
DRAFT STATUTORY INSTRUMENTS

2023 No.

The Vehicle Emissions Trading Schemes Order 2023

Part 3

The Trading Schemes

Chapter 3

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

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](#).