the civil penalty is suspended.

(5) If the outcome of an appeal made under this Part is that the administrator incorrectly treated a participant in the Trading Schemes or an SPV manufacturer as being, or as not being, entitled to an allowance or a credit, the administrator must take appropriate steps to correct the position in the registry.

Part 8

Revocation, amendment and saving of EU Regulations relating to CO₂ emission limits

Interpretation of Part 8

109. In this Part—

“Regulation (EU) 1014/2010” means [Commission Regulation \(EU\) No 1014/2010](#) of 10 November 2010 on monitoring and reporting of data on the registration of new passenger cars pursuant to Regulation (EC) No 443/2009 of the European Parliament and of the Council⁽²¹⁾;

“Regulation (EU) 63/2011” means [Commission Regulation \(EU\) No 63/2011](#) of 26 January 2011 laying down detailed provisions for the application for a derogation from the specific CO₂ emission targets pursuant to Article 11 of Regulation (EC) No 443/2009 of the European Parliament and of the Council⁽²²⁾;

“Regulation (EU) 293/2012” means Commission Implementing Regulation (EU) 293/2012 of 3 April 2012 on monitoring and reporting of data on the registration of new light commercial vehicles pursuant to Regulation (EU) No 510/2011 of the European Parliament and of the Council⁽²³⁾;

“Regulation (EU) 114/2013” means Commission Delegated Regulation (EU) No 114/2013 of 6 November 2012 supplementing Regulation (EU) No 510/2011 of the European Parliament and of the Council with regard to rules for the application for a derogation from the specific CO₂ emissions targets for new light commercial vehicles⁽²⁴⁾;

“Regulation (EU) 2017/1152” means Commission Implementing Regulation (EU) 2017/1152 of 2 June 2017 setting out a methodology for determining the correlation parameters necessary for reflecting the change in the regulatory test procedure with regard to light commercial vehicles and amending Implementing Regulation (EU) No 293/2012⁽²⁵⁾;

“Regulation (EU) 2017/1153” means Commission Implementing Regulation (EU) 2017/1153 of 2 June 2017 setting out a methodology for determining the correlation parameters necessary for reflecting the change in the regulatory test procedure and amending Regulation (EU) No 1014/2010⁽²⁶⁾.

(21) EUR 2010/1014, amended by [S.I. 2019/550](#), [2021/1242](#) and [2022/1361](#).

(22) EUR 2011/63, amended by [S.I. 2019/550](#), [2021/1242](#) and [2022/1361](#).

(23) EUR 2012/293, amended by [S.I. 2019/550](#), [2021/1242](#) and [2022/1361](#).

(24) EUR 2013/114, amended by [S.I. 2019/550](#), [2021/898](#), [2021/1242](#) and [2022/1361](#).

(25) EUR 2017/1152, amended by [S.I. 2020/1418](#) and [2022/1361](#).

(26) EUR 2017/1153, amended by [S.I. 2020/1418](#) and [2022/1361](#).

Partial revocation and amendment of Regulation (EU) 2019/631

110.—(1) Article 2(4), Articles 4, 5, 6, 7, 7a, 8, 9, 10, and 14 of, and Annexes 1 to 5 to, Regulation (EU) 2019/631 are revoked in relation to Great Britain, subject to the savings in [article 116](#).

(2) Regulation (EU) 2019/631 is amended as follows.

(3) In Article 1 (subject matter and objectives)—

(a) in paragraph 1, after “new light commercial vehicles” insert “registered in Northern Ireland”;

(b) in paragraph 2—

(i) in both places where it occurs, for “United Kingdom fleet-wide” substitute “Northern Ireland fleet-wide”;

(ii) for “in the United Kingdom” substitute “in Northern Ireland”;

(iii) omit the words “in domestic law, and as that Regulation has effect”;

(c) in paragraphs 4 and 5, in each place where it occurs, for “United Kingdom fleet-wide” substitute “Northern Ireland fleet-wide”;

(d) at the end insert—

“(8) This Regulation establishes an application process for the approval of CO₂ savings to be achieved through the use of innovative technologies, or a combination of innovative technologies, fitted to new passenger cars or new light commercial vehicles registered in the United Kingdom.”.

(4) In Article 2 (scope)—

(a) for paragraph 1 substitute—

“(1) This paragraph and paragraphs 2, 3 and 5 of this Article, and Articles 1, 3, 11, 12, 13, 15, 17, 18 and 19 of this Regulation apply to the whole of the United Kingdom. Those paragraphs and Articles apply to the following vehicles—

(a) category M1 as defined in Article 4 of Regulation (EU) 2018/858, as it has effect in domestic law (in respect of vehicles with GB type-approval), or, where relevant, Article 4 of Regulation (EU) 2018/858 as it has effect in EU law as amended from time to time and by virtue of the Northern Ireland Protocol (in respect of vehicles with UK (NI) type-approval or EU type-approval) (“passenger cars”), which are registered in the United Kingdom for the first time and which have not previously been registered outside the United Kingdom (“new passenger cars”);

(b) category N1 as defined in Article 4 of Regulation (EU) 2018/858, as it has effect in domestic law (in respect of vehicles with GB type-approval), or, where relevant, Article 4 of Regulation (EU) 2018/858 as it has effect in EU law as amended from time to time and by virtue of the Northern Ireland Protocol (in respect of vehicles with UK (NI) type-approval or EU type-approval), with a reference mass not exceeding 2 610 kg, and vehicles of category N1 to which type-approval is extended in accordance with Article 2(2) of Regulation (EC) No 715/2007 (“light commercial vehicles”), as it has effect in domestic law (in respect of vehicles with GB type-approval) or, where relevant, as that Regulation has effect in EU law as amended from time to time and by virtue of the Northern Ireland Protocol (in respect of vehicles with UK (NI) type-approval or EU type-approval), which are registered in the United Kingdom for the first time and which have not previously been registered outside the United Kingdom (“new light commercial vehicles”). In the case of zero-emission vehicles of category N with a reference mass exceeding 2 610 kg or 2 840 kg, as the case may be,

they shall, from 1 January 2025, for the purposes of this Regulation and without prejudice to Regulation (EU) 2018/858 and Regulation (EC) No 715/2007, as those Regulations have effect in domestic law (in respect of vehicles with GB type-approval) and, where relevant, as those Regulations have effect in EU law as amended from time to time and by virtue of the Northern Ireland Protocol (in respect of vehicles with UK (NI) type-approval or EU type-approval), be counted as UK light commercial vehicles falling within the scope of this Regulation if the excess reference mass is due only to the mass of the energy storage system.”;

(b) after paragraph 1 insert—

“(1A) This paragraph and paragraphs 2A, 4 and 5A of this Article, and Articles 4, 5, 6, 7, 7a, 8, 9, 10 and 14 of, and Annexes 1 to 5 to, this Regulation apply in relation to Northern Ireland only. Those paragraphs, Articles and Annexes apply to the following vehicles—

(a) category M1 as defined in Article 4 of Regulation (EU) 2018/858, as it has effect in EU law as amended from time to time and by virtue of the Northern Ireland Protocol (“NI passenger cars”) which are registered in Northern Ireland for the first time and which have not previously been registered outside Northern Ireland (“new NI passenger cars”);

(b) category N1 as defined in Article 4 of Regulation (EU) 2018/858, as it has effect in EU law as amended from time to time and by virtue of the Northern Ireland Protocol, with a reference mass not exceeding 2 610 kg, and vehicles of category N1 to which type-approval is extended in accordance with Article 2(2) of Regulation (EC) No 715/2007 (“NI light commercial vehicles”), which are registered in Northern Ireland for the first time and which have not previously been registered outside Northern Ireland (“new NI light commercial vehicles”). In the case of zero-emission vehicles of category N with a reference mass exceeding 2 610 kg or 2 840 kg, as the case may be, they shall, from 1 January 2025, for the purposes of this Regulation and without prejudice to Regulation (EU) 2018/858 and Regulation (EC) No 715/2007, as those Regulations have effect in EU law as amended from time to time and by virtue of the Northern Ireland Protocol, be counted as NI light commercial vehicles falling within the scope of this Regulation if the excess reference mass is due only to the mass of the energy storage system.”;

(c) at the beginning of paragraph 2 for “A” substitute “For the purposes of paragraph 1, a”;

(d) after paragraph 2 insert—

“(2A) For the purposes of paragraph 1A, a previous registration outside Northern Ireland made less than three months before registration in Northern Ireland shall not be taken into account.”;

(e) in paragraph 5 for “This Regulation” substitute “Paragraph 1”;

(f) after paragraph 5 insert—

“(5A) Paragraph 1A shall not apply to any vehicle registered in Northern Ireland which is permanently removed from Northern Ireland within three months after that registration.”;

(g) omit paragraph 6.

(5) In Article 3(1) (definitions)—

(a) in point (g) (definition of “mass in running order”) omit “in point 2.6 of Annex 1 to Commission Implementing Regulation (EU) 2020/683, as it has effect in domestic law, or, as the case may be,”;

- (b) in point (i) (definition of “footprint”) omit “points 2.1 and 2.3 of Annex 1 to Commission Implementing Regulation (EU) 2020/683, as it has effect in domestic law or, as the case may be,”;
- (c) in point (k) (definition of “United Kingdom fleet-wide target”)—
 - (i) for “United Kingdom fleet-wide” substitute “Northern Ireland fleet-wide”;
 - (ii) for “all new passenger cars or all new light commercial vehicles” substitute “all new NI passenger cars or all new NI light commercial vehicles”;
- (d) in point (l) (definition of “test mass”) omit “point 3.2.25 of Annex XXI to Regulation (EU) 2017/1151, as it has effect in domestic law or, as the case may be,”;
- (e) after point (p) insert—
 - (pa) “NI passenger cars” and “new NI passenger cars” have the meanings given in Article 2(1A)(a);
 - (pb) “NI light commercial vehicles” and “new NI light commercial vehicles” have the meanings given in Article 2(1A)(b);”.
- (6) In Article 7 (monitoring and reporting of average emissions)—
 - (a) in paragraph 1—
 - (i) for “each new passenger car and each new light commercial vehicle” substitute “each new NI passenger car and each new NI light commercial vehicle”;
 - (ii) for “the United Kingdom”, in both places where it occurs, substitute “Northern Ireland”;
 - (iii) for “passenger cars” substitute “NI passenger cars”;
 - (iv) omit “as it has effect in domestic law, or as the case may be,”;
 - (b) in paragraph 4 for “new passenger cars and of new light commercial vehicles” substitute “new NI passenger cars and of new NI light commercial vehicles”;
 - (c) in paragraph 11, in both places where it occurs, omit “in domestic law or, as the case may be, as that Regulation has effect”.
- (7) In Article 8 (excess emissions premium), in paragraph 2, for “new passenger cars or new light commercial vehicles” substitute “new NI passenger cars or new NI light commercial vehicles”.
- (8) In Article 9 (publication of performance of manufacturers)—
 - (a) in paragraph 1, in each place where it occurs, for “all new passenger cars and new light commercial vehicles registered in the United Kingdom” substitute “all new NI passenger cars and new NI light commercial vehicles registered in Northern Ireland”;
 - (b) in paragraph 3(a) for “United Kingdom fleet-wide” substitute “Northern Ireland fleet-wide”.
- (9) In Article 10(4) (derogations for certain manufacturers), in point (c), omit “in domestic law or, as the case may be, as that Regulation has effect”.
- (10) In Article 11 (eco-innovation), in paragraph 1—
 - (a) for “average specific emissions of CO₂ of a manufacturer” substitute “CO₂ emissions of a new passenger car or a new light commercial vehicle”;
 - (b) for “average specific emissions of CO₂ of manufacturers” substitute “CO₂ emissions of new passenger cars or new light commercial vehicles”.
- (11) In Article 15 (review and report), in paragraph 3—
 - (a) for “United Kingdom fleet-wide” substitute “Northern Ireland fleet-wide”;

- (b) for “passenger cars and light commercial vehicles” substitute “NI passenger cars and NI light commercial vehicles”.
- (12) In Part A of Annex 1 (specific emissions targets for passenger cars)—
- (a) in point 4 for “mass in running order (M) of the new passenger cars” substitute “mass in running order (M) of the new NI passenger cars”;
- (b) in point 6—
- (i) in each place where it occurs, for “United Kingdom fleet-wide” substitute “Northern Ireland fleet-wide”;
- (ii) in each place where it occurs, for “registered in 2021” substitute “registered in the United Kingdom in 2021”;
- (iii) in point 6.0, for “registered in 2020” substitute “registered in the United Kingdom in 2020”;
- (iv) in point 6.3, for “new passenger cars registered in the relevant calendar year” substitute “new NI passenger cars registered in the relevant calendar year”.
- (13) In Part B of Annex 1 (specific emissions targets for light commercial vehicles)—
- (a) in each place where it occurs, for “United Kingdom fleet-wide” substitute “Northern Ireland fleet-wide”;
- (b) in each place where it occurs, for “registered in 2021” substitute “registered in the United Kingdom in 2021”;
- (c) in point 4, for “mass (M) of the new light commercial vehicles” substitute “mass (M) of the new NI light commercial vehicles”;
- (d) in point 6.0, for “registered in 2020” substitute “registered in the United Kingdom in 2020”;
- (e) in point 6.2.1, for “registered in the relevant calendar year” substitute “registered in Northern Ireland in the relevant calendar year”;
- (f) in point 6.3.1, in each place where it occurs, for “new light commercial vehicles” substitute “new NI light commercial vehicles”;
- (g) in point 6.3.2, in each place where it occurs, for “new light commercial vehicles” substitute “new NI light commercial vehicles”.
- (14) In Part A of Annex 2 (collection of data on new passenger cars and determination of CO₂ emissions monitoring information)—
- (a) in the heading, for “new passenger cars” substitute “new NI passenger cars”;
- (b) in point 1—
- (i) for “new passenger car” substitute “new NI passenger car”;
- (ii) for “the United Kingdom” substitute “Northern Ireland”;
- (c) in point 2 for “passenger car” substitute “NI passenger car”;
- (d) in point 3—
- (i) in point 3(a) for “new passenger cars subject to GB type-approval, UK (NI) type-approval” substitute “new NI passenger cars subject to UK (NI) type-approval”;
- (ii) in point 3(b) for “passenger cars” substitute “NI passenger cars”;
- (iii) in point 3(c) omit “GB type-approval of small series and”.
- (15) In Part B of Annex 2 (format for the transmission of data)—
- (a) omit “GB type-approval,”;

- (b) omit “GB type-approval of small series and”.
- (16) In Part A of Annex 3 (collection of data on new light commercial vehicles and determination of CO₂ emissions monitoring information)—
- (a) in the heading, for “new light commercial vehicles” substitute “new NI light commercial vehicles”;
 - (b) in point 1.1, in the words before point (a)—
 - (i) omit “GB type-approved,”;
 - (ii) for “new light commercial vehicle” substitute “new NI light commercial vehicle”;
 - (iii) for “the United Kingdom” substitute “Northern Ireland”;
 - (c) in point 1.1(q) omit “in domestic law or, as the case may be, as that Regulation has effect”;
 - (d) in point 1.2.1.2, omit “in domestic law or, as the case may be, as that Regulation has effect”;
 - (e) in point 1.2.2, in both places where it occurs, omit “in domestic law or, as the case may be, as that Regulation has effect”;
 - (f) in point 1.2.4, in both places where it occurs, omit “in domestic law or, as the case may be, as that Regulation has effect”;
 - (g) in point 1.2.4, omit “GB type-approval,”;
 - (h) in point 2, for “light commercial vehicle” substitute “NI light commercial vehicle”;
 - (i) in point 3—
 - (i) in each place where it occurs, for “new light commercial vehicles” substitute “new NI light commercial vehicles”;
 - (ii) omit “GB type-approval,”;
 - (iii) omit “GB type-approval of small series and”.
- (17) In Part B of Annex 3 (methodology for determining CO₂ monitoring information for new light commercial vehicles)—
- (a) in each place where it occurs, including the heading and cross-heading, for “new light commercial vehicles” substitute “new NI light commercial vehicles”;
 - (b) in point 1—
 - (i) for “the United Kingdom” substitute “Northern Ireland”;
 - (ii) omit “GB type-approval,”;
 - (iii) omit “GB type-approval of small series and”.
- (18) In Part C of Annex 3 (formats for transmission of data)—
- (a) in Section 1—
 - (i) omit “GB type-approval,”;
 - (ii) omit “GB type-approval of small series and”;
 - (b) in Section 2, in note (2) omit “GB type-approval of small series or”.

Amendment of Regulation (EU) 725/2011 (eco-innovation for passenger cars)

111.—(1) Regulation (EU) 725/2011 is amended as follows.

(2) In Article 11(1), for “benefit from a reduction of its average specific CO₂ emissions for the purpose meeting its specific emissions target by means of the CO₂ savings from an eco-innovation” substitute “demonstrate certified CO₂ savings from an eco-innovation”.

(3) In Article 12(2), for “decide not to take the certified CO₂ savings into account for the calculation of the average specific emissions of that manufacturer for the following calendar year” substitute—

“—

- (a) in relation to Northern Ireland, decide not to take the certified CO₂ savings into account for the calculation of the average specific emissions of that manufacturer for the following calendar year; and
- (b) in relation to Great Britain, give notice of that fact to the administrator of the Non-Zero Emission Car CO₂ Trading Scheme, for the purposes of [article 36\(3\)](#) of the Vehicle Emissions Trading Schemes Order 2023 (measuring activity in the scheme)”.

(4) In Article 12(3), after “taken into account”, insert “under point (a) of paragraph 2, or in relation to whom a notice is given under point (b) of that paragraph.”.

Amendment of Regulation (EU) 427/2014 (eco-innovations for light commercial vehicles)

112.—(1) Regulation (EU) 427/2014 is amended as follows.

(2) In Article 11(1), for “benefit from a reduction of its average specific CO₂ emissions for the purpose meeting its specific emissions target by means of the CO₂ savings from an eco-innovation” substitute “demonstrate certified CO₂ savings from an eco-innovation”.

(3) In Article 12(2), for “decide not to take the certified CO₂ savings into account for the calculation of the average specific emissions of that manufacturer for the following calendar year” substitute—

“—

- (a) in relation to Northern Ireland, decide not to take the certified CO₂ savings into account for the calculation of the average specific emissions of that manufacturer for the following calendar year; and
- (b) in relation to Great Britain, give notice of that fact to the administrator of the Non-Zero Emission Van CO₂ Trading Scheme, for the purposes of [article 68\(3\)](#) of the Vehicle Emissions Trading Schemes Order 2023 (measuring activity in the scheme)”.

(4) In Article 12(3), after “taken into account”, insert “under point (a) of paragraph 2, or in relation to whom a notice is given under point (b) of that paragraph.”.

Partial revocation and amendment of Regulation (EU) 1014/2010 and Regulation (EU) 293/2012 (monitoring and reporting of data on vehicle registration)

113.—(1) Regulation (EU) 1014/2010 and Regulation (EU) 293/2012 are revoked in relation to Great Britain, subject to the savings in [article 116](#).

(2) Regulation (EU) 1014/2010 is amended as follows—

- (a) in Article 1, in both places where it occurs, omit “in domestic law and as that Regulation has effect”;
- (b) in Article 3(1) (data sources)—
 - (i) for “passenger car” substitute “NI passenger car”;
 - (ii) omit “in domestic law and as that Regulation has effect”;
- (c) in Article 7(1) (vehicles not covered by GB, UK (NI) or EU type-approval)—
 - (i) in the heading omit “GB,”;

- (ii) for “passenger cars” substitute “NI passenger cars”;
 - (iii) omit “GB type-approval of small series or”;
 - (iv) in the first place where it occurs, omit “in domestic law or, as the case may be, as that Regulation has effect”;
 - (v) omit “Article 45 of Regulation (EU) 2018/858, as it has effect in domestic law or, as the case may be, in accordance with”;
 - (vi) for “the United Kingdom” substitute “Northern Ireland”;
 - (d) in Article 7(2)(b) omit “GB type-approval of small series or”;
 - (e) in Article 8(1), in point (b) omit “Commission Regulation (EU) No 19/2011, as it has effect domestic law, or”.
- (3) Regulation (EU) 293/2012 is amended as follows—
- (a) in Article 1, in point (a) (subject matter), for “light commercial vehicles as referred to in Article 2(1) of Regulation (EU) No 510/2011” substitute “NI light commercial vehicles as referred to in Article 2(1A)(b) of Regulation (EU) 2019/631”;
 - (b) in Article 2 omit “in domestic law and as that Regulation has effect”;
 - (c) in Article 4(1) (data sources) for “light commercial vehicle” substitute “NI light commercial vehicle”;
 - (d) in Article 8 (vehicles not covered by GB, UK (NI) or EU type-approval), in the heading omit “GB,”;
 - (e) in Article 8(1)—
 - (i) for “light commercial vehicles” substitute “NI light commercial vehicles”;
 - (ii) omit “GB type-approval of small series and”;
 - (iii) in the first place where it occurs, omit “in domestic law or, as the case may be, as that Regulation has effect”;
 - (iv) omit “Article 45 of Regulation (EU) 2018/858, as it has effect in domestic law or, as the case may be,”;
 - (v) for “the United Kingdom” substitute “Northern Ireland”;
 - (f) in Article 8(2)(b), omit “GB type-approval of small series or”;
 - (g) in Article 10(3) (additional information) for “the United Kingdom” substitute “Northern Ireland”;
 - (h) in Article 10a(1) (notification of errors by manufacturers) omit “GB type-approval,”.

Partial revocation and amendment of Regulation (EU) 63/2011 and Regulation (EU) 114/2013 (derogations)

114.—(1) Regulation (EU) 63/2011 and Regulation (EU) 114/2013 are revoked in relation to Great Britain.

- (2) Regulation (EU) 63/2011 is amended as follows—
- (a) in Article 5 (specific emissions target and reduction potential), in point (b) of paragraph 3, for “passenger cars” substitute “NI passenger cars”;
 - (b) in Annex 1 (standard format of derogation application)—
 - (i) in point 6 for “passenger cars to be launched on the United Kingdom market” substitute “NI passenger cars to be launched on the Northern Ireland market”;
 - (ii) in point 8.2.2 for “United Kingdom market” substitute “Northern Ireland market”;

- (iii) in point 8.2.3 for “United Kingdom market” substitute “Northern Ireland market”;
 - (c) in Annex 2 (standard format of derogation application), in point 5, in the words before point 5.1, for “United Kingdom” substitute “Northern Ireland”.
- (3) Regulation (EU) 114/2013 is amended as follows—
- (a) in Article 5 (specific emissions target and reduction potential)—
 - (i) in point (f) of paragraph 2, in both places where it occurs, for “light commercial vehicles” substitute “NI light commercial vehicles”;
 - (ii) in point (b) of paragraph 3, for “light commercial vehicles” substitute “NI light commercial vehicles”;
 - (b) in Annex 1 (standard format of derogation application)—
 - (i) in point 7, in the heading, for “United Kingdom market” substitute “Northern Ireland market”;
 - (ii) in point 9.2.2 for “United Kingdom market” substitute “Northern Ireland market”;
 - (iii) in point 9.2.3 for “United Kingdom market” substitute “Northern Ireland market”.

Revocation of Regulation (EU) 2017/1152 and Regulation (EU) 2017/1153

115. Regulation (EU) 2017/1152 and Regulation (EU) 2017/1153 are revoked.

Savings for monitoring and compliance in relation to Great Britain

116.—(1) In this article—

“old scheme year” means a calendar year occurring during the period beginning with 1st January 2021 and ending with 31st December 2023;

“revocations” means the revocations effected by [article 110\(1\)](#) and [article 113\(1\)](#);

“specific emissions obligation” means the duty imposed on a manufacturer by Article 4 of Regulation (EU) 2019/631.

(2) The revocations do not affect—

- (a) the operation of the specific emissions obligation in relation to Great Britain in respect of an old scheme year; or
- (b) any power conferred, or duty imposed, on a manufacturer, the Secretary of State or the First-tier Tribunal by or under the legislation revoked by the revocations which may or must be exercised—
 - (i) after the end of an old scheme year in relation to Great Britain; and
 - (ii) in relation to the specific emissions obligation in relation to Great Britain in respect of an old scheme year.

(3) Any power mentioned in sub-paragraph (b) of paragraph (2) may, and any duty mentioned in that sub-paragraph must, be exercised on and after the date on which this Order comes into force as if the revocations had not been effected.

Part 9

Miscellaneous

Crown application

117. This Order applies to the Crown.

Review

118.—(1) The Secretary of State must from time to time—

- (a) carry out a review of the regulatory provision contained in this Order; and
- (b) publish a report setting out the conclusions of the review.

(2) Section 30(4) of the Small Business, Enterprise and Employment Act 2015⁽²⁷⁾ requires that a report published under this article must, in particular—

- (a) set out the objectives intended to be achieved by the regulatory provision contained in this Order;
- (b) assess the extent to which those objectives are achieved;
- (c) assess whether those objectives remain appropriate; and
- (d) if those objectives remain appropriate, assess the extent to which they could be achieved in another way which involves less onerous regulatory provision.

(3) The first report must be published before the end of the period of five years beginning with the date on which this Order comes into force.

(4) Subsequent reports must be published at intervals not exceeding five years.

(5) In this article, “regulatory provision” has the same meaning as in sections 28 to 32 of the Small Business, Enterprise and Employment Act 2015 (see section 32 of that Act).

Name
Clerk of the Privy Council

Schedules

Schedule 1

Article 3(1), 34 and 66

Baseline for the CCTS and VCTS

Part 1

Baseline for the CCTS

Interpretation and general

1. In this Part—

- (a) the period beginning with 1st January 2021 and ending with 31st December 2021 is referred to as “2021”;
- (b) the period beginning with 1st January 2022 and ending with 31st December 2022 is referred to as “2022”;
- (c) the period beginning with 1st January 2023 and ending with 31st December 2023 is referred to as “2023”;
- (d) “adjusted specific emissions of CO₂”, in relation to a car, means the specific emissions of CO₂ of the car, reduced where applicable by the number of grams of CO₂ per kilometre specified in the certificate of conformity of that car as being due to any eco-innovation;
- (e) “exempt manufacturer” means a manufacturer to which Article 4, points (b) and (c) of Article 7(4), Article 8 and points (a) and (c) of Article 9(1) of Regulation (EU) 2019/631 did not apply by virtue of Article 2(4) of that Regulation;
- (f) “excess emissions premium” means a requirement to pay a specified amount where a manufacturer’s average specific emissions exceed its specific emissions target under Article 8 of Regulation (EU) 2019/631;
- (g) “non-ZE car” means a car which has specific emissions of CO₂ greater than zero grams per kilometre;
- (h) “pool” means a group of manufacturers which formed a pool for the purposes of meeting their obligations under Article 4 of Regulation (EU) 2019/631;
- (i) “pool manager” means a manufacturer nominated as the manager of a pool in accordance with Article 6.2(b) of Regulation (EU) 2019/631;
- (j) “specific emissions target” has the same meaning as it had in Regulation (EU) 2019/631, as it stood immediately before the coming into force of this Order;
- (k) “2021 individual NZE average emissions”, in relation to a manufacturer, means the average of the adjusted specific emissions of CO₂ of the non-ZE cars of which that manufacturer is the manufacturer and which were registered during 2021;
- (l) “2021 individual specific emissions target” means the specific emissions target for a manufacturer for 2021;

- (m) “2021 pool specific emissions target” means the specific emissions target to which the manufacturers in a pool were collectively subject, for the purposes of meeting their obligations under Article 4 of Regulation (EU) 2019/631 for 2021, in accordance with Article 6 of that Regulation;
- (n) “2021 individual performance”, in relation to a manufacturer, means the average of the specific emissions of CO₂, as specified in the information published by the Secretary of State pursuant to Article 9.1(b) of Regulation (EU) 2019/631⁽²⁸⁾, of the non-ZE cars of which the manufacturer was the manufacturer and which were registered during 2021;
- (o) “2021 pool performance”, in relation to a pool, means the average of the specific emissions of CO₂, as specified in the information published by the Secretary of State pursuant to Article 9.1(b) of Regulation (EU) 2019/631, of the non-ZE cars of which a member of the pool was the manufacturer and which were registered during 2021;
- (p) “2021 individual excess”, in relation to a manufacturer, is calculated by applying the following formula—

$$(A \div B) - 1$$

where—

“A” is the manufacturer’s 2021 individual performance; and

“B” is the manufacturer’s 2021 individual specific emissions target;

- (q) “2021 pool excess”, in relation to a pool, is calculated by applying the following formula—

$$(C \div D) - 1$$

where—

“C” is the pool’s 2021 pool performance; and

“D” is the pool’s 2021 pool specific emissions target.

2. Paragraphs 5 to 19 apply for the purposes of calculating the baseline for a CCTS participant consisting of a manufacturer which is not a member of a pool CCTS participant.

3. Paragraph 20 applies for the purposes of calculating the baseline for a CCTS participant which is a pool CCTS participant.

4. A baseline which is calculated in accordance with this Part, if not a whole number, is calculated to three decimal places only.

Existing manufacturer which met 2021 target

- 5. Paragraph 6 applies for the purpose of calculating the baseline for a CCTS participant—
 - (a) which had a 2021 individual specific emissions target; and
 - (b) in relation to which no excess emissions premium was imposed for 2021 on—
 - (i) the manufacturer; or
 - (ii) the pool manager for a pool of which the manufacturer was a member for 2021.
- 6. Where this paragraph applies, the CCTS participant’s baseline is the higher of—
 - (a) the manufacturer’s 2021 individual NZE average emissions; or

(28) Available at <https://www.vehicle-certification-agency.gov.uk/fuel-consumption-co2/average-emissions-monitoring/co2-emissions-from-new-passenger-cars/>. A hard copy is available on request from the Department for Transport, Great Minster House, 33 Horseferry Road, London SW1P 4DR.

- (b) the manufacturer's 2021 individual specific emissions target.

Exempt manufacturer for 2021

7. The baseline for a CCTS participant which was an exempt manufacturer for 2021 is the manufacturer's 2021 individual NZE average emissions.

Existing manufacturer which did not meet 2021 target

8. Paragraph 9 applies for the purpose of calculating the baseline for a CCTS participant—

- (a) which had a 2021 individual specific emissions target;
- (b) which was not a member of a pool for 2021; and
- (c) on which an excess emissions premium was imposed for 2021.

9. Where this paragraph applies, the CCTS participant's baseline is the number resulting from the application of the following formula—

$$E - (E \times F)$$

where—

- “E” is the manufacturer's 2021 individual NZE average emissions; and
- “F” is the manufacturer's 2021 individual excess.

Existing manufacturer in non-compliant pool met individual 2021 target

10. Paragraph 11 applies for the purpose of calculating the baseline for a CCTS participant which—

- (a) had a 2021 individual specific emissions target;
- (b) was a member of a pool for 2021 and—
 - (i) an excess emissions premium was imposed on the pool manager for that pool for 2021; but
 - (ii) the manufacturer met its individual 2021 specific emissions target.

11. Where this paragraph applies, the CCTS participant's baseline is the higher of—

- (a) the manufacturer's 2021 individual NZE average emissions; or
- (b) the manufacturer's 2021 individual specific emissions target.

Existing manufacturer in non-compliant pool did not meet individual 2021 target

12. Paragraph 13 applies for the purpose of calculating the baseline for a CCTS participant where—

- (a) the manufacturer had a 2021 individual specific emissions target;
- (b) the manufacturer was a member of a pool for 2021;
- (c) an excess emissions premium was imposed on the pool manager for that pool for 2021; and
- (d) the manufacturer did not meet its 2021 individual specific emissions target.

13. Where this paragraph applies, the CCTS participant's baseline is the number resulting from the application of the following formula—

$$E - (E \times H)$$

where—

“E” is the manufacturer’s 2021 individual NZE average emissions; and

“H” is the 2021 pool excess for the pool of which the manufacturer was a member.

New manufacturer in 2022

14. Paragraph 15 applies for the purpose of calculating the baseline for a CCTS participant which—

- (a) did not have a 2021 individual specific emissions target;
- (b) was not an exempt manufacturer for 2021; and
- (c) is the manufacturer of a non-ZE car which was registered during 2022.

15. Where this paragraph applies, the CCTS participant’s baseline is the average of the adjusted specific emissions of CO₂ of the non-ZE cars of which that CCTS participant is the manufacturer and which were registered during 2022.

New manufacturer in 2023

16. Paragraph 17 applies for the purpose of calculating the baseline for a CCTS participant which—

- (a) did not have a 2021 individual specific emissions target;
- (b) was not an exempt manufacturer for 2021;
- (c) is not the manufacturer of a non-ZE car which was registered during 2022; and
- (d) is the manufacturer of a non-ZE car which was registered during 2023.

17. Where this paragraph applies, the CCTS participant’s baseline is the average of the adjusted specific emissions of CO₂ of the non-ZE cars of which that CCTS participant is the manufacturer and which were registered during 2023.

New manufacturer from 2024

18. Paragraph 19 applies for the purpose of calculating the baseline for a CCTS participant which—

- (a) did not have a 2021 individual specific emissions target;
- (b) was not an exempt manufacturer for 2021;
- (c) is not the manufacturer of a non-ZE car which was registered during 2022 or 2023; and
- (d) becomes a CCTS participant, or a member of a pool CCTS participant, on or after the date on which this Order comes into force.

19. Where this paragraph applies, the CCTS participant’s baseline is the average of the adjusted specific emissions of CO₂ of all the non-ZE cars registered during the calendar year preceding the scheme year in which the participant first becomes a CCTS participant, or a member of a pool CCTS participant.

Pool CCTS participant

20.—(1) The baseline for a CCTS participant which is a pool CCTS participant is calculated as follows.

Step 1

Calculate the baseline for each manufacturer which is a member of the pool CCTS participant in accordance with whichever of paragraphs 5 to 19 is applicable to each manufacturer.

Step 2

Multiply each baseline calculated in accordance with step 1—

- (a) by the number of non-ZE cars of which the manufacturer was the manufacturer and which were registered in 2021; or
- (b) where the manufacturer was not the manufacturer of a non-ZE car which was registered in 2021, by the number of non-ZE cars of which the manufacturer is the manufacturer and which were registered during the calendar year in which the manufacturer first became a CCTS participant or a member of a pool CCTS participant.

Step 3

Add together the numbers resulting from step 2.

Step 4

Calculate the total number of non-ZE cars of which the manufacturers which are members of the pool CCTS participant are the manufacturer and which were registered—

- (a) during 2021; or
- (b) where the manufacturer was not the manufacturer of a non-ZE car which was registered in 2021, during the calendar year in which the manufacturer first became a CCTS participant or a member of a pool CCTS participant.

Step 5

Divide the number resulting from step 3 by the number resulting from step 4.

- (2) The pool CCTS participant's baseline is the number resulting from step 5.

Part 2

Baseline for the VCTS

Interpretation and general

21. In this Part—

- (a) the period beginning with 1st January 2021 and ending with 31st December 2021 is referred to as “2021”;
- (b) the period beginning with 1st January 2022 and ending with 31st December 2022 is referred to as “2022”;
- (c) the period beginning with 1st January 2023 and ending with 31st December 2023 is referred to as “2023”;
- (d) “adjusted specific emissions of CO₂”, in relation to a van, means the specific emissions of CO₂ of the van, reduced where applicable by the number of grams of CO₂ per kilometre specified in the certificate of conformity of that van as being due to any eco-innovation;
- (e) “exempt manufacturer” means a manufacturer to which Article 4, points (b) and (c) of Article 7(4), Article 8 and points (a) and (c) of Article 9(1) of Regulation (EU) 2019/631 did not apply by virtue of Article 2(4) of that Regulation;
- (f) “excess emissions premium” means a requirement to pay a specified amount where a manufacturer's average specific emissions exceed its specific emissions target under Article 8 of Regulation (EU) 2019/631;

- (g) “non-ZE van” means a van which has specific emissions of CO₂ greater than zero grams per kilometre;
- (h) “pool” means a group of manufacturers which formed a pool for the purposes of meeting their obligations under Article 4 of Regulation (EU) 2019/631;
- (i) “pool manager” means a manufacturer nominated as the manager of a pool in accordance with Article 6.2(b) of Regulation (EU) 2019/631;
- (j) “specific emissions target” has the same meaning as it had in Regulation (EU) 2019/631, as it stood immediately before the coming into force of this Order;
- (k) “2021 individual NZE average emissions”, in relation to a manufacturer, means the average of the adjusted specific emissions of CO₂ of the non-ZE vans of which that manufacturer is the manufacturer and which were registered during 2021;
- (l) “2021 individual specific emissions target” means the specific emissions target for a manufacturer for 2021;
- (m) “2021 pool specific emissions target” means the specific emissions target to which the manufacturers in a pool were collectively subject, for the purposes of meeting their obligations under Article 4 of Regulation (EU) 2019/631 for 2021, in accordance with Article 6 of that Regulation;
- (n) “2021 individual performance”, in relation to a manufacturer, means the average of the specific emissions of CO₂, as specified in the information published by the Secretary of State pursuant to Article 9.1(b) of Regulation (EU) 2019/631, of the non-ZE vans of which the manufacturer was the manufacturer and which were registered during 2021;
- (o) “2021 pool performance”, in relation to a pool, means the average of the specific emissions of CO₂, as specified in the information published by the Secretary of State pursuant to Article 9.1(b) of Regulation (EU) 2019/631, of the non-ZE vans of which a member of the pool was the manufacturer and which were registered during 2021;
- (p) “2021 individual excess”, in relation to a manufacturer, is calculated by applying the following formula—

$$(A \div B) - 1$$

where—

“A” is the manufacturer’s 2021 individual performance; and

“B” is the manufacturer’s 2021 individual specific emissions target;

- (q) “2021 pool excess”, in relation to a pool, is calculated by applying the following formula—

$$(C \div D) - 1$$

where—

“C” is the pool’s 2021 pool performance; and

“D” is the pool’s 2021 pool specific emissions target.

22. Paragraphs 25 to 39 apply for the purposes of calculating the baseline for a VCTS participant consisting of a manufacturer which is not a member of a pool VCTS participant.

23. Paragraph 40 applies for the purposes of calculating the baseline for a VCTS participant which is a pool VCTS participant.

24. A baseline which is calculated in accordance with this Part, if not a whole number, is calculated to three decimal places only.

Existing manufacturer which met 2021 target

25. Paragraph 26 applies for the purpose of calculating the baseline for a VCTS participant—
- (a) which had a 2021 individual specific emissions target; and
 - (b) in relation to which no excess emissions premium was imposed for 2021 on—
 - (i) the manufacturer; or
 - (ii) the pool manager for a pool of which the manufacturer was a member for 2021.
26. Where this paragraph applies, the VCTS participant’s baseline is the higher of—
- (a) the manufacturer’s 2021 individual NZE average emissions; or
 - (b) the manufacturer’s 2021 individual specific emissions target.

Exempt manufacturer for 2021

27. The baseline for a VCTS participant which was an exempt manufacturer for 2021 is the manufacturer’s 2021 individual NZE average emissions.

Existing manufacturer which did not meet 2021 target

28. Paragraph 29 applies for the purpose of calculating the baseline for a VCTS participant—
- (a) which had a 2021 individual specific emissions target;
 - (b) which was not a member of a pool for 2021; and
 - (c) on which an excess emissions premium was imposed for 2021.

29. Where this paragraph applies, the VCTS participant’s baseline is the number resulting from the application of the following formula—

$$E - (E \times F)$$

where—

- “E” is the manufacturer’s 2021 individual NZE average emissions; and
- “F” is the manufacturer’s 2021 individual excess.

Existing manufacturer in non-compliant pool met individual 2021 target

30. Paragraph 31 applies for the purpose of calculating the baseline for a VCTS participant which—
- (a) had a 2021 individual specific emissions target;
 - (b) was a member of a pool for 2021 and—
 - (i) an excess emissions premium was imposed on the pool manager for that pool for 2021; but
 - (ii) the manufacturer met its individual 2021 specific emissions target.
31. Where this paragraph applies, the VCTS participant’s baseline is the higher of—
- (a) the manufacturer’s 2021 individual NZE average emissions; or
 - (b) the manufacturer’s 2021 individual specific emissions target.

Existing manufacturer in non-compliant pool did not meet individual 2021 target

32. Paragraph 33 applies for the purpose of calculating the baseline for a VCTS participant where—

- (a) the manufacturer had a 2021 individual specific emissions target;
- (b) the manufacturer was a member of a pool for 2021;
- (c) an excess emissions premium was imposed on the pool manager for that pool in relation to 2021; and
- (d) the manufacturer did not meet its 2021 individual specific emissions target.

33. Where this paragraph applies, the VCTS participant’s baseline is the number resulting from the application of the following formula—

$$E - (E \times H)$$

where—

“E” is the manufacturer’s 2021 individual NZE average emissions; and

“H” is the 2021 pool excess for the pool of which the manufacturer was a member.

New manufacturer in 2022

34. Paragraph 35 applies for the purpose of calculating the baseline for a VCTS participant which—

- (a) did not have a 2021 individual specific emissions target;
- (b) was not an exempt manufacturer for 2021; and
- (c) is the manufacturer of a non-ZE van which was registered during 2022.

35. Where this paragraph applies, the VCTS participant’s baseline is the average of the adjusted specific emissions of CO₂ of the non-ZE vans of which that VCTS participant is the manufacturer and which were registered during 2022.

New manufacturer in 2023

36. Paragraph 37 applies for the purpose of calculating the baseline for a VCTS participant which—

- (a) did not have a 2021 individual specific emissions target;
- (b) was not an exempt manufacturer for 2021;
- (c) is not the manufacturer of a non-ZE van which was registered during 2022; and
- (d) is the manufacturer of a non-ZE van which was registered during 2023.

37. Where this paragraph applies, the VCTS participant’s baseline is the average of the adjusted specific emissions of CO₂ of the non-ZE vans of which that VCTS participant is the manufacturer and which were registered during 2023.

New manufacturer from 2024

38. Paragraph 39 applies for the purpose of calculating the baseline for a VCTS participant which—

- (a) did not have a 2021 individual specific emissions target;
- (b) was not an exempt manufacturer for 2021;

- (c) is not the manufacturer of a non-ZE van which was registered during 2022 or 2023; and
- (d) becomes a VCTS participant, or a member of a pool VCTS participant, on or after the date on which this Order comes into force.

39. Where this paragraph applies, the VCTS participant's baseline is the average of the adjusted specific emissions of CO₂ of all the non-ZE vans registered during the calendar year preceding the scheme year in which the participant first becomes a VCTS participant, or a member of a group of manufacturers which is a pool VCTS participant.

Pool VCTS participant

40.—(1) The baseline for a VCTS participant which is a pool VCTS participant is calculated as follows.

Step 1

Calculate the baseline for each manufacturer which is a member of the pool VCTS participant in accordance with whichever of paragraphs 25 to 39 is applicable to each manufacturer.

Step 2

Multiply each baseline calculated in accordance with step 1—

- (a) by the number of non-ZE vans of which the manufacturer was the manufacturer and which were registered in 2021; or
- (b) where the manufacturer was not the manufacturer of a van which was registered in 2021, by the number of non-ZE vans of which the manufacturer is the manufacturer and which were registered during the calendar year in which the manufacturer first became a VCTS participant or a member of a pool VCTS participant.

Step 3

Add together the numbers resulting from step 2.

Step 4

Calculate the total number of non-ZE vans of which the manufacturers which are members of the pool VCTS participant are the manufacturer and which were registered—

- (a) during 2021; or
- (b) where the manufacturer was not the manufacturer of a van which was registered in 2021, during the calendar year in which the manufacturer first became a VCTS participant or a member of a pool VCTS participant.

Step 5

Divide the number resulting from step 3 by the number resulting from step 4.

- (2) The pool VCTS participant's baseline is the number resulting from step 5.

Schedule 2

Article 3(1)

Car club conditions

1. The conditions which must be met by a person (referred to in this Schedule as “the operator”) in order to be treated as a car club for the purposes of articles 20, 22, 52 or 54 (CRTS credits and VRTS credits: car clubs) are set out in the following paragraphs of this Schedule.

2. The operator offers a service to the public (a “car club service”) which meets the following criteria—

- (a) the operator offers cars, vans or SPVs for hire which are—
 - (i) located in, or close to, residential or commercial areas where customers and potential customers of the service live or work;
 - (ii) capable of being booked for periods of time up to a maximum of ten days;
 - (iii) permanently available to customers to book;
 - (iv) directly accessible to customers after booking without the assistance of the operator;
 - (v) paid for by customers on the basis of each mile travelled in the vehicle during the booking, or on the basis of the period of time for which the vehicle is booked, or a combination of both;
 - (vi) capable of being booked without the customer having to enter into a new agreement with the operator for each booking; and
 - (vii) equipped with information about the vehicle, for reference by the customer;
 - (b) the operator makes available to customers a pricing structure, a booking system, a digital or telephone helpline and information about how to use the car club service; and
 - (c) customers are liable for financial or other penalties incurred whilst using the vehicle, other than financial penalties in excess of the original penalty resulting from a failure by the operator to inform the customer about the penalty in a timely manner.
- 3.** The operator ensures that the vehicles used for the purpose of providing the car club service are—
- (a) roadworthy, kept clean and regularly serviced and maintained;
 - (b) covered by a comprehensive insurance policy provided by a third party or the operator; and
 - (c) covered by a national breakdown and recovery policy.
- 4.** The operator has and publishes—
- (a) an equality and diversity policy;
 - (b) a statement of how the car club service operates;
 - (c) an environmental policy and environmental impact statement; and
 - (d) a complaints policy.
- 5.** If the operator intends to cease providing the car club service, it gives its customers a period of two months' notice before the cessation, where this is reasonably practicable.
- 6.** The operator provides the following information to the administrator within the time period specified—
- (a) on or before 1st February of each year following a scheme year during which the operator met the conditions in this Schedule—
 - (i) a list of the ZE cars, ZE vans or ZE SPVs of which the operator has exclusive use for the purposes of providing the car club service;
 - (ii) the make, model and vehicle identification numbers of each such vehicle;
 - (iii) the number of customer bookings of each such vehicle; and
 - (iv) a copy of the documents referred to in [paragraph 4](#);
 - (b) within the period specified in a request given in writing by the administrator, confirmation that the operator meets the conditions in this Schedule;
 - (c) without delay after a ZE car, ZE van or ZE SPV in relation to which a CRTS participant, a VRTS participant or an SPV manufacturer has acquired half a CRTS or VRTS credit has sustained damage giving rise to a duty to notify the Secretary of State in accordance

- with paragraph 1 or 2 of Schedule 3A to the Road Vehicles (Registration and Licensing) Regulations 2002, confirmation that such notification has been given;
- (d) within the period specified in a request given in writing by the administrator, confirmation that the operator has exclusive use, for the purposes of providing a car club service, of a ZE car, ZE van or ZE SPV in relation to which a CRTS participant, a VRTS participant or an SPV manufacturer has acquired half a CRTS or VRTS credit, as the case may be; and
 - (e) as soon as reasonably practicable in the event that the operator intends to cease providing the car club service, notification of that planned cessation and the operator's proposals for managing it, including the proposals for disposal of the vehicles used to provide the service.

Schedule 3

Article 3(6)

Determination of the specific emissions of CO₂ of completed vans

General

1. In this Schedule—

“A_f” means a reference to A_f (the frontal area of a vehicle) in point 3.2.3.2.2.3.3 of Sub-Annex 7 to Annex 21 to Regulation (EU) 2017/1151;

“DM_{base}” means the default mass of the base vehicle, calculated in accordance with the formula in [paragraph 11](#);

“interpolation family” has the meaning given in point 5.6 of Annex 21 to Regulation (EU) 2017/1151;

“interpolation method” means the interpolation method referred to in point 3.2.3.2 or 3.2.4 of Sub-Annex 7 to Annex 21 to Regulation (EU) 2017/1151;

“road load matrix family” has the meaning given in point 5.8 of Annex 21 to Regulation (EU) 2017/1151;

“small series type-approval” means small series type-approval granted in accordance with Article 42 of Regulation (EU) 2018/858;

“technically permissible maximum laden mass” has the meaning given in point 3.2.23 of Annex 21 to Regulation (EU) 2017/1151;

“TMH” means the test mass of vehicle H of the interpolation family, as referred to in point 3.2.3.2.2.1 of Sub-Annex 7 to Annex 21 to Regulation (EU) 2017/1151;

“TM_{ind}” means a reference to TM_{ind} (the individual test mass of a vehicle) in point 3.2.3.2.2.1 or 3.2.4.1.1.1 of Sub-Annex 7 to Annex 21 to Regulation (EU) 2017/1151;

“TML” means the test mass of vehicle L of the interpolation family, as referred to in point 3.2.3.2.2.1 of Sub-Annex 7 to Annex 21 to Regulation (EU) 2017/1151;

“vehicle H” means test vehicle H of the interpolation family, as described in point 4.2.1.1.2 of Sub-Annex 4 to Annex 21 to Regulation (EU) 2017/1151;

“vehicle L” means test vehicle L of the interpolation family, as described in point 4.2.1.1.2 of Sub-Annex 4 to Annex 21 to Regulation (EU) 2017/1151.

2. The administrator must keep under review whether the multiplier of 1.375 in [paragraphs 11\(b\)](#) and [12\(c\)](#) of this Schedule, and in [paragraph 12\(f\)](#) of [Schedule 7](#), is the appropriate multiplier for calculating the specific emissions of CO₂ of completed vans based on an incomplete base vehicle.

3. If, following the review in paragraph 2, the administrator finds that there is significant divergence between the specific emissions of CO₂ of completed vans based on incomplete base vehicles as determined in accordance with this Schedule, on the one hand, and the actual emissions of CO₂ of such vans on the other, the administrator may make a recommendation to the relevant national authorities⁽²⁹⁾ to amend this Order accordingly.

4. The administrator must keep under review the representativeness of monitoring emissions of CO₂ of a completed van based on an incomplete base vehicle, as determined in accordance with paragraphs 10 to 19 of this Schedule and as notified to the administrator in accordance with paragraph 12(c) of Schedule 7, when compared to the actual emissions of CO₂ of the corresponding completed van.

5. If, following the review in paragraph 4, the administrator finds that the average difference between the monitoring emissions and the actual emissions, as referred to in that paragraph, exceeds 4% for two scheme years, the administrator may make a recommendation to the relevant national authorities to amend this Order accordingly.

Specific emissions of CO₂ of a completed van which undergoes emissions testing at the final stage

6. For a completed van which was type-approved in accordance with Annex 21 to Regulation (EU) 2017/1151, its specific emissions of CO₂ are those specified in the certificate of conformity of the completed van.

Specific emissions of CO₂ of a completed van based on a complete base vehicle

7. For a completed van, other than one to which paragraph 6 applies, which is based on a complete base vehicle, its specific emissions of CO₂ are those of the complete base vehicle, as specified in the certificate of conformity or the individual vehicle approval certificate of that base vehicle.

Specific emissions of CO₂ of a completed van based on an incomplete base vehicle: general

8. For a completed van, other than one to which paragraph 6 applies, which is based on an incomplete base vehicle, its specific emissions of CO₂ are the monitoring emissions of CO₂ of that incomplete base vehicle, as calculated in accordance with paragraphs 9 to 19 and notified to the administrator in accordance with paragraph 12(c) of Schedule 7.

9. The monitoring emissions of CO₂ of an incomplete base vehicle are calculated in accordance with the interpolation method, using the same method as was applied for the type-approval of the base vehicle, but subject to the modifications in paragraphs 10 to 19.

Monitoring emissions of CO₂: modifications relating to fuel consumption and CO₂ emissions

10. For a completed van which does not fall within paragraph 15, TM_{ind} is replaced by DM_{base}, calculated in accordance with the formula in paragraph 11, but subject to paragraphs 13 and 14.

11. The formula in this paragraph is: $DM_{base} = (MRO_{base} \times B_0) + 25 \text{ kilograms} + MVL$, where—

- (a) MRO_{base} is the mass in running order of the base vehicle;
- (b) B₀ is the body mass value of 1.375; and
- (c) MVL is the mass representative of the vehicle load, calculated in accordance with paragraph 12.

⁽²⁹⁾ See section 47 of the Climate Change Act 2008 for the meaning of “relevant national authority”.

12. The mass representative of the vehicle load for the purposes of [paragraph 11\(c\)](#) is 28% of $((TPMLM - MRO_{base}) \times B_0) - 25$ kilograms,

where—

- (a) TPMLM is the technically permissible maximum laden mass of the base vehicle;
- (b) MRO_{base} is the mass in running order of the base vehicle; and
- (c) B_0 is the body mass value of 1.375.

13. Where DM_{base} is lower than TML, TM_{ind} is replaced by TML.

14. Where DM_{base} is higher than TMH, TM_{ind} is replaced by TMH.

15. For a completed van which is subject to individual vehicle approval or small series type-approval, TM_{ind} is replaced by the mean of TML and TMH.

Monitoring emissions of CO₂: modifications relating to aerodynamic drag

16. Paragraph 17 applies where an incomplete base vehicle belongs to a road load matrix family and the interpolation method is used to calculate aerodynamic drag in accordance with point 3.2.3.2.2.3 of Sub-Annex 7 to Annex 21 to Regulation (EU) 2017/1151.

17. Where this paragraph applies, the manufacturer of the base vehicle may replace A_f with—

- (a) the frontal area of the vehicle representative of the road load matrix family; or
- (b) the mean value of the frontal area of vehicle H and of vehicle L.

18. Paragraph 19 applies where—

- (a) the interpolation method is not used to calculate aerodynamic drag in accordance with point 3.2.3.2.2.3 of Sub-Annex 7 to Annex 21 to Regulation (EU) 2017/1151; or
- (b) the incomplete base vehicle does not belong to a road load matrix family.

19. Where this paragraph applies, A_f is replaced by the frontal area of vehicle H.

Schedule 4

[Article 11\(3\)](#) and [43\(3\)](#)

Low-volume CRTS participants and low-volume VRTS participants

Part 1

General

1. A CRTS participant may be treated as a low-volume CRTS participant, and a VRTS participant may be treated as a low-volume VRTS participant, in accordance with [Part 2](#) or [3](#) of [this Schedule](#) if—

- (a) the participant is not part of a group of connected manufacturers;
- (b) the participant is a pool CRTS participant or a pool VRTS participant, as the case may be; or
- (c) the participant is part of a group of connected manufacturers, but it operates its own production facility and design centre, within the meaning of [paragraph 2](#).

2. For the purposes of [paragraph 1\(c\)](#)—

- (a) a participant operates its own production facility if it has exclusive use of the manufacturing or assembly plant at which the cars or the vans of which it is the manufacturer are manufactured or assembled; and
- (b) a participant operates its own design centre if it controls and has exclusive use of the facility at which the cars or the vans of which it is the manufacturer are designed and developed.

Part 2

Participants with fewer than 1,000 car or van registrations during a scheme year

- 3. A CRTS participant which is the manufacturer of fewer than 1,000 cars which are registered during a scheme year is a low-volume CRTS participant for that scheme year.
- 4. A VRTS participant which is the manufacturer of fewer than 1,000 vans which are registered during a scheme year is a low-volume VRTS participant for that scheme year.

Part 3

Participants with 1,000 to 2,499 car or van registrations during a scheme year

- 5. A CRTS participant which is the manufacturer of fewer than 2,500 cars, but more than 999 cars, which are registered during a scheme year may apply to be a low-volume CRTS participant for that scheme year in accordance with [this Part](#).
- 6. A VRTS participant which is the manufacturer of fewer than 2,500 vans, but more than 999 vans, which are registered during a scheme year may apply to be a low-volume VRTS participant for that scheme year in accordance with [this Part](#).
- 7. An application under this Part may not relate to the 2030 scheme year.
- 8. A CRTS participant or VRTS participant which makes an application under [this Part](#) is referred to as “the applicant”.
- 9. An application under [this Part](#) must be—
 - (a) made by the applicant to the administrator;
 - (b) made on or before 30th April of the year following the first scheme year to which the application relates;
 - (c) signed by or on behalf of the applicant to confirm that the information in the application is true and accurate; and
 - (d) submitted in hard copy and by electronic means.
- 10. An application under [this Part](#) must be accompanied by the following information—
 - (a) the name and contact details of the applicant;
 - (b) whether the application relates to the CRTS, the VRTS or both;
 - (c) if the applicant is a group of connected manufacturers, an application under [Schedule 5](#);
 - (d) the number of cars (if the application relates to the CRTS) or vans (if the application relates to the VRTS) of which the applicant is the manufacturer and which were registered in the three calendar years preceding the first scheme year to which the application relates, if this information is available;

- (e) the following details relating to the cars or the vans of which the applicant is the manufacturer, as specified on the certificate of conformity or the individual vehicle approval certificate—
 - (i) the test mass;
 - (ii) the specific emissions of CO₂;
 - (iii) the number of seating positions, including the driver;
 - (iv) the maximum net power;
 - (v) the maximum speed;
 - (vi) the electric range, where applicable;
- (f) whether the applicant is the manufacturer of any SPVs, and if so what type of SPVs they are, for the purposes of point 5 of Part A of Annex 1 to Regulation (EU) 2018/858;
- (g) the total number of the applicant's employees in the calendar year preceding the first scheme year to which the application relates, and the number of such employees who are based in the United Kingdom;
- (h) whether the applicant has exclusive use of the manufacturing or assembly plant at which the cars or the vans of which it is the manufacturer are manufactured or assembled, and if not, the name and contact details of the person with whom the applicant makes arrangements for such manufacture or assembly, together with information concerning which cars or vans of which the applicant is the manufacturer are included in such arrangements;
- (i) the price list for the cars or vans of which the applicant is the manufacturer in the calendar year preceding the first scheme year to which the application relates;
- (j) the expected price list for the cars or vans of which the applicant is the manufacturer in the scheme years to which the application relates;
- (k) the proposed timetable for the registration of ZE cars or ZE vans manufactured by the applicant; and
- (l) the estimated number of cars or vans of which the applicant is the manufacturer to be registered in the scheme years to which the application relates.

11. For a vehicle which has an individual vehicle approval certificate, the applicant is only required to provide the information specified in [paragraph 10\(e\)](#) to the extent that the information is included on the certificate.

12. The administrator may only reject an application made under this Part if—

- (a) the applicant is not eligible to be a low-volume CRTS participant or a low-volume VRTS participant because it does not fall within [paragraph 5](#) or [6](#), as the case may be; or
- (b) the application is incomplete and the applicant does not provide the missing information within the time period specified in a request for the information made in writing by the administrator.

13. If a valid application is made under [this Part](#) and the administrator has not notified the applicant of an objection to the application before 1st October of the year following the first scheme year to which the application relates, the application is granted.

14. Where an application is granted in accordance with [paragraph 13](#), the applicant is a low-volume CRTS participant or a low-volume VRTS participant, as the case may be, and subject to [paragraph 7](#), for the first scheme year to which the application relates and the two subsequent scheme years.

15. Where an application is rejected in accordance with [paragraph 12\(b\)](#), the applicant may re-submit a valid application on or before 30th June of the year following the first scheme year to which the application relates.

16. An applicant which ceases to be a low-volume CRTS participant or a low-volume VRTS participant following expiry of the three scheme years mentioned in [paragraph 14](#) may re-apply to be a low-volume CRTS participant or a low-volume VRTS participant by making a further application in accordance with [this Part](#).

17. An application granted under [this Part](#) may be revoked by the administrator if the CRTS participant or VRTS participant is no longer eligible to be a low-volume CRTS participant or a low volume VRTS participant.

18. A revocation under [paragraph 17](#) must be notified by the administrator to the CRTS participant or VRTS participant in writing and takes effect from the start of the scheme year which follows the scheme year in which the revocation is notified.

Schedule 5

[Article 11\(2\)](#), [32\(2\)](#), [43\(2\)](#) and [64\(2\)](#)

Application by two or more manufacturers to be a pool participant in the Trading Schemes

1. Two or more manufacturers may together apply to the administrator to be a pool participant in the Trading Schemes in accordance with [this Schedule](#).

2. An application under [this Schedule](#) may relate to a single scheme year only.

3. An application under [this Schedule](#) must be made on or before 30th April of the year following the scheme year for which the manufacturers wish to be a pool participant.

4. An application under [this Schedule](#) may only be made by manufacturers which are connected at the end of the scheme year to which the application relates.

5. An application under [this Schedule](#) must identify—

(a) the manufacturers which are to be a pool participant;

(b) the Trading Scheme or Schemes for which the manufacturers wish to be a pool participant; and

(c) the manufacturer which will be—

(i) the contact point for the pool participant; and

(ii) responsible for receiving notice of any civil penalty under [Part 6](#) on behalf of the pool participant.

6. For the purposes of [paragraph 5\(b\)](#)—

(a) if an application under this Schedule is made in relation to the CCTS, it must also be made in relation to the CRTS, and vice versa; and

(b) if an application under this Schedule is made in relation to the VCTS, it must also be made in relation to the VRTS, and vice versa.

7. An application under [this Schedule](#) must be accompanied by evidence demonstrating that—

(a) the manufacturers are connected, as specified in [paragraph 4](#); and

(b) the manufacturer identified to the administrator in accordance with [paragraph 5\(c\)](#) is capable of fulfilling the roles identified in that paragraph.

8. The administrator may only reject an application under this Schedule if it is not made in accordance with [this Schedule](#).

9. Where the administrator grants an application made in accordance with [this Schedule](#), the group of manufacturers is a pool participant for the Trading Scheme, and for the scheme year, to which the application relates.

Schedule 6

Article 12(3), 13(2), 44(3) and 45(2)

Percentage of total car or van registrations for the purpose of calculating CRTS allowances and VRTS allowances

Part 1

Percentage of total car registrations for the purpose of calculating CRTS allowances

| <i>Scheme year</i> | <i>Percentage of total car registrations for the purpose of calculating CRTS allowances</i> |
|--------------------|---|
| 2024 | 78% |
| 2025 | 72% |
| 2026 | 67% |
| 2027 | 62% |
| 2028 | 48% |
| 2029 | rowspan="1" colspan="1"34% |
| 2030 | 20% |

Part 2

Percentage of total van registrations for the purpose of calculating VRTS allowances

| <i>Scheme year</i> | <i>Percentage of total van registrations for the purpose of calculating VRTS allowances</i> |
|--------------------|---|
| 2024 | 90% |
| 2025 | 84% |
| 2026 | 76% |
| 2027 | 66% |
| 2028 | 54% |
| 2029 | 42% |
| 2030 | 30% |

Schedule 7

Article 73(1) and 74(3)

Information provisions

Part 1

Information relating to cars and ZE SPVs of category M1

1. The information referred to in [article 73\(1\)\(a\)](#) and [article 74\(3\)\(a\)](#) is—
 - (a) the manufacturer;
 - (b) the type-approval number and, where applicable, extension;
 - (c) the type, variant and version (where applicable);
 - (d) the make and commercial name;
 - (e) the category of vehicle type-approved;
 - (f) the mass in running order;
 - (g) the specific emissions of CO₂;
 - (h) the footprint: the wheel base, the track width of the steered axle and the track width of the other axle;
 - (i) the fuel type and fuel mode;
 - (j) the engine capacity;
 - (k) the electric energy consumption;
 - (l) the code for any eco-innovation and the CO₂ emissions reduction due to that eco-innovation;
 - (m) the maximum net power;
 - (n) the vehicle identification number;
 - (o) the test mass;
 - (p) the category of vehicle registered;
 - (q) the vehicle family identification number;
 - (r) the electric range, where applicable;
 - (s) the date of first registration;
 - (t) the road-load co-efficients: f₀, f₁ and f₂;
 - (u) the frontal area;
 - (v) the tyre rolling resistance class.
2. The information mentioned in [sub-paragraphs \(t\), \(u\) and \(v\)](#) of [paragraph 1](#) is only required to be provided to the administrator if the administrator makes a request in writing for the information to be provided by a CRTS participant or CCTS participant.
3. [Paragraph 4](#) applies in relation to a car which is fuelled by both petrol and liquefied petroleum gas, or by both petrol and compressed natural gas, and in relation to which the certificate of conformity or the individual vehicle approval certificate includes specific emissions of CO₂ for both types of fuel.
4. For a car to which [this paragraph](#) applies, the administrator must record the specific emissions of CO₂ in relation to the liquefied petroleum gas or the compressed natural gas, as the case may be.

5. For a car which is fuelled by both petrol and ethanol (E85), the administrator must record the specific emissions of CO₂ in relation to the petrol.

Part 2

Information relating to vans, ZE SPVs of category N1 and certain ZE SPVs of category N2

6. The information referred to in [article 73\(1\)\(b\)](#) and [article 74\(3\)\(b\)](#) is—
- (a) the manufacturer;
 - (b) the type-approval number and, where applicable, extension;
 - (c) the type, variant and version (where applicable);
 - (d) the make and commercial name;
 - (e) the category of vehicle type-approved;
 - (f) the category of vehicle registered;
 - (g) the specific emissions of CO₂;
 - (h) the mass in running order;
 - (i) the technically permissible maximum laden mass;
 - (j) the footprint: the wheel base, the track width of the steered axle and the track width of the other axle;
 - (k) the fuel type and fuel mode;
 - (l) the engine capacity;
 - (m) the electric energy consumption;
 - (n) the code for any eco-innovation and the CO₂ emissions reduction due to that eco-innovation;
 - (o) the vehicle identification number;
 - (p) the test mass;
 - (q) the vehicle family identification number;
 - (r) the electric range, where applicable;
 - (s) the date of first registration;
 - (t) the maximum net power;
 - (u) the road-load co-efficients: f₀, f₁ and f₂;
 - (v) the frontal area;
 - (w) the tyre rolling resistance class.

7. The information mentioned in [sub-paragraphs \(u\), \(v\) and \(w\)](#) of [paragraph 6](#) is only required to be provided to the administrator if the administrator makes a request in writing for the information to be provided by a VRTS participant or VCTS participant.

8. [Paragraph 9](#) applies in relation to a van which is fuelled by both petrol and liquefied petroleum gas, or by both petrol and compressed natural gas, and in relation to which the certificate of conformity or the individual vehicle approval certificate includes specific emissions of CO₂ for both types of fuel.

9. For a van to which [this paragraph](#) applies, the administrator must record the specific emissions of CO₂ in relation to the liquified petroleum gas or the compressed natural gas, as the case may be.

10. For a van which is fuelled by both petrol and ethanol (E85), the administrator must record the specific emissions of CO₂ in relation to the petrol.

Part 3

Information relating to the base vehicle of completed vans

11. The information referred to in [article 73\(1\)\(c\)](#) is set out in paragraphs 12 and 13.

12. Where the completed van is based on an incomplete base vehicle, the information in relation to the base vehicle is—

- (a) the vehicle identification number;
- (b) the vehicle family identification number, determined in accordance with point 5.0 of Annex 21 to Regulation (EU) 2017/1151;
- (c) the monitoring CO₂ emissions, calculated in accordance with paragraphs 9 to 19 of [Schedule 3](#);
- (d) the frontal area, calculated in accordance with paragraphs 16 to 19 of [Schedule 3](#);
- (e) the rolling resistance of the individual vehicle, as identified for the purposes of point 3.2.3.2.2.2 or point 3.2.4.1.1.2 of Sub-Annex 7 to Annex 21 to Regulation (EU) 2017/1151;
- (f) the monitoring mass, being the mass in running order multiplied by 1.375;
- (g) the mass in running order;
- (h) the mass representative of the vehicle load, calculated in accordance with paragraph 11(c) of [Schedule 3](#).

13. Where the completed van is based on a complete base vehicle, the information in relation to the base vehicle is—

- (a) the vehicle identification number;
- (b) the vehicle family identification number, determined in accordance with point 5.0 of Annex 21 to Regulation (EU) 2017/1151;
- (c) the specific emissions of CO₂ of the base vehicle; and
- (d) the mass in running order.

EXPLANATORY NOTE

(This note is not part of the Order in Council)

This Order is made under sections 44, 46(3), 54 and 90(3) of, and Parts 1 and 3 of Schedule 2 and paragraph 9 of Schedule 3 to, the Climate Change Act 2008 (c. 27). It establishes four new trading schemes which limit, or encourage the limitation of, CO₂ emissions resulting from the registration

of new cars and light commercial vehicles (vans). Two of the schemes apply to cars: the Non-Zero-Emission Car Registration Trading Scheme (“CRTS”) and the Non-Zero-Emission Car CO₂ Trading Scheme (“CCTS”), and two apply to vans: the Non-Zero-Emission Van Registration Trading Scheme (“VRTS”) and the Non-Zero-Emission Van CO₂ Trading Scheme (“VCTS”). They are collectively referred to as “the Trading Schemes”, and apply in Great Britain.

Part 1 contains definitions that are used throughout the Order, including key concepts such as “car” and “van”, the “trading period” (the date the Order comes into force to 31st December 2030), “scheme year”, “trading window” (the period from 1st November to 31st December following a scheme year), “specific emissions of CO₂”, “registration”, “NZE” (non-zero-emission) and “ZE” (zero-emission). Part 2 establishes the Trading Schemes ([article 4](#)) and makes some general provision in relation to the schemes and their administration.

Chapter 1 of Part 3 contains provisions which are specific to the CRTS. This trading scheme applies to the activity of registering NZE cars, measured by reference to the number of such cars registered ([article 10](#)). The manufacturer of a car which is registered during a scheme year, or a group of such manufacturers, is a CRTS participant ([article 11](#)). CRTS allowances are allocated by the administrator according to the proportion of a participant’s new car registrations which may be NZE cars ([article 13](#) and [Part 1 of Schedule 6](#)). Participants may acquire credits in relation to activities that represent a reduction in CO₂ emissions, subject to limits ([articles 18 to 20 and 23](#)). Certain credits may also be acquired by non-participants which manufacture special purpose vehicles (“SPVs”) ([articles 21 and 22](#)). CRTS participants may trade CRTS allowances and credits with other CRTS participants during the trading window, and may acquire credits from SPV manufacturers, following which they must account for their activity during a scheme year by surrendering CRTS allowances or credits ([article 27](#)). Failure to do so results in an obligation to make a payment of £15,000 for each unit of unaccounted for activity ([article 28](#)).

Chapter 2 of Part 3 contains provisions which are specific to the CCTS. This trading scheme applies to the activity of registering NZE cars, measured by reference to each gram of CO₂ emitted by such cars ([article 31](#)). The manufacturer of 1,000 or more NZE cars which are registered during a scheme year, or a group of such manufacturers, is a CCTS participant ([article 32](#)). CCTS allowances are allocated by the administrator according to the number of NZE car registrations attributable to the participant, multiplied by that participant’s baseline CO₂ emissions, calculated in accordance with [Schedule 1](#). Activity in the CCTS is measured by reference to a car’s specific emissions of CO₂, reduced by any CO₂ savings from eco-innovations ([article 36](#)). Trading CCTS allowances is permitted in the trading window ([article 37](#)) and activity in each scheme year must be accounted for by surrendering CCTS allowances ([article 38](#)). CCTS participants must make a payment of £86 for each unit of unaccounted for activity ([article 39](#)).

Chapter 3 of Part 3 contains provisions which are specific to the VRTS. These provisions replicate the CRTS in relation to vans, with certain differences. These differences relate to matters such as the proportion of a VRTS participant’s new van sales which may be NZE vans ([Part 2 of Schedule 6](#)), and the payment amount for a unit of activity which is unaccounted for in the VRTS (usually £18,000, [article 60](#)).

Chapter 4 of Part 3 contains provisions which are specific to the VCTS. These provisions replicate the CCTS in relation to vans. Activity in the VCTS is measured in the same way as in the CCTS, although there is provision to assess the specific emissions of CO₂ of vans which are manufactured in two or more stages ([Schedule 3](#)).

[Part 4](#) contains provision about information required for the purposes of the Trading Schemes. [Part 5](#) includes powers to enable the administrator to monitor compliance with the Order. [Part 6](#) includes a range of civil penalties that may be imposed in respect of specified breaches of the Order. [Part 7](#) contains provision about appeals from decisions made by the administrator to the First-tier Tribunal. [Part 8](#) deals with the retained EU law governing the CO₂ emission limits of new cars and

Draft Legislation: This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument: The Vehicle Emissions Trading Schemes Order 2023 No. 1394

vans which the Trading Schemes build on and replace for Great Britain, and which remains in place, with consequential amendments, for Northern Ireland.

A regulatory impact assessment of the effect that the Trading Schemes will have on the costs of business, the voluntary sector and the public sector is available from the Department for Transport, Great Minster House, 33 Horseferry Road, London SW1P 4DR, and is available alongside the instrument and the Explanatory Memorandum on www.legislation.gov.uk.