This Statutory Instrument has been made in part in consequence of defects in S.I. 2023/1394 and is being issued free of charge to all known recipients of that Statutory Instrument.

STATUTORY INSTRUMENTS

2025 No. 1101

CLIMATE CHANGE

ROAD TRAFFIC

The Vehicle Emissions Trading Schemes (Amendment) (No. 2) Order 2025

Made - - - -	*15th October 2025*
Laid before Parliament	*17th October 2025*
Laid before the Northern Ireland Assembly	*17th October 2025*
Laid before the Scottish Parliament	*17th October 2025*
Laid before Senedd Cymru	*17th October 2025*
Coming into force - -	*1st January 2026*

CONTENTS

PART 1

Preliminary matters

1. Citation, commencement and extent
2. Amendment of the Vehicle Emissions Trading Schemes Order 2023

PART 2

General amendments to the Trading Schemes

3. Amendment of article 3 (interpretation)
4. Amendment of article 14 (banking CRTS allowances)
5. Amendment of article 15 (borrowing CRTS allowances)
6. Amendment of article 18 (CRTS credits: general)
7. Amendment of article 22 (CRTS credits: car clubs (SPV car manufacturers))
8. Amendment of article 23 (CRTS credits: conversion of unused CCTS allowances)
9. Insertion of new article 23A (CRTS credits: conversion of unused VRTS allowances by a CRTS participant which is also a VRTS participant)
10. Insertion of new article 23B (CRTS credits: conversion of VRTS credits by a CRTS participant which is also an SPV van manufacturer)
11. Amendment of article 25 (trading CRTS allowances and credits: CRTS participants)
12. Insertion of new article 25A (trading CRTS allowances with VRTS participants)
13. Amendment of article 26 (trading CRTS credits: SPV car manufacturers)
14. Insertion of new article 26A (trading CRTS credits with VRTS participants: SPV car manufacturers)

15. Amendment of article 28 (payments: CRTS)
16. Amendment of article 29 (banked or borrowed CRTS allowances of former CRTS participants)
17. Amendment of article 30 (expiry of CRTS allowances and CRTS credits)
18. Amendment of article 35 (conversion of unused CRTS allowance into CCTS allowances)
19. Amendment of article 46 (banking VRTS allowances)
20. Amendment of article 47 (borrowing VRTS allowances)
21. Amendment of article 50 (VRTS credits: general)
22. Amendment of article 54 (VRTS credits: car clubs (SPV van manufacturers))
23. Amendment of article 55 (VRTS credits: conversion of unused VCTS allowances)
24. Insertion of new article 55A (VRTS credits: conversion of unused CRTS allowances by a VRTS participant which is also a CRTS participant)
25. Insertion of article 55B (VRTS credits: conversion of CRTS credits by a VRTS participant which is also an SPV car manufacturer)
26. Amendment of article 57 (trading VRTS allowances and credits: VRTS participants)
27. Insertion of new article 57A (trading VRTS allowances with CRTS participants)
28. Amendment of article 58 (trading VRTS credits: SPV van manufacturers)
29. Insertion of new article 58A (trading VRTS credits with CRTS participants: SPV van manufacturers)
30. Amendment of article 60 (payments: VRTS)
31. Amendment of article 61 (banked or borrowed VRTS allowances of former VRTS participants)
32. Amendment of article 62 (expiry of VRTS allowances and VRTS credits)
33. Amendment of article 67 (conversion of unused VRTS allowances into VCTS allowances)
34. Amendment of article 80 (publication of final information)
35. Amendment of Schedule 3 (determination of the specific emissions of CO_2 of completed vans)

PART 3

Amendments related to alternative specific emissions of CO_2: OVC hybrid electric vehicles

36. Amendment of article 3 (interpretation)
37. Amendment of article 36 (measuring activity in the CCTS)
38. Amendment of article 68 (measuring activity in the VCTS)
39. Amendment of article 73 (information: participants in the Trading Schemes)
40. Amendment of article 93 (civil penalties: general)
41. Amendment of article 107 (appeals: decisions to which Part 7 applies)
42. Insertion of Schedule 3A (alternative specific emissions of CO_2: OVC hybrid electric vehicles)
43. Amendment of Schedule 4 (low-volume CRTS participants and low-volume VRTS participants)

Schedule — Insertion of schedule 3A

At the Court at Buckingham Palace, the 15th day of October 2025

Present,

The King's Most Excellent Majesty in Council

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

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 was obtained and taken into account; and

(b) such persons likely to be affected by the Order as the Secretary of State, Department for Infrastructure, the Scottish Ministers and the Welsh Ministers considered appropriate were consulted.

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

PART 1

Preliminary matters

Citation, commencement and extent

1.—(1) This Order may be cited as the Vehicle Emissions Trading Schemes (Amendment) (No. 2) Order 2025 and comes into force on 1st January 2026.

(2) This Order extends to England and Wales, Scotland and Northern Ireland(**b**).

Amendment of the Vehicle Emissions Trading Schemes Order 2023

2. The Vehicle Emissions Trading Schemes Order 2023(**c**) is amended in accordance with Parts 2 and 3 of this Order.

PART 2

General amendments to the Trading Schemes

Amendment of article 3 (interpretation)

3. In article 3, in paragraph (1)—

(a) in the definition of "CRTS credit", for "23" substitute "23B, 57A and 58A";

(b) in the definition of "VRTS credit", for "50 to 55" substitute "25A, 26A and 50 to 55B".

Amendment of article 14 (banking CRTS allowances)

4. In article 14, in paragraph (1)—

(a) after sub-paragraph (b), insert—

(**a**) 2008 c. 27.

(**b**) S.I. 2024/1130 amended article 2 of S.I. 2023/1394 (extent) to provide that Parts 2 to 7 and 9 of S.I. 2023/1394 extend to England and Wales, Scotland and Northern Ireland on and after 1st January 2025.

(**c**) S.I. 2023/1394; amended by S.I. 2024/1130 and 2025/678.

"(ba) traded in accordance with article 25A 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;";

(b) for sub-paragraph (c) substitute—

"(c) exchanged for CCTS allowances in accordance with article 35 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;

(d) exchanged for part of a VRTS credit in accordance with article 55A during the trading window following the scheme year of allocation, or the trading window following any of the three subsequent years, by that CRTS participant or by a CRTS participant which acquires the CRTS allowance through trading in accordance with article 25.".

Amendment of article 15 (borrowing CRTS allowances)

5.—(1) Article 15 is amended as follows.

(2) In paragraph (1), for "the 2024 scheme year, the 2025 scheme year or the 2026 scheme year" substitute "any scheme year other than the 2030 scheme year".

(3) In paragraph (2)—

(a) in sub-paragraph (b), for "14%" substitute "19.6%";

(b) omit the "and" at the end of sub-paragraph (b);

(c) after sub-paragraph (c) insert—

"(d) the number of CRTS allowances which the CRTS participant borrows to surrender for the 2027 scheme year does not exceed 7.6% of the total number of cars of which the participant is manufacturer and which are registered during the 2027 scheme year;

(e) the number of CRTS allowances which the CRTS participant borrows to surrender for the 2028 scheme year does not exceed 7.8% of the total number of cars of which the participant is manufacturer and which are registered during the 2028 scheme year; and

(f) the number of CRTS allowances which the CRTS participant borrows to surrender for the 2029 scheme year does not exceed 6.6% of the total number of cars of which the participant is manufacturer and which are registered during the 2029 scheme year.".

(4) In paragraph (6), for ", the 2026 scheme year or the 2027 scheme year" substitute "or for any subsequent scheme year".

(5) After paragraph (10), insert—

"(10A) If the CRTS participant accounts for the borrowed allowances for a scheme year which begins three 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 14.75% of the number of borrowed allowances.

(10B) If the CRTS participant accounts for the borrowed allowances for a scheme year which begins four 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 18.77% of the number of borrowed allowances.

(10C) If the CRTS participant accounts for the borrowed allowances for a scheme year which begins five 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 22.93% of the number of borrowed allowances.".

(6) In paragraph (11), for "paragraph (8)(b), (9)(b) or (10)(b)" substitute "sub-paragraph (b) of any of paragraphs (8) to (10C)".

(7) In each of paragraphs (12) and (13), for "the 2027 scheme year" substitute "the 2030 scheme year".

(8) In paragraph (15), after "article 25", insert "or 25A or exchanged under article 35 or 55A".

Amendment of article 18 (CRTS credits: general)

6.—(1) Article 18 is amended as follows.

(2) In paragraph (1), for "and 23" substitute ", 23 to 23B, 57A and 58A".

(3) In paragraph (2)—

(a) in the opening words, for "its" substitute "it";

(b) at the end of sub-paragraph (b) insert ", unless the credit was acquired by the CRTS participant in accordance with article 23, 23A, 23B, 57A or 58A".

(4) In paragraph (4), after "article 26" insert "or 26A".

(5) In paragraph (5)—

(a) for "23" substitute "23B";

(b) after "accordingly" insert "(see also the requirement for the administrator to update the registry in articles 57A(7) and 58A(8))".

Amendment of article 22 (CRTS credits: car clubs (SPV car manufacturers))

7.—(1) Article 22 is amended as follows.

(2) In paragraph (2), in sub-paragraph (b), after "article 26" insert "or 26A".

(3) In paragraph (3), after "article 26" insert "or 26A".

Amendment of article 23 (CRTS credits: conversion of unused CCTS allowances)

8.—(1) Article 23 is amended as follows.

(2) In paragraph (1), in sub-paragraph (c), for "the 2024 scheme year, the 2025 scheme year or the 2026 scheme year" substitute "any scheme year other than the 2030 scheme year".

(3) In paragraph (4), for "12.6%" substitute "25.2%".

(4) In paragraph (5), for "8.25%" substitute "26.4%".

(5) After paragraph (5), insert—

"(5A) A request under paragraph (1) to exchange unused CCTS allowances allocated for the 2027 scheme year is limited to a number of CRTS credits which does not exceed 26.6% of the total number of cars of which the CRTS participant is the manufacturer and which were registered during that scheme year.

(5B) A request under paragraph (1) to exchange unused CCTS allowances allocated for the 2028 scheme year is limited to a number of CRTS credits which does not exceed 31.2% of the total number of cars of which the CRTS participant is the manufacturer and which were registered during that scheme year.

(5C) A request under paragraph (1) to exchange unused CCTS allowances allocated for the 2029 scheme year is limited to a number of CRTS credits which does not exceed 33% of the total number of cars of which the CRTS participant is the manufacturer and which were registered during that scheme year.".

Insertion of new article 23A (CRTS credits: conversion of unused VRTS allowances by a CRTS participant which is also a VRTS participant)

9. After article 23, insert—

"CRTS credits: conversion of unused VRTS allowances by a CRTS participant which is also a VRTS participant

23A.—(1) During a trading window, a CRTS participant which is also a VRTS participant may acquire two CRTS credits 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 does not exceed the sum of—

(i) the number of VRTS allowances which were allocated to the participant in accordance with article 45 for that year;

(ii) the number of any VRTS allowances which were banked by the participant in accordance with article 46 and were available for it to use at the beginning of the trading window; and

(iii) the number of any VRTS credits which were acquired by the participant in accordance with article 55 (conversion of unused VCTS allowances);

(b) the participant has more VRTS allowances than it requires in order to comply with article 59 (accounting for activity in the VRTS) for that scheme year (referred to in this article as "unused VRTS allowances"); and

(c) the participant did not acquire the unused VRTS allowances in accordance with article 47 (borrowing VRTS allowances).

(2) A request under paragraph (1)—

(a) must be made during the trading window following the scheme year for which the participant intends to surrender the CRTS credits to which the request relates; and

(b) may be for the exchange of a part of a VRTS allowance but may not be for the exchange of a part which is smaller than one tenth of a VRTS allowance.

(3) A CRTS credit acquired in accordance with this article may not be traded under article 25.".

Insertion of new article 23B (CRTS credits: conversion of VRTS credits by a CRTS participant which is also an SPV van manufacturer)

10. After article 23A (as inserted by article 9 of this Order), insert—

"CRTS credits: conversion of VRTS credits by a CRTS participant which is also an SPV van manufacturer

23B.—(1) During a trading window, a CRTS participant which is also an SPV van manufacturer may acquire two CRTS credits in exchange for one VRTS credit by making a request to the administrator.

(2) A request under paragraph (1)—

(a) must be made during the trading window following the scheme year for which the participant intends to surrender the CRTS credits to which the request relates; and

(b) may be for the exchange of a part of a VRTS credit but may not be for the exchange of a part which is smaller than one tenth of a VRTS credit.

(3) A CRTS credit acquired in accordance with this article may not be traded under article 25.".

Amendment of article 25 (trading CRTS allowances and credits: CRTS participants)

11.—(1) Article 25 is amended as follows.

(2) In paragraph (1), at the end of sub-paragraph (b), insert ", article 23A (conversion of unused VRTS allowances), article 23B (conversion of VRTS credits by a SPV van manufacturer), article 57A (trading VRTS allowances with CRTS participants) or article 58A (trading VRTS credits with CRTS participants: SPV van manufacturers)".

(3) In paragraph (3)—

(a) in the opening words, after "party to a trade" insert "under this article";

(b) after sub-paragraph (b) insert—

"(ba) a statement of the fact that the trade was carried out under this article;".

Insertion of new article 25A (trading CRTS allowances with VRTS participants)

12. After article 25 insert—

"Trading CRTS allowances with VRTS participants

25A.—(1) During a trading window, a CRTS participant may trade any unused CRTS allowances with a VRTS participant if—

(a) the CRTS participant's number of units of activity in the CRTS in a scheme year does not exceed the sum of—

(i) the number of CRTS allowances which were allocated to the CRTS participant in accordance with article 13 for that year;

(ii) the number of any CRTS allowances which were banked by the CRTS participant in accordance with article 14 and were available for it to use at the beginning of the trading window; and

(iii) the number of any CRTS credits which were acquired by the CRTS participant in accordance with article 23 (conversion of unused CCTS allowances) and are available for it to use;

(b) the CRTS participant has more CRTS allowances than it requires in order to comply with article 27 (accounting for activity in the CRTS) for that scheme year (referred to in this article as "unused CRTS allowances"); and

(c) the CRTS participant did not acquire the unused CRTS allowances in accordance with article 15 (borrowing CRTS allowances).

(2) Where a CRTS participant trades a CRTS allowance under this article, the CRTS allowance is automatically converted to four tenths of a VRTS credit on disposal.

(3) The CRTS participant may trade parts of CRTS allowances (in which case the conversion rate in paragraph (2) applies on a proportional basis) but may not trade a part smaller than one tenth of a CRTS allowance.

(4) Each party to a trade under this article 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 transferor;

(b) the name and account number in the registry of the transferee;

(c) a statement of the fact that the trade was carried out under this article;

(d) the number of CRTS allowances traded; and

(e) the price paid for those CRTS allowances.

(5) Each party to a trade under this article must inform the other party to the trade of their account number in the registry.

(6) Where—

(a) the transferor is a pool CRTS participant, article 25(5) applies to a trade under this article as it applies to a trade under that article;

(b) the transferee is a pool VRTS participant, article 57(5) applies to a trade under this article as it applies to a trade under that article.

(7) Where a trade is notified in accordance with paragraph (4), the administrator must update the registry and notify the parties to the trade accordingly.

(8) Unless the administrator is satisfied that notification of a trade has been given in accordance with paragraph (4), the trade is treated as not having taken place.".

Amendment of article 26 (trading CRTS credits: SPV car manufacturers)

13.—(1) Article 26 is amended as follows.

(2) In the heading, after "CRTS credits" insert "with CRTS participants".

(3) In paragraph (1), after "article 21 or 22" insert "with a CRTS participant".

(4) For paragraph (2) substitute—

"(2) An SPV car manufacturer may only trade a CRTS credit under this article during the trading window following the scheme year for which the CRTS credit was acquired by the SPV car manufacturer.".

(5) In paragraph (3), for "paragraph (2)" substitute "this article".

Insertion of new article 26A (trading CRTS credits with VRTS participants: SPV car manufacturers)

14. After article 26, insert—

"Trading CRTS credits with VRTS participants: SPV car manufacturers

26A.—(1) An SPV car manufacturer may trade any CRTS credits acquired by it under article 21 or 22 with a VRTS participant in accordance with paragraphs (2) to (7).

(2) An SPV car manufacturer may only trade a CRTS credit under this article during the trading window following the scheme year for which the CRTS credit was acquired by the SPV car manufacturer.

(3) Where an SPV car manufacturer trades a CRTS credit with a VRTS participant under this article, the CRTS credit is automatically converted to four tenths of a VRTS credit on disposal.

(4) An SPV car manufacturer may trade parts of CRTS credits (in which case the conversion rate in paragraph (3) applies on a proportional basis) but may not trade a part smaller than one tenth of a CRTS credit.

(5) Each party to a trade under this article 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 transferor;

(b) the name and account number in the registry of the transferee;

(c) a statement of the fact that the trade was carried out under this article;

(d) the number of CRTS credits traded; and

(e) the price paid for those CRTS credits.

(6) Each party to a trade under this article must inform the other party to the trade of their account number in the registry.

(7) Where the transferee is a pool VRTS participant, article 57(5) applies to a trade under this article as it applies to a trade under that article.

(8) Where a trade is notified in accordance with paragraph (5), the administrator must update the registry and notify the parties to the trade accordingly.

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

Amendment of article 28 (payments: CRTS)

15.—(1) Article 28 is amended as follows.

(2) In paragraph (2)—

(a) at the beginning of the opening words, insert "Subject to paragraph (2A),";

(b) for "£15,000" substitute "£12,000".

(3) After paragraph (2), insert—

"(2A) For the 2024 scheme year, the payment amount in respect of each of the matters mentioned in paragraph (2)(a), (b) or (c) is £15,000.".

Amendment of article 29 (banked or borrowed CRTS allowances of former CRTS participants)

16.—(1) Article 29 is amended as follows.

(2) In paragraph (3)—

(a) after "article 25" insert "or 25A, or exchanging in accordance with article 35 or 55A,";

(b) for "that article" substitute "those articles";

(c) for "paragraph (3)(b)" substitute "article 25(3)(b)".

(3) In paragraph (5), in sub-paragraph (b), for "trading in accordance with article 25 or 26" substitute "exchanging in accordance with article 23, 23A or 23B, or trading in accordance with article 25, 26, 57A or 58A,".

Amendment of article 30 (expiry of CRTS allowances and CRTS credits)

17.—(1) Article 30 is amended as follows.

(2) In paragraph (1)—

(a) omit the "or" at the end of sub-paragraph (c);

(b) after sub-paragraph (c), insert—

"(ca) converted into part of a VRTS credit pursuant to a trade under article 25A;

(cb) converted into part of a VRTS credit in accordance with article 55A; or".

(3) In paragraph (2)—

(a) omit the "or" at the end of sub-paragraph (a);

(b) after sub-paragraph (b), insert—

"(c) converted into part of a VRTS credit pursuant to a trade under article 26A; or

(d) converted into part of a VRTS credit in accordance with article 55B.".

Amendment of article 35 (conversion of unused CRTS allowance into CCTS allowances)

18. In article 35, in paragraph (1)—

(a) at the beginning of the opening words, insert "During a trading window,";

(b) for sub-paragraph (a) substitute—

"(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 sum of—

(i) the number of CRTS allowances which were allocated to the participant in accordance with article 13 for that year; and

(ii) the number of any CRTS allowances which were banked by the participant in accordance with article 14 and were available for it to use at the beginning of the trading window;".

Amendment of article 46 (banking VRTS allowances)

19. In article 46, in paragraph (1)—

(a) after sub-paragraph (b) insert—

"(ba) traded in accordance with article 57A during the trading window following the scheme year of allocation or the trading window following any of the

three subsequent scheme years, by that VRTS participant or by a VRTS participant which acquires the VRTS allowance through trading in accordance with article 57;

(bb) exchanged for CRTS credits in accordance with article 23A during the trading window following the scheme year of allocation or the trading window following any of three subsequent years, by that participant or by a VRTS participant which acquires the VRTS allowance through trading in accordance with article 57;";

(b) for sub-paragraph (c) substitute—

"(c) exchanged for VCTS allowances in accordance with article 67 during the trading window following the scheme year of allocation, or the trading window following any of the three subsequent years, by that participant or by a VRTS participant which acquires the VRTS allowance through trading in accordance with article 57.".

Amendment of article 47 (borrowing VRTS allowances)

20.—(1) Article 47 is amended as follows.

(2) In paragraph (1), for "the 2024 scheme year, the 2025 scheme year or the 2026 scheme year" substitute "any scheme year other than the 2030 scheme year".

(3) In paragraph (2)—

(a) in sub-paragraph (b), for "8%" substitute "11.2%";

(b) omit the "and" at the end of sub-paragraph (b);

(c) after sub-paragraph (c), insert—

"(d) the number of VRTS allowances which the VRTS participant borrows to surrender for the 2027 scheme year does not exceed 6.8% of the total number of vans of which the participant is manufacturer and which are registered during the 2027 scheme year;

(e) the number of VRTS allowances which the VRTS participant borrows to surrender for the 2028 scheme year does not exceed 6.9% of the total number of vans of which the participant is manufacturer and which are registered during the 2028 scheme year; and

(f) the number of VRTS allowances which the VRTS participant borrows to surrender for the 2029 scheme year does not exceed 5.8% of the total number of vans of which the participant is manufacturer and which are registered during the 2029 scheme year.".

(4) In paragraph (6), for ", the 2026 scheme year or the 2027 scheme year" substitute "or for any subsequent scheme year".

(5) After paragraph (10) insert—

"(10A) If the VRTS participant accounts for the borrowed allowances for a scheme year which begins three 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 14.75% of the number of borrowed allowances.

(10B) If the VRTS participant accounts for the borrowed allowances for a scheme year which begins four 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 18.77% of the number of borrowed allowances.

(10C) If the VRTS participant accounts for the borrowed allowances for a scheme year which begins five 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 22.93% of the number of borrowed allowances.".

(6) In paragraph (11), for "paragraph (8)(b), (9)(b) or (10)(b)" substitute "sub-paragraph (b) of any of paragraphs (8) to (10C)".

(7) In each of paragraphs (12) and (13), for "the 2027 scheme year" substitute "the 2030 scheme year".

(8) In paragraph (15)—

(a) after "may not be" insert "exchanged under article 23A or 67 or";

(b) after "article 57" insert "or 57A".

Amendment of article 50 (VRTS credits: general)

21.—(1) Article 50 is amended as follows.

(2) In paragraph (1), for "51, 52 and 55" substitute "25A, 26A, 51, 52 and 55 to 55B".

(3) In paragraph (2), at the end of sub-paragraph (b), insert "unless the credit was acquired in accordance with article 25A, 26A, 55, 55A or 55B".

(4) In paragraph (4), after "article 58" insert "or 58A".

(5) In paragraph (5)—

(a) for "55" substitute "55B";

(b) after "accordingly" insert "(see also the requirement for the administrator to update the registry in articles 25A(7) and 26A(8))".

Amendment of article 54 (VRTS credits: car clubs (SPV van manufacturers))

22. In article 54, in paragraph (3), after "article 58" insert "or 58A".

Amendment of article 55 (VRTS credits: conversion of unused VCTS allowances)

23.—(1) Article 55 is amended as follows.

(2) In paragraph (1), in sub-paragraph (c), for "the 2024 scheme year, the 2025 scheme year or the 2026 scheme year" substitute "any scheme year other than the 2030 scheme year".

(3) In paragraph (4), for "7.2%" substitute "14.4%".

(4) In paragraph (5), for "6%" substitute "19.2%".

(5) After paragraph (5), insert—

"(5A) A request under paragraph (1) to exchange unused VCTS allowances allocated for the 2027 scheme year is limited to a number of VRTS credits which does not exceed 23.8% of the total number of vans of which the VRTS participant is the manufacturer and which were registered during that scheme year.

(5B) A request under paragraph (1) to exchange unused VCTS allowances allocated for the 2028 scheme year is limited to a number of VRTS credits which does not exceed 27.6% of the total number of vans of which the VRTS participant is the manufacturer and which were registered during that scheme year.

(5C) A request under paragraph (1) to exchange unused VCTS allowances allocated for the 2029 scheme year is limited to a number of VRTS credits which does not exceed 29% of the total number of vans of which the VRTS participant is the manufacturer and which were registered during that scheme year.".

Insertion of new article 55A (VRTS credits: conversion of unused CRTS allowances by a VRTS participant which is also a CRTS participant)

24. After article 55 insert—

"VRTS credits: conversion of unused CRTS allowances by a VRTS participant which is also a CRTS participant

55A.—(1) During a trading window, a VRTS participant which is also a CRTS participant may acquire one VRTS credit in exchange for two and a half unused CRTS allowances by making a request to the administrator if—

(a) the participant's number of units of activity in the CRTS in a scheme year does not exceed the sum of—

(i) the number of CRTS allowances which were allocated to the participant in accordance with article 13 for that year;

(ii) the number of any CRTS allowances which were banked by the participant in accordance with article 14 and were available for it to use at the beginning of the trading window; and

(iii) the number of any CRTS credits which were acquired by the participant in accordance with article 23 (conversion of unused CCTS allowances into CRTS credits) and are available for it to use;

(b) the participant has more CRTS allowances than it requires in order to comply with article 27 (accounting for activity in the CRTS) for that scheme year (referred to in this article as "unused CRTS allowances"); and

(c) the participant did not acquire the unused CRTS allowances in accordance with article 15 (borrowing CRTS allowances).

(2) A request under paragraph (1)—

(a) must be made during the trading window following the scheme year for which the participant intends to surrender the VRTS credits to which the request relates;

(b) may be for the exchange of a part of a CRTS allowance but may not be for the exchange of a part which is smaller than one tenth of a CRTS allowance.

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

Insertion of article 55B (VRTS credits: conversion of CRTS credits by a VRTS participant which is also an SPV car manufacturer)

25. After article 55A (as inserted by article 24 of this Order), insert—

"VRTS credits: conversion of CRTS credits by a VRTS participant which is also an SPV car manufacturer

55B.—(1) During a trading window, a VRTS participant which is also an SPV car manufacturer may acquire one VRTS credit in exchange for two and a half CRTS credits by making a request to the administrator.

(2) A request under paragraph (1)—

(a) must be made during the trading window following the scheme year for which the participant intends to surrender the VRTS credits to which the request relates; and

(b) may be for the exchange of a part of a CRTS credit but may not be for the exchange of a part which is smaller than one tenth of a CRTS credit.

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

Amendment of article 57 (trading VRTS allowances and credits: VRTS participants)

26.—(1) Article 57 is amended as follows.

(2) In paragraph (1), in sub-paragraph (b), for the text after "in accordance with" substitute "article 25A (trading CRTS allowances with VRTS participants), article 26A (trading CRTS credits with VRTS participants: SPV car manufacturers), article 55 (conversion of unused VCTS allowances), article 55A (conversion of unused CRTS allowances) or article 55B (conversion of CRTS credits by SPV car manufacturer)".

(3) In paragraph (3)—

(a) in the opening words, after "party to a trade" insert "under this article";

(b) after sub-paragraph (b) insert—

"(ba) a statement of the fact the trade was carried out under this article;".

Insertion of new article 57A (trading VRTS allowances with CRTS participants)

27. After article 57, insert—

"Trading VRTS allowances with CRTS participants

57A.—(1) During a trading window, a VRTS participant may trade any unused VRTS allowances with a CRTS participant if—

(a) the VRTS participant's number of units of activity in the VRTS in a scheme year does not exceed the sum of—

(i) the number of VRTS allowances which were allocated to the VRTS participant in accordance with article 45 for that year;

(ii) the number of any VRTS allowances which were banked by the VRTS participant in accordance with article 46 and were available for it to use at the beginning of the trading window; and

(iii) the number of any VRTS credits which were acquired by the VRTS participant in accordance with article 55 (conversion of unused VCTS allowances into VRTS credits) and are available for it to use;

(b) the VRTS participant has more VRTS allowances than it requires in order to comply with article 59 (accounting for activity in the VRTS) (referred to in this article as "unused VRTS allowances"); and

(c) the VRTS participant did not acquire the unused VRTS allowances in accordance with article 47 (borrowing VRTS allowances).

(2) Where a VRTS participant trades an unused VRTS allowance under this article, the VRTS allowance is automatically converted to two CRTS credits on disposal.

(3) A VRTS participant may trade parts of VRTS allowances (in which case the conversion rate in paragraph (2) applies on a proportional basis) but may not trade a part smaller than one tenth of a VRTS allowance.

(4) Each party to a trade under this article must, before the end of trading window, notify the administrator of the trade, and each notification must include—

(a) the name and account number in the registry of the transferor;

(b) the name and account number in the registry of the transferee;

(c) a statement of the fact that the trade was carried out under this article;

(d) the number of VRTS allowances traded; and

(e) the price paid for those VRTS allowances.

(5) Each party to a trade under this article must inform the other party to the trade of their account number in the registry.

(6) Where—

(a) the transferor is a pool VRTS participant, article 57(5) applies to a trade under this article as it applies to a trade under that article;

(b) the transferee is a pool CRTS participant, article 25(5) applies to a trade under this article as it applies to a trade under that article.

(7) Where a trade is notified in accordance with paragraph (4), the administrator must update the registry and notify the parties to the trade accordingly.

(8) Unless the administrator is satisfied that notification of a trade has been given in accordance with paragraph (4), the trade is treated as not having taken place.".

Amendment of article 58 (trading VRTS credits: SPV van manufacturers)

28.—(1) Article 58 is amended as follows.

(2) In the heading, after "Trading VRTS credits" insert "with VRTS participants".

(3) In paragraph (1), after "article 53 or 54" insert "with a VRTS participant".

(4) For paragraph (2) substitute—

"(2) An SPV car manufacturer may only trade a VRTS credit under this article during the trading window following the scheme year for which the VRTS credit was acquired by the SPV van manufacturer.".

(5) In paragraph (3), for "paragraph (2)" substitute "this article".

Insertion of new article 58A (trading VRTS credits with CRTS participants: SPV van manufacturers)

29. After article 58, insert—

"Trading VRTS credits with CRTS participants: SPV van manufacturers

58A.—(1) An SPV van manufacturer may trade VRTS credits acquired by it under article 53 or 54 with a CRTS participant in accordance with paragraphs (2) to (7).

(2) An SPV van manufacturer may only trade a VRTS credit under this article during the trading window following the scheme year for which the VRTS credit was acquired by the SPV van manufacturer.

(3) Where an SPV van manufacturer trades a VRTS credit with a CRTS participant under this article, the VRTS credit is automatically converted to two CRTS credits on disposal.

(4) An SPV van manufacturer may trade parts of VRTS credits (in which case the conversion rate in paragraph (3) applies on a proportional basis) but may not trade a part smaller than one tenth of a VRTS credit.

(5) Each party to a trade under this article 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 transferor;

(b) the name and account number in the registry of the transferee;

(c) a statement of the fact that the trade was carried out under this article;

(d) the number of VRTS credits traded; and

(e) the price paid for those VRTS credits.

(6) Each party to a trade under this article must inform the other party to the trade of their account number in the registry.

(7) Where the transferee is a pool CRTS participant, article 25(5) applies to a trade under this article as it applies to a trade under that article.

(8) Where a trade is notified in accordance with paragraph (5), the administrator must update the registry and notify the parties to the trade accordingly.

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

Amendment of article 60 (payments: VRTS)

30. In article 60, in paragraph (2), in the opening words, for "£18,000" substitute "£15,000".

Amendment of article 61 (banked or borrowed VRTS allowances of former VRTS participants)

31.—(1) Article 61 is amended as follows.

(2) In paragraph (3)—

(a) after "the first non-participation scheme year through" insert "exchanging in accordance with article 23A or 67, or";

(b) after "article 57" insert "or 57A";

(c) for "that article" substitute "those articles".

(3) In paragraph (5)—

(a) after “the first non-participation scheme year through” insert “exchanging in accordance with article 55, 55A or 55B, or”;

(b) after “with article” insert “25A, 26A,”.

Amendment of article 62 (expiry of VRTS allowances and VRTS credits)

32.—(1) Article 62 is amended as follows.

(2) In paragraph (1)—

(a) omit the “or” at the end of sub-paragraph (c);

(b) after sub-paragraph (c) insert—

“(ca) converted into CRTS credits in accordance with article 23A;

(cb) converted into CRTS credits pursuant to a trade under article 57A; or”.

(3) In paragraph (2)—

(a) omit the “or” at the end of sub-paragraph (a);

(b) after sub-paragraph (b) insert—

“(c) converted into CRTS credits in accordance with article 23B; or

(d) converted into CRTS credits pursuant to a trade under article 58A.”.

Amendment of article 67 (conversion of unused VRTS allowances into VCTS allowances)

33. In article 67, in paragraph (1)—

(a) at the beginning of the opening words, insert “During a trading window,”;

(b) for sub-paragraph (a) substitute—

“(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 sum of—

(i) the number of VRTS allowances which were allocated to the participant in accordance with article 45 for that year; and

(ii) the number of any VRTS allowances which were banked by the participant in accordance with article 46 and were available for it to use at the beginning of the trading window;”.

Amendment of article 80 (publication of final information)

34.—(1) Article 80 is amended as follows.

(2) In paragraph (2), for “article 25, 26, 37, 57, 58 or 69” substitute “article 25, 25A, 26, 26A, 37, 57, 57A, 58, 58A or 69”.

(3) In paragraph (3), for “article 26 or 58” substitute “article 26, 26A, 58 or 58A”.

Amendment of Schedule 3 (determination of the specific emissions of CO_2 of completed vans)

35. In Schedule 3, in paragraph 12, for “28% of ((TPMLM - MRO_{base}) x B_0) - 25 kilograms” substitute “28% of ((TPMLM - MRO_{base} × B_0) - 25 kilograms)”.

PART 3

Amendments related to alternative specific emissions of CO_2: OVC hybrid electric vehicles

Amendment of article 3 (interpretation)

36.—(1) Article 3 is amended as follows.

(2) In paragraph (4), after "within paragraph" insert " (4A) or".

(3) After paragraph (4) insert—

"(4A) Where the administrator has granted an application under Schedule 3A (alternative specific emissions of CO_2: OVC hybrid electric vehicles) in respect of a car or van, the specific emissions of CO_2 of the vehicle are to be determined in accordance with Part 6 of that Schedule.".

(4) For paragraph (5) substitute—

"(5) Where—

(a) a car, a complete van or an SPV is classed as an OVC hybrid electric vehicle in the certificate of conformity or individual approval certificate; and

(b) in the case of a car or complete van, paragraph (4A) does not apply in relation to the vehicle,

the specific emissions of CO_2 of the vehicle are those specified as the "weighted, combined" CO_2 emissions in that certificate.".

(5) In paragraph (6), after "of a completed van" insert ", other than a van within paragraph (4A),".

Amendment of article 36 (measuring activity in the CCTS)

37. In article 36, for paragraph (2) substitute—

"(2) For the purposes of this article, the number of grams of CO_2 per kilometre emitted by an NZE car is the specific emissions of CO_2 of the car, with that number having been—

(a) if applicable, reduced in accordance with paragraph (3); and

(b) if applicable, corrected in accordance with Article 13(3) of Regulation (EU) 2019/631 (lack of correspondence of CO_2 emission and fuel consumption values).".

Amendment of article 68 (measuring activity in the VCTS)

38. In article 68, for paragraph (2) substitute—

"(2) For the purposes of this article, the number of grams of CO_2 per kilometre emitted by an NZE van is the specific emissions of CO_2 of the van, with that number having been—

(a) if applicable, reduced in accordance with paragraph (3); and

(b) if applicable, corrected in accordance with Article 13(3) of Regulation (EU) 2019/631 (lack of correspondence of CO_2 emission and fuel consumption values).".

Amendment of article 73 (information: participants in the Trading Schemes)

39. In article 73, after paragraph (4) insert—

"(4A) For the purposes of the obligations in paragraphs (1) and (3), the reference to "specific emissions of CO_2" in paragraph 1(g) of Schedule 7, is to be treated, in relation to a vehicle in respect of which the administrator has granted an application under Schedule 3A (alternative specific emissions of CO_2: OVC hybrid electric vehicles), as having the meaning it would have if that application had not been granted.

(4B) Where the administrator has granted an application for the specific emissions of CO_2 of a vehicle to be determined in accordance with Part 6 of Schedule 3A, the administrator must also record the specific emissions of CO_2 of the vehicle as determined in accordance with that Part.".

Amendment of article 93 (civil penalties: general)

40. In article 93, in paragraph (3), in the definition of "block"—

(a) omit the "or" at the end of paragraph (h);

(b) after paragraph (h) insert—

"(ha) make an application for the specific emissions of CO_2 of a vehicle to be determined in accordance with Part 6 of Schedule 3A; or".

Amendment of article 107 (appeals: decisions to which Part 7 applies)

41. In article 107, after paragraph (c) insert—

"(ca) a decision under paragraph 10(b)(i) of Schedule 3A to reject an application by a CCTS participant for the specific emissions of CO_2 of a car to be determined in accordance with Part 6 of Schedule 3A, or to reject an application by a VCTS participant for the specific emissions of CO_2 of a van to be determined in accordance with that Part;".

Insertion of Schedule 3A (alternative specific emissions of CO_2: OVC hybrid electric vehicles)

42. After Schedule 3 insert Schedule 3A as set out in the Schedule to this Order.

Amendment of Schedule 4 (low-volume CRTS participants and low-volume VRTS participants)

43.—(1) Schedule 4 is amended as follows.

(2) In paragraph 10—

(a) in sub-paragraph (e) omit paragraph (ii);

(b) after sub-paragraph (e) insert—

"(ea) the specific emissions of CO_2 of the cars or the vans of which the applicant is the manufacturer;".

(3) After paragraph 11 insert—

"11A. For a vehicle in relation to which an administrator has granted an application under Schedule 3A (alternative specific emissions of CO_2: OVC hybrid electric vehicles), "specific emissions of CO_2" in paragraph 10(e)(a) has the meaning it would have if that application had not been granted.".

Richard Tilbrook
Clerk of the Privy Council

SCHEDULE

Article 42

Insertion of schedule 3A

"SCHEDULE 3A

Article 3

Alternative specific emissions of CO_2: OVC hybrid electric vehicles

PART 1

General

1. In this Schedule—

"charge-depleting Type 1 test" means the test described in point 3.2.4 of Annex B8 to UN Regulation No 154(**a**);

"charge-sustaining Type 1 test" means the test described in point 3.2.5 of Annex B8 to UN Regulation No 154;

"class 3a vehicle" has the same meaning as in point 2.3.1.1 of Annex B1 to UN Regulation No 154;

"class 3b vehicle" has the same meaning as in point 2.3.1.2 of Annex B1 to UN Regulation No 154;

"Condition A" means the condition set out in paragraph 5;

"Condition B" means the condition set out in paragraph 6;

"Condition C" means the condition set out in paragraph 7;

"cycle energy demand" has the meaning given in point 3.5.6 of UN Regulation No 154;

"emissions type-approval certificate" means a certificate of type-approval which—

(a) in relation to a vehicle which is registered in Great Britain—

(i) is issued by the approval authority; and

(**a**) The definition of "UN Regulation No 154" (OJ L 423, 26.11.2021, p. 1) was inserted into article 3(1) of S.I. 2023/1394 by S.I. 2024/1130. By virtue of points 2 and 3 of Annex 21 of 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 EU law from time to time and by virtue of the Windsor Framework (OJ No. L 175, 07.07.2017, p. 1), the general requirements and the technical requirements for conducting the test for vehicle emissions under that Regulation are, subject to some limited exceptions, those set out in UN Regulation No 154 – Uniform provisions concerning the approval of light duty passenger and commercial vehicles with regards to criteria emissions, emissions of carbon dioxide and fuel consumption and/or the measurement of electric energy consumption and electric range (WLTP).

(ii) is sufficient to show that a vehicle complies with the requirements of Regulation (EU) 2017/1151, as that Regulation has effect in domestic law(**a**), or UN Regulation No 154(**b**);

(b) in relation to a vehicle which is registered in Northern Ireland—

(i) is issued by the approval authority or an EU approval authority; and

(ii) is sufficient to show that a vehicle complies with the requirements of Regulation (EU) 2017/1151, as that Regulation has effect in EU law from time to time and by virtue of the Windsor Framework(**c**);

"equivalent vehicle", in relation to a subject vehicle, means a vehicle which—

(a) belongs to the same vehicle type with regard to emissions as the subject vehicle; and

(b) was type-approved in accordance with the Euro 6d-ISC-FCM emission standard or the Euro 6e emission standard;

"EU approval authority" has the same meaning as in article 30(1) of Regulation (EU) 2018/858, as that Regulation has effect in domestic law(**d**);

"EU Regulation-tested vehicle" means a vehicle in respect of which the level of emissions of CO_2 were tested for the purposes of type-approval in accordance with Regulation (EU) 2017/1151, as that Regulation has effect in EU law from time to time and by virtue of the Windsor Framework;

"Euro 6d-ISC-FCM emission standard" means the Euro 6d-ISC-FCM emission standard referred to in—

(a) in relation to an EU Regulation-tested vehicle, Table 1 of Appendix 6 of Annex 1 to Regulation (EU) 2017/1151, as that Regulation has effect in EU law from time to time and by virtue of the Windsor Framework;

(b) in relation to a GB Regulation-tested vehicle, Table 1 of Appendix 6 of Annex 1 to Regulation (EU) 2017/1151, as that Regulation has effect in domestic law;

"Euro 6e emission standard" means the Euro 6e emission standard referred to in—

(a) in relation to an EU Regulation-tested vehicle, Table 1 of Appendix 6 of Annex 1 to Regulation (EU) 2017/1151, as that Regulation has effect in EU law from time to time and by virtue of the Windsor Framework;

(b) in relation to a UN Regulation-tested vehicle, Table A3/1 of Annex 3 to UN/ECE Regulation No 83(**e**);

"Euro 6e-bis emission standard" means the Euro 6e-bis emission standard referred to in—

(a) in relation to an EU Regulation-tested vehicle, Table 1 of Appendix 6 of Annex 1 to Regulation (EU) 2017/1151, as that Regulation has effect in EU law from time to time and by virtue of the Windsor Framework;

(**a**) EUR 2017/1151; amended by S.I. 2022/1273.
(**b**) Article 58 of EUR 2018/858 provides for the equivalence of UN Regulation No 154 for the purpose of GB type-approval.
(**c**) OJ No. L 175, 07.07.2017, p. 1; amended by Commission Regulation (EU) 2017/1154, 2017/1347, 2018/1832 and 2023/443.
(**d**) EUR 2018/858; amended by S.I. 2019/648, 2022/1273, 2024/146 and 2025/661.
(**e**) OJ L 42, 15.2.2012, pp. 1–207. References to the Euro 6e, Euro 6e-bis and Euro 6e-bis-FCM emission standards were introduced by the 08 series of amendments. A copy of UN/ECE Regulation 83.08 is available at https://unece.org/sites/default/files/2024-07/R083r5am17e.pdf. A hard copy may be obtained from the Department for Transport, Great Minister House, 33 Horseferry Road, London SW1P 4DR.

(b) in relation to a UN Regulation-tested vehicle, Table A3/1 of Annex 3 to UN/ECE Regulation No 83;

"Euro 6e-bis-FCM emission standard" means the Euro 6e-bis-FCM emission standard referred to in—

(a) in relation to an EU Regulation-tested vehicle, Table 1 of Appendix 6 of Annex 1 to Regulation (EU) 2017/1151, as that Regulation has effect in EU law from time to time and by virtue of the Windsor Framework;

(b) in relation to a UN Regulation-tested vehicle, Table A3/1 of Annex 3 to UN/ECE Regulation No 83;

"GB Regulation-tested vehicle" means a vehicle in respect of which the level of emissions of CO_2 were tested for the purposes of type-approval in accordance with Regulation (EU) 2017/1151, as that Regulation has effect in domestic law;

"interpolation family" has the meaning given in point 6.3.2 of UN Regulation No 154;

"phase" is to be construed in accordance with points 3.3.1 and 3.3.2 of Annex B1 to UN Regulation No 154 (class 3a vehicles and class 3b vehicles respectively);

"Regulation (EU) 2017/1151, as that Regulation has effect in domestic law" 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;

"Regulation (EU) 2017/1151, as that Regulation has effect in EU law from time to time and by virtue of the Windsor Framework" 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 EU law from time to time and by virtue of the Windsor Framework;

"Regulation (EU) 2018/858, as that Regulation has effect in domestic law" 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;

"subject vehicle" means the vehicle that is the subject of an application under this Schedule;

"technical service" has the meaning given in—

(a) in relation to a vehicle which is registered in Great Britain, article 3(38) of Regulation (EU) 2018/858, as that Regulation has effect in domestic law;

(b) in relation to a vehicle which is registered in Northern Ireland, article 3(38) of 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 EU law from time to time and by virtue of the Windsor Framework(**a**);

"test report"—

(a) in relation to a vehicle which is registered in Great Britain, means a report which—

(i) is issued by a technical service of the approval authority or, where article 30(2A) of Regulation (EU) 2018/858, as that Regulation has effect in domestic law, applies, by a technical service of an EU approval authority; and

(ii) contains the minimum data for the Type 1 test in accordance with Part 1 of Appendix 8a to Annex 1 to Regulation (EU) 2017/1151, as that Regulation has effect in domestic law, or Part 1 of Appendix 1 to Annex A1 to UN Regulation No 154;

(b) in relation to a vehicle which is registered in Northern Ireland, means a report which is issued by a technical service of the approval authority or of an EU approval authority and contains the minimum data for the Type 1 test in accordance with Part 1 of Appendix 8a to Annex 1 to Regulation (EU) 2017/1151, as that Regulation has effect in EU law from time to time and by virtue of the Windsor Framework;

"transition cycle" has the meaning given in point 3.2.4.4 of Annex B8 to UN Regulation No 154;

"Type 1 test" means—

(a) in relation to an EU Regulation-tested vehicle, the test referred to in point 2.1 of Annex 21 to Regulation (EU) 2017/1151, as that Regulation has effect in EU law from time to time and by virtue of the Windsor Framework;

(b) in relation to a GB Regulation-tested vehicle, the test described in point 1.1. of Sub-Annex 6 to Annex 21 to Regulation (EU) 2017/1151, as that Regulation has effect in domestic law;

(c) in relation to a UN Regulation-tested vehicle, the test described in point 1.1 of Annex B6 to UN Regulation No 154;

"UN/ECE Regulation No 83" means Regulation No 83 of the Economic Commission for Europe of the United Nations (UN/ECE) – Uniform provisions concerning the approval of vehicles with regard to the emission of pollutants according to engine fuel requirements;

(**a**) OJ No. L 151, 14.06.2018, p.1; amended by Regulation (EU) 2019/2144, Commission Delegated Regulation (EU) 2021/1445, Regulation (EU) 2024/1257 and Regulation (EU) 2024/1257.

"UN Regulation-tested vehicle" means a vehicle in respect of which the level of emissions of CO_2 were tested for the purposes of type-approval in accordance with UN Regulation No 154;

"Vehicle H" means test vehicle H of the interpolation family to which the subject vehicle belongs, as described in point 4.2.1.1.2 of Annex B4 to UN Regulation No 154;

"Vehicle L" means test vehicle L of the interpolation family to which the subject vehicle belongs, as described in point 4.2.1.1.2 of Annex B4 to UN Regulation No 154;

"Vehicle M" means test vehicle M of the interpolation family to which the subject vehicle belongs, as described in point 2.3.2.4 of Annex B6 to UN Regulation No 154;

"vehicle type with regard to emissions" has the meaning given to "vehicle type with regard to emissions and vehicle repair and maintenance information" in article 2(1) of Regulation (EU) 2017/1151, as that Regulation has effect in domestic law.

PART 2

Applications for alternative specific CO_2 emissions

2. A CCTS participant may apply for the specific emissions of CO_2 of a car of which it is the manufacturer to be determined in accordance with Part 6 of this Schedule if—

(a) the car is classed as an OVC hybrid electric vehicle in the certificate of conformity or individual vehicle approval certificate; and

(b) the car was type-approved in accordance with the Euro 6e-bis emission standard or the Euro 6e-bis-FCM emission standard.

3. A VCTS participant may apply for the specific emissions of CO_2 of a van of which it is the manufacturer to be determined in accordance with Part 6 of this Schedule if—

(a) the van is classed as an OVC hybrid electric vehicle in the certificate of conformity or individual vehicle approval certificate; and

(b) the van was type-approved in accordance with the Euro 6e-bis emission standard or the Euro 6e-bis-FCM emission standard.

4. An application under this Schedule is valid if it—

(a) is made to the administrator;

(b) includes the vehicle identification number of the subject vehicle;

(c) subject to paragraph 13, is made on or before 30th April of the year following the scheme year in which the subject vehicle was registered;

(d) meets—

(i) where there is an equivalent vehicle in relation to the subject vehicle, Condition A, Condition B or Condition C;

(ii) in any other case, Condition B or Condition C;

(e) is signed by or on behalf of the applicant to confirm that the information in or accompanying the application is true and accurate; and

(f) is submitted in hard copy or by electronic means.

PART 3

Conditions A, B and C

5. Condition A is that the application—

(a) is accompanied by—

(i) a copy of the certificate of conformity for the equivalent vehicle; and

(ii) a copy of the test report, or a copy of the emissions type-approval certificate, for the equivalent vehicle; and

(b) includes the information specified in paragraph 8 for the subject vehicle.

6. Condition B is that the application—

(a) is accompanied by—

(i) a copy of the certificate of conformity for the subject vehicle; and

(ii) a copy of the test report, or a copy of the emissions type-approval certificate, for the subject vehicle; and

(b) includes—

(i) the information specified in paragraph 8 for the subject vehicle; and

(ii) the information specified in paragraph 9 for each of Vehicle H, Vehicle L and Vehicle M.

7. Condition C is that the application—

(a) is accompanied by—

(i) a copy of the certificate of conformity for the subject vehicle; and

(ii) a copy of the test report, or a copy of the emissions type-approval certificate, for the subject vehicle; and

(b) includes the information specified in paragraph 9 for Vehicle H.

PART 4

Specified information

8. The information specified in this paragraph is—

(a) the following information specified on the certificate of conformity—

(i) the test mass;

(ii) the road-load co-efficients: f0, f1 and f2;

(b) from the Type 1 test, the cycle energy demand of the vehicle, measured in watt-seconds.

9. The information specified in this paragraph is—

(a) whether the vehicle is classified as a class 3a or a class 3b vehicle;

(b) the following information from the Type 1 test—

(i) the CO_2 mass emission over the total cycle of the charge-sustaining Type 1 test, calculated in accordance with Table A8/5 in Sub-Annex 8 of Annex 21 to Regulation (EU) 2017/1151 or step 7 in Table A8/5 in Annex B8 to UN Regulation 154 and measured in grams per kilometre;

(ii) the CO_2 mass emission for each phase of the charge-depleting Type 1 test, calculated in accordance with point 3.2.1 of Sub-Annex 7 of Annex 21 to Regulation (EU) 2017/1151 or point 4.1.2. of Annex B8 to UN Regulation 154 and measured in grams per kilometre;

(iii) the index number of the transition cycle;

(iv) the cycle energy demand of the vehicle, measured in watt-seconds;

(v) the maximum speed of the vehicle, measured in kilometres.

PART 5

Decision on the application

10. The administrator must, within the decision period—

(a) if the application is valid, grant it and notify the applicant accordingly; or

(b) if the application is invalid—

(i) reject it and notify the applicant accordingly; or

(ii) if appropriate, proceed under paragraph 12.

11. The notification required by paragraph 10 must be in writing and include—

(a) where the application is granted, the specific emissions of CO_2 of the subject vehicle (see further Part 6);

(b) where the application is rejected, the reasons for rejecting it.

12. If an application under this Schedule, other than a further application under paragraph 13, is incomplete or contains an error, the administrator may, within the decision period, notify the applicant of the defect and allow the applicant to correct the defect within the time period specified in the notification.

13. If an application under this Schedule is rejected as invalid, the applicant may submit a further application for the subject vehicle on or before 30th June of the year following the scheme year in which the subject vehicle was registered.

14. In this Part, "decision period", in relation to an application, means the period of 28 days beginning with the day after—

(a) the day on which the administrator received the application; or

(b) if the applicant sought to correct a defect in the application following a notification under paragraph 12, the day on which the applicant sought to do so.

PART 6

Determination of alternative specific emissions of CO_2

15. Where the administrator grants an application under this Schedule in respect of a vehicle, the administrator must determine the specific emissions of CO_2 of the vehicle in accordance with this Part.

16. If the application met Condition A or Condition B, the specific emissions of CO_2 of the vehicle is the value of $M_{CO2\text{-}ind,weighted}$ for the vehicle, as referred to in point 4.5.4.3 of Annex B8 to UN Regulation No 154 (and calculated in accordance with the equation in that point).

17. If the application met Condition C, but not Condition B, the specific emissions of CO_2 of the vehicle is the value of $M_{CO2,\ weighted}$ for Vehicle H, as referred to in point 4.1.3.1 of Annex B8 to UN Regulation No 154 (and calculated in accordance with the equation in that point).

18. For the purposes of calculating the values referred to in paragraphs 16 and 17, the normalised distance is 800 km.”.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Vehicle Emissions Trading Schemes Order 2023 (S.I. 2023/1394) ("the 2023 Order"). The 2023 Order established four new trading schemes which limit, or encourage the limitation of, CO_2 emissions resulting from the registration of new cars and light commercial vehicles (vans). Two of the schemes apply to cars: the Non-Zero-Emissions Car Registration Trading Scheme ("CRTS") and the Non-Zero Emission Car CO_2 Trading Scheme ("CCTS"), and two apply to vans: the Non-Zero-Emission Van Registration Trading Scheme ("VRTS") and the Non-Zero Emission Van CO_2 Trading Scheme ("VCTS").
The amendments made by Part 2 of this Order—

- extend the scheme years in relation to which participants may borrow CRTS and VRTS allowances (articles 5 and 20 respectively);
- extend the scheme years in relation to which unused CCTS allowances may be converted to CRTS credits, and unused VCTS allowances may be converted to VRTS credits, as well as the caps that apply to such conversions (articles 8 and 23 respectively);
- allow unused VRTS allowances to be converted into CRTS credits and unused CRTS allowances to be converted into VRTS credits (articles 9 and 24 respectively);
- allow CRTS participants which are also SPV van manufacturers to convert VRTS credits into CRTS credits and allow VRTS participants which are also SPV car manufacturers to convert CRTS credits into VRTS credits (articles 10 and 25 respectively);
- allow CRTS participants to trade CRTS allowances with VRTS participants (with the effect that a CRTS allowance is converted to four tenths of a VRTS credit) and VRTS participants to trade VRTS allowances with CRTS participants (with the effect that a VRTS allowance is converted to two CRTS credits on disposal) (articles 12 and 27 respectively);
- allow SPV car manufacturers to trade CRTS credits with VRTS participants (with the effect that a CRTS credit is converted to four tenths of a VRTS credit) and SPV van manufacturers to trade VRTS credits with CRTS participants (with the effect that a VRTS credit is converted to two CRTS credits on disposal) (articles 14 and 29 respectively)
- amend the financial penalties for non-compliance (articles 15 and 30 respectively);
- amend the qualifying rules for conversion of unused CRTS allowances into CCTS allowances, and unused VRTS allowances into VCTS allowances, to allow banked allowances to be taken into account (articles 18 and 33 respectively).

Part 2 also makes a number of consequential amendments (see articles 4, 6, 7, 11, 13, 16, 17, 19, 21, 22, 26, 28, 31, 32, 34, 35 and 36) and corrects a number of typographical errors (see articles 6(3)(a), 37, 38 and 43).

The amendments made by Part 3 of this Order allow manufacturers of OVC hybrid electric cars and vans which have been type-approved according to certain emission standards to apply for the CO_2 emissions of the vehicles to be determined in accordance with new Schedule 3A to the 2023 Order.

An impact assessment (in the form of a cost benefit analysis) 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,

and is available alongside the instrument and the Explanatory Memorandum on www.legislation.gov.uk.

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