



Department
for Transport

The Vehicle Emissions Trading Schemes: How to Comply

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Department for Transport
Great Minster House
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SW1P 4DR



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Chapter 1: Overview

What is this guidance?

1. This guidance is published by Government to support car and van manufacturers in understanding and meeting their obligations under the Vehicle Emissions Trading Schemes Order 2023 (VETS Order).
2. This guidance is not intended to be exhaustive, individual manufacturers' circumstances may require direct engagement. The administrator of the trading schemes is the Secretary of State who administers the schemes on behalf of the United Kingdom (UK) Government, the Scottish Government, and the Welsh Government. A body within the Department for Transport (DfT) manages the administration of the schemes on behalf of the Secretary of State. You can contact the team at VETSadmin@dft.gov.uk.
3. Whilst this document provides general guidance on the relevant legislation, nothing in this chapter or document should be construed as a definitive view or as legally binding. Where appropriate, manufacturers should obtain their own legal advice.
4. Where appropriate, legislative references are supplied. Unless specifically indicated, these references are to the articles and schedules of the VETS Order. Many areas have two references, one for cars and one for vans. Where this is the case, both will be supplied and the references to cars will precede those for vans.

What is VETS?

5. The VETS Order is secondary legislation that creates four vehicle emissions trading schemes (VETS) and applies to new cars and vans registered in Great Britain (England, Scotland, and Wales) from 3 January 2024. It is accessible online at [legislation.gov.uk](https://www.legislation.gov.uk/ukxi/2023/1394/contents/made):

<https://www.legislation.gov.uk/ukxi/2023/1394/contents/made>
6. It is the policy of the UK Government, the Scottish Government, and the Welsh Government that at such time as a sitting Northern Ireland Assembly chooses to pass the necessary legislation, Northern Ireland shall join VETS.
7. In the interim, the current CO₂ emissions regulations based on Regulation (EU) 2019/631 that applied in the UK for the years 2021, 2022, and 2023 will continue to apply in Northern Ireland from 2024, with appropriate amendments that reflect the Northern Ireland context.
8. The policy underpinning the VETS Order has been extensively consulted on by the UK Government, the Scottish Government, the Welsh Government, and the

Northern Ireland Executive. You can access the consultations and the Government responses here:

Green paper on a new road vehicle CO₂ emissions regulatory framework for the United Kingdom (published 14 July 2021)

<https://www.gov.uk/government/consultations/co2-emissions-regulatory-framework-for-all-newly-sold-road-vehicles-in-the-uk>

Technical consultation on zero emission vehicle mandate policy design (published 7 April 2022)

<https://www.gov.uk/government/consultations/policy-design-features-for-the-car-and-van-zero-emission-vehicle-zev-mandate>

A zero emission vehicle (ZEV) mandate and CO₂ emissions regulation for new cars and vans in the UK (published 30 March 2023)

<https://www.gov.uk/government/consultations/a-zero-emission-vehicle-zev-mandate-and-co2-emissions-regulation-for-new-cars-and-vans-in-the-uk>

9. Of the four trading schemes that the VETS Order creates, two are for cars and two are for vans. One car scheme and one van scheme implement a zero emission vehicle (ZEV) mandate, and the other car and van scheme implement a CO₂ regulation framework.
10. The car schemes may interact with each other, and the van schemes may interact with each other, but there is no interaction between car schemes and van schemes.

What is a ZEV mandate?

11. A ZEV mandate is a set of targets for the sale, or more precisely the registration, of zero emission vehicles. This approach was decided on following the consultation process outlined in paragraph 8.
12. The targets set out the percentage of a manufacturer's total vehicle registration that must be ZEV and start at 22% for cars and 10% for vans in 2024, rising to 80% for cars and 70% for vans in 2030. Manufacturers are supported in compliance with a range of flexibilities, derogations, exemptions, and trading.
13. The ZEV mandate policy is implemented by the Non-Zero-Emission Car Registration Trading Scheme (CRTS) and the Non-Zero-Emission Van Registration Trading Scheme (VRTS).
14. Detailed guidance for the CRTS and VRTS is in Chapter 2 of this guidance.

What is a CO₂ Regulation?

15. The UK has regulated CO₂ emissions since the Motor Vehicles (Construction and Use) Regulations 1973. More recently the UK has regulated emissions through assimilated European Union regulations¹ known as the new car and van CO₂ emissions regulations.² VETS introduces a new approach to emissions regulation that is specifically designed to complement the ZEV targets in the CRTS and VRTS.
16. VETS places per-vehicle average CO₂ targets on new non-zero emission cars and vans to ensure that while the transition to ZEVs takes place, emissions from the remaining vehicles do not get worse on average compared to 2021. Emissions are measured as fleetwide averages calculated per individual manufacturer.
17. The CO₂ regulation policy is implemented by the Non-Zero-Emission Car CO₂ Trading Scheme (CCTS) and the Non-Zero-Emission Van CO₂ Trading Scheme (VCTS).
18. Detailed guidance for the CCTS and VCTS is in Chapter 3 of this guidance.

¹ 'Retained EU law' is now known as 'assimilated law', see [section 5 of the Retained EU Law \(Revocation and Reform\) Act 2023](#).

² Regulation (EU) 2019/631, Regulation (EU) 1014/2010, Regulation (EU) 293/2012, Regulation (EU) 63/2011, Regulation (EU) 114/2013, Regulation (EU) 725/2011, Regulation (EU) 427/2014, Regulation (EU) 2017/1152 and Regulation (EU) 2017/1153 all as amended in different capacities by S.I. 2019/550, S.I. 2020/1418, S.I. 2021/898, S.I. 2021/1242 and S.I. 2022/1361.

Chapter 2: CRTS and VRTS

Purpose – What is this chapter for?

1. This chapter will set out the requirements and flexibilities for compliance with the [Non-Zero-Emission Car Registration Trading Scheme](#)³ (CRTS) and the [Non-Zero-Emission Van Registration Trading Scheme](#)⁴ (VRTS), in the Vehicle Emissions Trading Schemes Order 2023 (VETS Order).
2. This chapter does not address the CO₂ emissions targets in CCTS and VCTS. These schemes are addressed in chapter 3 of this guidance document.
3. The administrator of these schemes is the Secretary of State for Transport, who administers the schemes on behalf of the United Kingdom (UK) Government, the Scottish Government, and the Welsh Government. A body within the Department for Transport manages the administration of the schemes on behalf of the Secretary of State.
4. Whilst this chapter provides general guidance on the relevant legislation, nothing in this chapter or document should be construed as a definitive view or as legally binding. Where appropriate, manufacturers should obtain their own legal advice.
5. Individual manufacturers' circumstances may require direct engagement with the administrator. You can contact the administrator of the trading schemes at VETSadmin@dft.gov.uk.

Overview – What are CRTS and VRTS?

6. CRTS and VRTS apply an annual, fleet-wide non-ZEV target to eligible vehicle manufacturers for registering new non-zero emission vehicles in Great Britain (GB). In the consultations that led to VETS, this was called the ZEV Mandate. These targets are set out in [schedule 6](#)⁵ and the table below. The non-ZEV target is the percentage of a manufacturer's new vehicle registrations that may be non-zero emission.

Year	Car (CRTS)	Van (VRTS)
2024	78%	90%
2025	72%	84%
2026	67%	76%

³ <https://www.legislation.gov.uk/ukxi/2023/1394/part/3/chapter/1>

⁴ <https://www.legislation.gov.uk/ukxi/2023/1394/part/3/chapter/3>

⁵ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/6>

Year	Car (CRTS)	Van (VRTS)
2027	62%	66%
2028	48%	54%
2029	34%	42%
2030	20%	30%

Table 1 The non-zero emission vehicle registration targets as per schedule 6 to VETS.

Example: A manufacturer that registers 10,000 vans in 2024 will have a non-ZEV target of 9,000 vans. This means that the manufacturer can sell 9,000 non-zero emission vans if it sells 1,000 zero emission vans.

- The way VETS enforces these targets is by requiring a CRTS allowance for every new non-ZEV car registered in a calendar year, and a VRTS allowance for every van registered. An allowance therefore “allows” the registration of a non-zero emission car or van.

Example: A manufacturer that registers 10,000 cars of which 8,000 are non-ZEV will require 8,000 CRTS allowances to be compliant.

- Every year, the administrator will allocate each manufacturer a number of free CRTS and VRTS allowances equal to their non-ZEV target in the respective schemes in accordance with articles [13](#) and [45](#). This will be calculated as a proportion of each manufacturer’s total zero emission and non-zero emission car (CRTS) or van (VRTS) registrations for the relevant calendar year. This allocation of allowances “allows” manufacturers to register non-zero emission vehicles up to their non-ZEV registration target.
- If the proportion of non-zero emission vehicles registered by a manufacturer remains below the CRTS or VRTS target, i.e. if the manufacturer beats their target by registering a higher proportion of zero emission vehicles than is required, then the number of allowances that the administrator allocates will exceed the number of allowances that the manufacturer requires to be compliant.

Example: If in 2026 a manufacturer registers 10,000 vans, they will receive $(10,000 \times 76\%)$ 7,600 VRTS allowances from the administrator. If, of those vans, 7,000 are non-ZEV then the manufacturer will have 600 excess (spare) VRTS allowances.

- If a manufacturer does not meet their target through registrations alone, they will not receive enough allowances from the administrator to be compliant. They will therefore need to meet the shortfall by acquiring allowances through other means.

Example: If in 2024 a manufacturer registers 10,000 cars then they will receive $(10,000 \times 78\%)$ 7,800 CRTS allowances. If, of those 10,000 cars, 8,000 are non-ZEV then the manufacturer will require an additional 200 CRTS allowances to be compliant.

11. In accordance with articles [25](#), [26](#), [57](#), and [58](#), manufacturers with an excess of allowances may trade that excess with other manufacturers. Manufacturers with a deficit of allowances may trade with other manufacturers to gain enough allowances to be compliant.
12. VETS includes flexibilities that allow a variety of routes to compliance by giving access to allowances. These are:
 - Banking as per articles [14](#) and [46](#) – storing excess credits from one year for use up to three calendar years later.

Example: An allowance from the scheme year 2026 may be used in compliance for the 2027, 2028, or 2029 scheme years before expiring.

- Borrowing as per articles [15](#) and [47](#) – borrowing allowances from one's own future allocation up to a predetermined limit and subject to 3.5% compounding interest. Borrowing is allowed in the 2024, 2025, and 2026 scheme years only.
 - Conversion at an exchange rate from CCTS to CRTS and from VCTS to VRTS as per articles [23](#) and [55](#). Conversions from CCTS and VCTS are allowed in the 2024, 2025, and 2026 scheme years only.
 - Conversions at an exchange rate from CRTS to CCTS and from VRTS to VCTS as per articles [35](#) and [67](#). Conversions from CRTS and VRTS are allowed in all years.
 - Bonus credits may be earned by registering zero emission special purpose vehicles (SPVs) as per articles [19](#) and [51](#), and by selling ZEVs to car clubs as per articles [20](#) and [52](#). One CRTS credit is equivalent to one CRTS allowance and one VRTS credit is equivalent to one VRTS allowance as per articles [18](#) and [50](#).
13. Manufacturers who make use of trading and/or the flexibilities must report their decisions to the administrator during the trading window for the relevant scheme year. The scheme year is the calendar year in which the vehicles were registered. The trading window is open between 1 November and 31 December the year after the scheme year.

Example: A manufacturer has 500 excess VRTS allowances for the scheme year 2025. The trading window for scheme year 2025 opens 1 November 2026. The manufacturer notifies the administrator that they wish to bank 250 VRTS allowances, convert 100 VRTS allowances to VCTS allowances and sell 150 VRTS allowances to another manufacturer.

14. If, after the trading window, a manufacturer has an allowance deficit, they will be required to make a payment per allowance they are missing. For CRTS this payment is £15,000 per allowance as per [article 28](#), and for VRTS this payment is £9,000 per allowance in 2024, and £18,000 per allowance from 2025 onwards per [article 60](#).

Eligibility – Which vehicles and manufacturers are regulated by a CRTS and VRTS?

15. As per articles [3](#) and [11](#):
 - A manufacturer is a participant in CRTS if they register as new one or more vehicles in GB of category M1 in the relevant scheme year, discounting any such vehicles that are type approved as SPV.
 - A manufacturer that registers 2,499 or fewer such vehicles will receive a derogation, subject to the completion of the relevant application form if necessary. See paragraphs 48-61.
16. As per articles [3](#) and [43](#):
 - A manufacturer is a participant in VRTS if they register as new one or more vehicles in GB of category N1 or of category N2 if that N2 van meets the ZEV definition and has a technically permissible maximum laden mass of or below 4,250kg, discounting any such vehicles that are type approved as SPVs.
 - A manufacturer that registers 2,499 or fewer such vehicles will receive a derogation, subject to the completion of the relevant application form if necessary. See paragraphs 48-61.
 - Regarding Heavy Duty N1 and N2 vehicles (i.e. vehicles type approved in accordance with Regulation (EU) 595/2009), only zero emission heavy duty N1 vehicles and zero emission heavy duty N2 vehicles that have a technically permissible maximum laden mass of or below 4,250kg are in scope of VETS.
17. Special provisions are made in the VETS Order for manufacturers that only register SPVs. A manufacturer that only registers SPVs will receive bonus credits if any of the vehicles registered are zero emission as per articles [21](#), [22](#), [53](#), and [54](#).
18. A manufacturer that only registers SPVs is encouraged but not required to make themselves known to the administrator so that they can be appropriately supported.
19. Whether a vehicle is new is defined as any vehicle registered with the Driver and Vehicle Licensing Agency (DVLA) that does not receive a Q plate (i.e. is of indeterminate age). This includes vehicles permanently imported from outside the GB within three months of their initial registration in the country of origin.
20. Vehicles that are permanently exported from GB within three months of their initial registration are not included in this regulation.
21. GB is defined as Wales, Scotland, and England. Vehicles sold in Northern Ireland are subject to separate new car and van regulations.

22. As per [Schedule 4](#)⁶ small and micro volume participants may receive a derogation from CRTS or VRTS. This means they will be allocated as many allowances as vehicles within scope they have registered, i.e. they will not be required to meet the targets.

ZEV Definition – What is a ZEV?

23. A ZEV, or zero emission vehicle, is defined for the purposes of this legislation in [article 3](#) using three conditions; an emissions condition, a range condition, and a warranty condition.
24. The emissions condition is that the vehicle must have Worldwide Harmonised Light Vehicle Test Procedure (WLTP) CO₂ emissions of 0gCO₂/km.
25. The range condition is that the vehicle must have a WLTP electric range of 100 miles or greater. Vehicles that meet the other conditions and have been type approved for use in the UK before VETS came into force are exempt from the minimum range.
26. The warranty condition is that the vehicle must have a warranty that guarantees the following:
- 3 years/60,000 miles full vehicle
 - 8 years/100,000 miles for traction battery, hydrogen fuel cell stack, or hydrogen tank. If a manufacturer presents a warranty of 160,000km for a vehicle approved in the EU this will be accepted.
 - Traction battery replacement if capacity falls below 70% for cars and 65% for vans during 8 year warranty period.
27. These conditions are assessed by the administrator using the vehicle data submitted through DVLA registration and revised during the error correction process.

Timings – What are they and what do they mean?

28. The scheme year is the calendar year in which the vehicle registrations occur as per [article 3](#).

Example: The scheme year 2027 runs from 01/01/2027 until 31/12/2027.

29. The assessment period is the fourteen months in which assessment of the scheme year occurs. This is the fourteen months after the end of the scheme year, and ends with the administrator providing a final compliance report to all participants.

⁶ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/4>

Example: The assessment period for scheme year 2027 runs from 01/01/2028 until 28/02/2029.

30. The trading window is the period of time where manufacturers must report their decisions with respect of trading, banking, borrowing, and conversions. It is open from 1 November during the assessment period until 31 December during the assessment period.

Example: The trading window for scheme year 2025 runs from 01/11/2026 until 31/12/2026.

CRTS and VRTS Compliance Assessment

Timing

31. Compliance is assessed and any required payments determined after the end of the trading window for the relevant scheme year.
32. This means final compliance assessment will take place in January in the second year after the scheme year.
33. Final allowance allocations, credit earning, and allowance targets will be made known to manufacturers in advance of the trading window.

Allowances

Articles [13](#) and [45](#), and [Schedule 6](#)⁷

34. Allowances are the basic unit of compliance in VETS. There are four types of allowances, one for each scheme within VETS. This chapter is concerned with CRTS allowances for cars and VRTS allowances for vans.
35. The administrator is responsible for allocating and tracking the ownership of allowances and will communicate with manufacturers about their allocations and requirements. The authoritative source for allowance ownership is the VETS IT system that is overseen by the administrator as per [article 6](#).
36. For every non-ZEV car or van that a manufacturer registers new in GB, they must have an allowance to cover it by the end of the trading window for the relevant scheme year. This makes one CRTS allowance equivalent to one non-zero emission car and one VRTS allowances equivalent to one non-zero emission van.
37. For every scheme year, the administrator will allocate manufacturers free allowances based on the number of cars or vans that they have registered and

⁷ <https://www.legislation.gov.uk/uksi/2023/1394/schedule/6>

the respective non-ZEV registration targets for that year. The targets are set out in the table below. The ZEV registration target is the inverse of this.

Year	CRTS Non-ZEV Registration Target	CRTS ZEV Registration Target	VRTS Non-ZEV Registration Target	VRTS ZEV Registration Target
2024	78%	22%	90%	10%
2025	72%	28%	84%	16%
2026	67%	33%	76%	24%
2027	62%	38%	66%	34%
2028	48%	52%	54%	46%
2029	34%	66%	42%	58%
2030	20%	80%	30%	70%

Table 2 The non-ZEV registration targets and ZEV registration targets for CRTS and VRTS.

38. For each scheme year, the administrator will take the total number of new car or van registrations that a manufacturer has made in that year, and multiply it by the non-ZEV target. The resulting number is then the number of either CRTS or VRTS allowances that will be allocated to that manufacturer.
39. A manufacturer that meets the required volume of ZEVs in a given year will, consequently, remain below their non-ZEV target and have enough or an excess of, non-ZEV allowances. If a manufacturer goes above their non-ZEV target, i.e. has registered too few ZEVs, then they will have a non-ZEV allowance deficit.
40. This allowance calculation will be performed by the administrator during September and October of the assessment period. The data for this calculation is finalised with input from manufacturers in the months prior.
41. When being allocated, CRTS and VRTS allowances are rounded to the nearest tenth.

Example: A manufacturer registers 11,213 cars in 2026. The non-ZEV target in 2026 is 67%. $11,213 \times 67\% = 7,512.71$. Rounded the nearest tenth, this is 7,512.7. The manufacturer is allocated 7,512.7 CRTS allowances.

42. Once allowances have been granted by the administrator, the trading window opens. The trading window is always between 1 November and 31 December in the assessment period. During the trading window, manufacturers may bank, borrow, convert, and trade by notifying the administrator. If a manufacturer is in deficit, it is during this period that they can gain additional allowances and credits to meet their requirement. For more information on the trading window and flexibilities, please consult the flexibilities section of this document.
43. At the end of the trading window, the administrator will record all changes to allowances. The process of allowance surrendering, the formal redeeming of allowances against non-ZEV registrations, happens automatically. There is a set order to surrendering whereby allowances and credits from different sources are used first. The order is:

- Credits.
 - Allowances allocated for the scheme year being assessed, including traded allowances.
 - Borrowed allowances (the manufacturer must inform the administrator it intends to borrow allowances).
 - Banked allowances.
44. The surrendering of credits and allowances will happen in the above order until the manufacturer is either compliant or has no more credits or allowances. If the administrator finds that there are allowances left over after this process that it has not received instructions for, those allowances will be banked automatically.
 45. It is highly recommended that manufacturers engage with the administrator prior to the end of the trading window to ensure that their plans for compliance are understood and reflected in the administrator's records.
 46. By the end of the assessment period in January, the administrator will send each manufacturer a report detailing their performance and whether they are required to make a final compliance payment due to not having enough CRTS or VRTS allowances.
 47. If, after the trading window, a manufacturer does not have enough allowances to cover the registration of all their non-ZEVs, the manufacturer will be required to make a final compliance payment of £15,000 per CRTS allowance and £9,000 per VRTS allowance for scheme year 2024, increasing to £18,000 per VRTS allowance in the years following.

Low Volume Derogations

Articles [13](#) and [45](#), and [Schedule 4](#)⁸

48. Low volume participants are those that qualify for either the small volume manufacturer (SVM) or the micro volume manufacturer (MVM) derogations.
49. The SVM derogation may be applied for by a manufacturer with between 1,000 and 2,499 registrations in either CRTS or VRTS.
50. To receive the SVM derogation a manufacturer must complete and have approved the SVM derogation form, available from the administrator or on GOV.UK at <https://www.gov.uk/government/publications/vehicle-emissions-trading-schemes-how-to-comply> and based on the requirements in [Schedule](#)

⁸ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/4>

4.⁹ The deadline for the application form is 30 April the year following the scheme year.

51. Failure to submit a form, submission of an incorrect form, or failure to correct an error in a form will result in the manufacturer being considered a regular participant.
52. The MVM derogation is automatic and applied to manufacturers registering fewer than 1,000 registrations in the relevant scheme. The administrator will apply the derogation and inform the manufacturer in writing.
53. Derogations apply only in the CRTS or the VRTS. Manufacturers registering fewer than 1,000 non-ZEVs are exempt from the requirements of CCTS and VCTS as per articles 32 and 64.

Examples: A manufacturer with 3,000 car registrations and 500 van registrations receives an MVM derogation for VRTS only.

A manufacturer with 1,900 car registrations and 300 van registrations may apply for an SVM derogation in CRTS and will receive an MVM derogation for VRTS.

54. A manufacturer that has received a derogation will receive allowances from the administrator equal to their total car or van registrations. The manufacturer will then be required to surrender a number of allowances equivalent to the number of non-ZEVs they registered in the relevant year.
55. This means that a derogated manufacturer that registered no ZEVs will have no deficit in any year, in effect exempting them from the non-ZEV registration targets.
56. If a derogated manufacturer registered ZEVs, they will have spare allowances. These spare allowances can be traded to other manufacturers for any price, banked, or converted to the corresponding CO₂ scheme allowances.

Example: A manufacturer sells 900 cars, of which 100 are ZEV. They automatically receive an MVM derogation and receive 900 CRTS allowances from the administrator. As they sold 100 ZEVs, they only need to surrender 800 of their 900 CRTS allowances and choose to sell the excess to another manufacturer.

57. If a derogated manufacturer earns credits, they can use or sell them.

Example: A manufacturer sells 1,200 vans of which 300 are ZEVs. They apply for and receive an SVM derogation. 100 of the zero emission vans are

⁹ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/4>

ambulances (SPVs), which are worth 1.0 VRTS credits each but are not counted for the purpose of allocating allowances.

The manufacturer therefore receives 1,100 VRTS allowances from the administrator plus 100 VRTS credits. The manufacturer uses all 100 credits and 800 allowances to account for their 900 non-ZEVs, leaving 300 allowances that they choose to bank for use in future years.

58. If a manufacturer is derogated in one year then sells more than 2,499 vehicles in the next, they are granted a transitional year. In this year, the administrator will allocate them the higher of either 2,499 allowances or their total car or van registrations multiplied by the in-year target. The manufacturer will then need to ensure it has enough allowances to cover its non-ZEV registrations if the higher of 2,499 or the target calculation is not sufficient.

Example: In 2025 a manufacturer registers 2,100 cars. All are non-ZEV. They receive an SVM derogation and 2,100 allowances from the administrator.

In 2026 the manufacturer registers 2,800 cars. All are non-ZEV. They receive a transitional year and, as 2,499 is greater than $2,800 \times 67\%$, 2,499 allowances. They must use flexibilities to attain a further 301 allowances to be compliant.

59. In a transition year, if a manufacturer registers enough vehicles where 2,499 allowances would be fewer than the amount of allowances awarded by the normal allocation formula of registrations multiplied by the non-ZEV target, then that manufacturer will receive the higher amount of allowances. The tipping points differ each year as to whether 2,499 or the result of the calculation will be allocated, these are set out below.

Year	2024	2025	2026	2027	2028	2029	2030
Number of Registrations	3,204	3,471	3,730	4,031	5,206	7,350	12,495

Table 3 The number of registrations required in each year for the number of allowances awarded by reference to the standard formula to be greater than 2,499.

60. The transitional year ensures that SVMs that increase registrations are not unfairly penalised for this. The transitional year is for one year only, and a manufacturer that remains above the 2,499 registrations threshold will be considered a regular participant in the scheme and treated accordingly. If, however, they subsequently dip below the threshold afterwards then the manufacturer would be eligible for a derogation again.

Example: In 2025 a manufacturer registers 2,350 vans and receives the SVM derogation having made an application.

In 2026 the manufacturer registers 2,580 vans and receives a transitional year automatically.

In 2027 the manufacturer registers 2,450 vans and receives the SVM derogation having made an application.

61. The SVM derogation ends in 2029. All manufacturers who had received an SVM derogation in 2029 will receive a transitional year in 2030 without the need for an SVM application.

Final Compliance Payments

Articles [28](#) and [60](#)

62. If, following the exercise of derogations, exemptions, banking, borrowing, converting, trading, and pooling a manufacturer does not have enough allowances to meet their target, then the manufacturer will be required to make a final compliance payment.
63. The final compliance payment for CRTS is £15,000 in all years of the scheme.

Example: A manufacturer registers 8,000 cars in 2027, 3,000 of which are zero emission and 5,000 were non-zero emission. They registered no SPVs and no car club zero emission vehicles.

The manufacturer is allocated CRTS allowances equal to their total registrations (8,000) multiplied by the non-ZEV target for cars in 2027 (62%) for a total of $(8,000 \times 62\%)$ 4,960 CRTS allowances.

During the trading period, the manufacturer does not make use of trading or the available flexibilities.

The manufacturer requires one CRTS allowance per non-zero emission car registered. The manufacturer registered 5,000 non-zero emission cars and has 4,960 CRTS allowances. This results in a deficit of $(5,000 - 4,960)$ 40 CRTS allowances. A final compliance payment of $(40 \times £15,000)$ £600,000 is therefore due.

64. The final compliance payment for VRTS is £9,000 in 2024 and £18,000 in all years after 2024.

Example: A manufacturer has a deficit of 35 VRTS allowances in 2024. The manufacturer is required to make a final compliance payment of $(35 \times £9,000)$ £315,000.

If the same manufacturer had the same deficit of 35 VRTS allowances in 2028, the manufacturer would be required to make a final compliance payment of $(35 \times £18,000)$ £630,000.

65. Any manufacturers who will be required to make a final compliance payment shall receive at the earliest opportunity a payment notice from the administrator that will provide:

- The amount required to be paid in GBP.
 - How the amount was calculated.
 - The date by which payment must be made, being not less than 30 days.
 - That the payment must be made to the administrator and how to do so.
 - Information on rights of appeal.
66. Failure to make a final compliance payment where required will result in the amount being converted to civil debt to be pursued through the courts and potentially civil penalties.

CRTS and VRTS Trading, Pooling, and Flexibilities

Notifying the Administrator

67. CRTS and VRTS have trading and flexibilities included to facilitate varied routes to compliance. To employ these, the manufacturer must notify the administrator of their intention to use them with the exception of banking. Banking is automatic at the end of the trading window, though notification of an intention to bank is encouraged.
68. The primary route for notifying the administrator is the VETS IT system. In the unlikely event of the system failing, alternative provision for notification will be made and communicated to participants.
69. All participants in VETS will be able to access this system, and if for any reason the system is not accessible the administrator may be contacted via email at VETSadmin@df.gov.uk or post: VETS Administrator, Great Minster House, 33 Horseferry Road, London SW1P 4DR.

Trading Windows

Articles [3](#), [14](#), [15](#), [23](#), [25](#), [26](#), [35](#), [46](#), [47](#), [55](#), [56](#), and [67](#)

70. Trading windows are participants' opportunity to inform the administrator what they wish to do with their allocation of allowances and any credits they have earned.
71. The trading window for a scheme year occurs between 00:00 1 November and 23:59 31 December the year after the scheme year.

Example: The trading window for the scheme year 2025 will be 00:00 1 November 2026 – 23:59 31 December 2026.

72. Trading windows are based on the final data. This data is the result of DVLA registrations and subject to the error corrections process that manufacturers are invited to take part in. For more information on error correction, see chapter 4.
73. The administrator will publish final data to all participants at the same time in advance of 23:59 30 October.
74. Manufacturers who believe that the data the administrator determined as final is flawed due to errors on the administrator's part may appeal to a tribunal. The trading window will not be postponed as a result of appeals but, if an appeal finds that an error was made, then appropriate rectification will be made.
75. During the trading window, if a participant wishes to use banking, borrowing, trading, or conversions then they must notify their intent to do so to the administrator.
76. This notification will primarily occur through the VETS IT system. If owing to unforeseen circumstances, this is not possible the administrator will provide alternative routes.
77. Manufacturers may notify their decisions right up to the end of the window, 23:59 31 December. Confirmation of the notification is not required within the trading period to be valid, though the administrator will always strive to do so.
78. If a manufacturer wishes to cancel a decision, they may notify the administrator of this up to the end of the window, 23:59 31 December. In the case of approved trades, both parties must instruct the administrator to cancel a trade.
79. If a manufacturer has made decisions that they wish to cancel, it is strongly recommended that they wait to cancel non-trade decisions until they are certain that any relevant trade decisions have been cancelled to avoid unforeseen issues in meeting compliance.

Trading

Articles [25](#), [26](#), [57](#), and [58](#)

80. Manufacturers may trade CRTS and VRTS allowances and credits amongst themselves at any volume and at any price.
81. Borrowed CRTS and VRTS allowances are not eligible to be traded. CRTS and VRTS credits acquired through conversion are also not eligible to be traded.
82. In order to trade, a manufacturer must be a participant in the scheme that the allowances or credits are from, i.e. manufacturer that wishes to trade in VRTS allowances or credits must register at least one van. All manufacturers eligible to trade will receive a VETS account number and, if they form a pool, a pool account number.

83. Allowances may be traded down to a tenth, i.e. a manufacturer may trade 1.0 allowances or 1.4 allowances but not 1.43 allowances.
84. For a trade to be recognised and recorded by the administrator, during the trading window both manufacturers that are party to the trade must supply:
 - The name and VETS account number of the seller.
 - The name and VETS account number of the buyer.
 - The number of allowances or credits to be traded.
 - The total price paid for those allowances or credits in GBP.

Example: A trade notification will require the below information.

Buyer: Manufacturer A. Acct No. 54348

Seller: Manufacturer B. Acct No. 42205

No. of Allowances: 10,000

Total Price Paid: £100,000

Both manufacturer A and manufacturer B must submit the same information to the administrator during the trading window for the trade to be valid.

85. This notification will take place via the VETS IT system or, if there is a reason why this is not possible, through an alternative route.
86. Once a trade has been recorded, the administrator will notify both parties.
87. If manufacturers wish to cancel a trade that has already been recorded, they should contact the administrator directly as soon as possible and before the close of the trading window.
88. Manufacturers may choose to enter into agreements with one another to trade at any time, only the reporting must occur during the trading window.

Pooling

Articles [11](#) and [43](#), and [Schedule 5](#)¹⁰

89. As with CCTS and VCTS, manufacturers that are part of the same connected entity may form a pool and be treated as a single participant in CRTS or VRTS for the purpose of compliance.

¹⁰ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/5>

90. Manufacturers wishing to form a pool must complete a pool application form. This form is found at available from the administrator or on GOV.UK at <https://www.gov.uk/government/publications/vehicle-emissions-trading-schemes-how-to-comply> and is based on the requirements in [Schedule 5](#).¹¹
91. A pooling application is valid for one year, and must be submitted to the administrator before 30 April the year after the scheme year to which the application applies.
92. The application must state the manufacturers in the pool, the schemes in which the manufacturers are a part (by virtue of their registrations), and nominate a contact point who will receive communications from the administrator on behalf of the pool.
93. The application form requires directors of the manufacturers applying to form a pool to attest to the connectedness of their respective entities. This is the principal evidence required by the administrator that the manufacturers are connected, but further evidence may be required.
94. A pool for the purposes of CRTS must also be a pool for the Non-Zero-Emission Car CO₂ Trading Scheme (CCTS). The same is true for VRTS and its counterpart the Non-Zero-Emission Van CO₂ Trading Scheme (VCTS). A manufacturer registering both cars and vans is not required to be in the same pool for CRTS/CCTS and VRTS/VCTS, but this is allowed should the manufacturers choose to do so.
95. To form a pool, manufacturers are required to prove that they are connected. “Connected” is defined in the VETS Order by cross reference to [section 1122 of the Corporation Tax Act 2010](#).¹²
96. This can be summarised as whether the one entity has control over the other or multiple others. “Control” is further defined in the Corporation Tax Act 2010¹³ and can be summarised as the affairs of one entity being conducted in accordance with the wishes of another by virtue of holding shares or possessing voting power, or by virtue of powers conferred on the controlling entity with respect to the controlled entity.
97. Pools are jointly liable for any scheme requirements, payments, or penalties.
98. Pools may exercise all relevant flexibilities, and any liability arising from the exercise of these flexibilities will be joint. This is explained on a per-flexibility basis on the below sections.
99. If a pool’s total registrations fall within the derogation threshold (i.e. below 2,500) then the pool may receive a derogation. If a manufacturer is within a

¹¹ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/5>

¹² <https://www.legislation.gov.uk/ukpga/2010/4/section/1122>

¹³ <https://www.legislation.gov.uk/ukpga/2010/4/section/1123>

pool and the pool's registrations are in excess of 2,500 then the individual manufacturer will not receive a derogation.

100. Pools should ensure they have relevant data sharing agreements in place to enable the pool manager to view any data required in order to comply with the schemes.

Banking

Articles [14](#), [16](#), [46](#), and [48](#)

101. Banking is the ability to retain excess allowances earned in one scheme year for use in future years.
102. Banked allowances must be used within three years of their original scheme year or else they will expire. For example, a 2025 banked allowance must be used for compliance before or in 2028.
103. If a manufacturer is part of a pool in one year and banks allowances as a pool, then the pool subsequently breaks up, the pool's allowances will be distributed according to the proportion of ZEVs the departing manufacturer(s) contributed towards the pool's total. The methodology is as follows:
- The administrator calculates the number of ZEVs registered by the manufacturer(s) leaving the pool in the year in which the allowances were banked.
 - The administrator will divide this number by the total ZEV registrations by the pool in the year in which the allowances were banked.
 - The result will be multiplied by the number of banked allowances from the year in which the allowances were banked.
 - The process is repeated for each scheme year for which there are banked allowances.
104. A manufacturer that is not in a pool one year, banks allowances, then joins a pool, may contribute those banked allowances towards the pool's compliance. If they then leave the pool, they are not entitled to those banked allowances back, all banked allowances are distributed according to the process set out above in paragraph 102. Manufacturers may of course make their own provisions through trading allowances, including banked allowances, at any price.
105. Only CRTS and VRTS allowances may be banked. Credits, CCTS and VCTS allowances, and borrowed allowances may not be banked.
106. Allowances may be banked down to a tenth, i.e. a manufacturer may bank 1.0 allowances or 1.4 allowances but not 1.43 allowances.

- 107. There is no cap on banking allowances and banking is allowed in all years of the scheme.
- 108. Banked allowances may be traded and converted.
- 109. A manufacturer with a borrowing debt may not bank allowances until that debt is paid off.

Borrowing

Articles [15](#), [17](#), [47](#), and [49](#)

- 110. Borrowing is the ability to take allowances from a manufacturer’s future allocation and use them in the relevant scheme year. For example, a manufacturer might require 100 CRTS allowances to be compliant in 2024, so it would borrow those allowances from their allocation in 2025.
- 111. Borrowing is available in 2024, 2025, and 2026. It is not available after 2026.
- 112. Borrowed allowances accrue compound interest at 3.5%. The borrowed allowance debt is always rounded up to the nearest whole number.
- 113. In articles [15](#) and [47](#), the 3.5% compounding interest is expressed as a consolidated increase percentage for each year the debt goes unpaid. These are 3.5% for repayment the year after borrowing, 7.12% for repayment one year after borrowing, and 10.87% for two years after borrowing. When these percentages are applied to the original borrowed amount, they have the effect of 3.5% compounding interest, as in the below example.

Example: In 2024, a manufacturer borrows 200 VRTS allowances and decides to repay the debt in 2027. The below table shows the two methods of interest calculation as to the size of the debt in 2027.

Year	3.5% increments	Consolidated
2025	$200 * 1.035 = 207$	$200 * 1.035 = 207$
2026	$207 * 1.035 = 214.2$	$200 * 1.0712 = 214.2$
2027	$214.2 * 1.035 = 221.7$	$200 * 1.1087 = 221.7$

The manufacturer is therefore liable to repay 222 VRTS allowances because the debt is always rounded up to the nearest whole number.

- 114. The administrator will record the amount of allowances borrowed and apply the interest. If the manufacturer borrows more allowances in subsequent years, this is added to the debt and the interest continues to be applied.

Example: A manufacturer borrows 300 VRTS allowances in 2024. It borrows no allowances in 2025, and 100 VRTS allowances in 2026.

If none of the debt is paid, then in 2025 the manufacturer will owe (300×1.035) 310.5 VRTS allowances rounded up to 311. In 2026 this debt increases to (311×1.035) 321.9 VRTS allowances rounded to 322, which then has 100 added for 422 VRTS allowances. In 2027 the debt will be worth (422×1.035) 436.8 VRTS allowances rounded up to 437.

115. Borrowed allowances may be paid for using allowances or credits, provided they are from the same scheme. The manufacturer must notify the administrator that they wish to pay down some of the debt using allowances or credits during the trading window. All borrowed allowances must be accounted for as part of 2027 compliance.
116. If a manufacturer's borrowed allowance debt is not paid as part of 2027 compliance, then that manufacturer will be required to make a final compliance payment equivalent to the number of allowances in the debt multiplied by £15,000 (CRTS) or £18,000 (VRTS).
117. If a manufacturer is part of a pool in one year and borrows allowances as a pool, then the pool breaks up, the borrowed allowance balance will be distributed according to the proportion of non-ZEVs the departing manufacturer(s) contributed towards the pool's total. The methodology is as follows:
 - The administrator calculates the number of non-ZEVs registered by the manufacturer(s) leaving the pool in the relevant scheme year.
 - The administrator will divide this number by the total non-ZEV registrations by the pool in the relevant scheme year.
 - The result will be multiplied by the number of borrowed allowances from that scheme year, minus any amount of allowances that the pool has paid to service the debt that is in excess of the interest due.
 - The process is repeated for each scheme year for which there are borrowed allowances.
 - The administrator will apply interest to any scheme years where interest has not been paid off in full by the pool.
118. If a manufacturer that is not in a pool one year, borrows allowances, then joins a pool, then the pool is liable for the borrowed allowances. If the same manufacturer then leaves the pool, they will be attributed borrowed allowance debt using the methodology set out above, rather than being liable for any balance they had accrued prior to pooling.

119. The below table sets out the borrowing caps. The borrowing cap is the proportion of a manufacturer's total registrations in CRTS or VRTS that a manufacturer may borrow up to.

Year	CRTS Borrowing Cap (Article 15)	VRTS Borrowing Cap (Article 47)
2024	16.5%	9%
2025	14%	8%
2026	8.25%	6%

Table 4 The borrowing caps for CRTS and VRTS, expressed as a percentage of total vehicle registrations, as per articles [15](#) and [47](#).

120. Multiplying the borrowing cap by the number of cars or vans registered gives the maximum number of allowances that a manufacturer may borrow in one year.

Example: A manufacturer registers 12,000 cars in 2026. It may borrow a maximum of $(12,000 \times 8.25\%)$ 990 CRTS allowances.

- 121. Allowances may be borrowed down to a tenth, i.e. a manufacturer may borrow 1.0 allowances or 1.4 allowances but not 1.43 allowances.
- 122. Manufacturers must notify the administrator of their intent to borrow allowances before the close of the trading window.
- 123. The administrator has the right to refuse to allow borrowing where appropriate. The reasons for not allowing a manufacturer to borrow can include where the administrator has reason to doubt that the borrowed allowances would be paid back, for example if a manufacturer was planning to exit the market.
- 124. Allowances gained by borrowing may not be traded.
- 125. Allowances gained by borrowing may not be banked.
- 126. A participant with an outstanding borrowing debt may not bank allowances until that debt is paid.

Conversions

Articles [23](#), [35](#), [55](#), and [67](#)

127. Manufacturers may convert allowances between CRTS and CCTS or VRTS and VCTS. This conversion is subject to an exchange rate that is designed to incentivise delivery of ZEVs. The exchange rates are as follows:

- CCTS allowances are converted to CRTS credits at a rate of 167:1 as per [article 23](#).

- CRTS allowances are converted to CCTS allowances at a rate of 1:135 as per [article 35](#).

- VCTS allowances are converted to VRTS credits at a rate of 216:1 as per [article 55](#).

- VRTS allowances are converted to VCTS allowances at a rate of 1:206 as per [article 67](#).

Example: A manufacturer wishes to convert 220 CRTS allowances into CCTS allowances and 108,000 VCTS allowances into VRTS credits.

CRTS to CCTS: $220 \times 135 = 29,700$ CCTS allowances.

VCTS to VRTS: $108,000 / 216 = 500$ VRTS credits.

128. Conversions from CRTS to CCTS and VRTS to VCTS are allowed in all years of the scheme. Conversions from CCTS to CRTS and VCTS to VRTS are only allowed in 2024, 2025, and 2026.
129. Conversion is only allowed from CCTS to CRTS and VCTS to VRTS where the manufacturer has excess CCTS or VCTS allowances (i.e. more than they need to be compliant) to convert prior to trading and conversions. Provided a manufacturer meets this condition, any traded CCTS or VCTS allowances may be converted.
130. Credits from converting from CCTS to CRTS and from VCTS to VRTS are not permitted to be traded.
131. Conversion is only allowed from CRTS to CCTS and VRTS to VCTS where the manufacturer has excess CRTS or VRTS allowances (i.e. more than they need to be compliant) to convert prior to trading, banking, and borrowing. Provided a manufacturer meets this condition, any traded CRTS or VRTS allowances may be converted as well as any banked allowances, however borrowed allowances may not be converted.
132. The below table sets out the conversion caps for CCTS to CRTS and VCTS to VRTS conversions. The conversion cap is the proportion of a manufacturer's total registrations in CRTS or VRTS that a manufacturer may convert up to.

Year	CRTS Conversion Cap (Article 23)	VRTS Conversion Cap (Article 55)
2024	14.3%	6.5%
2025	12.6%	7.2%
2026	6%	6%

Table 5 The borrowing caps for CRTS and VRTS, expressed as a percentage of total vehicle registrations, as per articles [23](#) and [55](#).

133. Multiplying the borrowing cap by the number of cars or vans registered gives the maximum number of credits that a manufacturer may acquire through conversion in one year.

Example: A manufacturer registers 16,000 vans in 2025. The manufacturer may acquire a maximum of $(16,000 \times 7.2\%)$ 1,152 VRTS credits, which would require $(1,152 \times 167)$ 192,384 excess VCTS allowances.

134. CRTS and VRTS credits earned through converting CCTS and VCTS allowances may not be traded.
135. CCTS and VCTS allowances earned by converting CRTS and VRTS allowances are able to be traded during the trading window.

Bonus Credits

Articles [18](#), [19](#), [20](#), [21](#), [22](#), [27](#), [50](#), [51](#), [52](#), [53](#), [54](#), and [59](#), and [Schedule 2](#)¹⁴

136. As per articles [27](#) and [59](#), one CRTS or VRTS credit is worth one CRTS or VRTS allowance. A CRTS credit may therefore be used in compliance to account for the registration of one non-zero emission car, and a VRTS credit the same for one non-zero emission van.
137. There are three ways to earn bonus credits in the CRTS scheme, and two in the VRTS scheme. There are no credits in either the CCTS or VCTS scheme.
138. Credits may stack. If a registration meets more than one set of criteria, it will earn multiple bonus credits.
139. As per articles [19](#), [21](#), [51](#), and [53](#) special purpose vehicle (SPV) credit is awarded at a rate of one credit per vehicle that:
- Is type approved as a special purpose vehicle as per the definitions in [division 5, Part A, Annex I of Regulation 2018/858](#).¹⁵
 - Is not a wheelchair accessible vehicle (CRTS only).
 - Meets the ZEV definition.
140. As per articles [19](#) and [21](#), a wheelchair accessible vehicle (WAV) credit is awarded at a rate of 1.5 credits per vehicle that both:
- Is type approved as a wheelchair accessible vehicle as per the definition in [division 5.5, Part A, Annex I of Regulation 2018/858](#).¹⁶

¹⁴ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/2>

¹⁵ <https://www.legislation.gov.uk/eur/2018/858/annex/II/part/A/division/5>

¹⁶ <https://www.legislation.gov.uk/eur/2018/858/annex/II/part/A/division/5>

- Meets the ZEV definition.

141. All WAVs are vehicle category M1 by definition, there are therefore no WAV credits in the VRTS scheme.
142. Manufacturers may be asked to provide documentation demonstrating that a vehicle was type approved as a category of SPV.
143. As per articles [20](#), [22](#), [52](#), and [54](#), if a vehicle that meets the ZEV definition is sold to a car club that meets the eligibility criteria as set out in [Schedule 2](#),¹⁷ it will be awarded 0.5 credits. The eligibility criteria sets out a definition of what a car club is and to receive the credit, the ZEV must be exclusively used by a car club that meets the criteria for 18 months, unless the vehicle is an insurance write-off.

Example: Manufacturer A registers a ZEV SPV of category SA (Motor Caravan). It meets the ZEV definition. Manufacturer A receives 1.0 SPV credits.

Manufacturer B registers a ZEV WAV, a category SH SPV. It meets the ZEV definition. Manufacturer B receives 1.0 SPV credits and 0.5 WAV credits for 1.5 in total.

Manufacturer C registers a ZEV WAV, a category SH SPV, that is sold to a car club that meets the car club criteria. The vehicle meets the ZEV definition. Manufacturer C receives 1.0 SPV credits, 0.5 WAV credits, and 0.5 car club credits for 2.0 in total.

144. Allowances from CCTS or VCTS that are converted for use in the CRTS or VRTS, respectively, becomes CRTS or VRTS credits.
145. Bonus credits may be traded (unless they are earned from conversion of CCTS or VCTS allowances) and used in compliance. They may not be banked or borrowed.

¹⁷ <https://www.legislation.gov.uk/uksi/2023/1394/schedule/2>

Chapter 3: CCTS and VCTS

Purpose – What is this chapter for?

1. This chapter will set out the requirements and flexibilities for compliance with the [Non-Zero-Emission Car CO₂ Trading Scheme](#)¹⁸ (CCTS) and the [Non-Zero-Emission Van CO₂ Trading Scheme](#)¹⁹ (VCTS), in the Vehicle Emissions Trading Schemes Order 2023 (VETS Order).
2. This chapter does not address the zero emission vehicle uptake targets in CRTS and VRTS. Those schemes are addressed in chapter 2 of this guidance document.
3. The administrator of these schemes is the Secretary of State for Transport, who administers the schemes on behalf of the United Kingdom (UK) Government, the Scottish Government, and the Welsh Government. A body within the Department for Transport manages the administration of the schemes on behalf of the Secretary of State.
4. Whilst this chapter provides general guidance on the relevant legislation, nothing in this chapter or document should be construed as a definitive view or as legally binding. Where appropriate, manufacturers should obtain their own legal advice.
5. Individual manufacturers' circumstances may require direct engagement with the administrator. You can contact the administrator of the trading schemes at VETSadmin@dft.gov.uk.

Overview – What are CCTS and VCTS?

6. CCTS and VCTS apply a per-vehicle average WLTP CO₂ emissions baseline target that is individual to every manufacturer and is calculated based on that manufacturer's emissions performance in 2021. The target remains the same from 2024 – 2030 when VETS ends. Further legislation to cover the post-2030 period will be brought forward in due course.
7. A manufacturer that registers both cars and vans will receive a baseline target for their car registrations determined by previous car emissions performance, and a baseline target for their van registrations determined by previous van emissions performance.

¹⁸ <https://www.legislation.gov.uk/ukxi/2023/1394/part/3/chapter/2>

¹⁹ <https://www.legislation.gov.uk/ukxi/2023/1394/part/3/chapter/4>

8. Manufacturers that were compliant with the new car and van CO₂ emissions regulations in force in 2021 will receive a baseline target that is the higher of:
 - their non-ZEV 2021 average emissions; or
 - their 2021 target.
9. Manufacturers that were not compliant in 2021 will receive a baseline target that is their non-ZEV 2021 average emissions reduced by the percentage by which they missed their 2021 target.
10. A manufacturer that complied with the then regulations as part of a pool in 2021 is considered to be compliant as an individual for the purposes of baseline target calculation.
11. Manufacturers that did not register eligible vehicles in the UK in 2021 but did in either 2022 or 2023 will receive a baseline target of their average emissions in the first year of their registrations in the UK, either 2022 or 2023.
12. Manufacturers that did not register eligible vehicles in the UK in 2021 but do so in 2024 or later will receive a baseline target of the average emissions of all new car or van registrations in the UK the year prior to their first year of registrations in the UK.
13. The full methodology for the calculation of baseline targets is set out in [Schedule 1](#).²⁰
14. VETS enforces these baseline targets by requiring one CCTS allowance per 1gCO₂/km emitted by a manufacturer's new cars and one VCTS allowance per 1gCO₂/km emitted by a manufacturer's new vans.

Example: A manufacturer that registers 10,000 cars with average emissions of 135gCO₂/km will require (135*10,000) 1,350,000 CCTS allowances to be compliant.

15. Manufacturers will receive the number of CCTS or VCTS allowances that is equal to their total new car or new van registrations multiplied by their car or van target. If a manufacturer has maintained their per-vehicle average emissions relative to their target, then they will have enough allowances to be compliant. This is set out in articles [34](#) and [66](#).

Example: A manufacturer with a van baseline target of 175gCO₂/km that registers 5,000 non-zero emission vans will receive (175*5,000) 875,000 VCTS allowances.

If the 5,000 vehicles have average emissions of 175gCO₂/km the manufacturer is compliant with no excess allowances.

²⁰ <https://www.legislation.gov.uk/uksi/2023/1394/schedule/1>

16. If a manufacturer reduces their per-vehicle average emissions compared to their target, they will have excess CCTS or VCTS allowances.

Example: A manufacturer with a car baseline target of 140gCO₂/km registers 15,000 non-zero emission cars with a per-vehicle average emissions of 135gCO₂/km.

The manufacturer is allocated (140*15,000) 2,100,000 CCTS allowances by the administrator. The manufacturer requires (135*15,000) 2,025,000 CCTS allowances to be compliant.

The manufacturer has an excess of (2,100,000-2,025,000) 75,000 CCTS allowances.

17. If a manufacturer increases their per-vehicle average emissions compared to their baseline target, they will not have enough allowances to be compliant.

Example: A manufacturer with a van baseline target of 180gCO₂/km registers 8,000 non-zero emission vans with a per-vehicle average emissions of 185gCO₂/km.

The manufacturer is allocated (180*8,000) 1,440,000 VCTS allowances by the administrator. The manufacturer requires (185*8,000) 1,480,000 VCTS allowances to be compliant.

The manufacturer has a deficit of (1,440,000-1,480,000) 40,000 VCTS allowances.

18. VETS contains two methods of addressing an excess or deficit of allowances:

- Trading allowances and credits with other manufacturers in accordance with articles [37](#) and [69](#).

- Conversions of excess allowances from CCTS to CRTS and VCTS to VRTS, and vice versa in accordance articles [23](#), [35](#), [55](#), and [67](#).

19. Manufacturers who make use of the trading or conversions must report their decisions to the administrator during the trading window for the relevant scheme year. The scheme year is the calendar year in which the vehicles were registered. The trading window is open between 1 November and 31 December the year after the scheme year.
20. If, after the trading window, a manufacturer has an allowance deficit, they will be required to make a payment per allowance they are missing. For both CCTS and VCTS the final compliance payment is set at £86 per allowance as per articles [39](#) and [71](#).

Eligibility – Which vehicles and manufacturers are regulated CCTS or VCTS?

21. As per articles [3](#) and [32](#):

- A vehicle manufacturer is a participant in CCTS if they register as new 1,000 or more non-zero emission vehicles in GB of category M1 in the relevant scheme year, discounting any such vehicles that are type approved as a special purpose vehicle (SPV).
- A vehicle manufacturer that registers 999 or fewer such vehicles is exempt.

22. As per articles [3](#) and [64](#):

- A vehicle manufacturer is a participant in VCTS if they register as new 1,000 or more non-zero emission vehicles in GB of category N1, discounting any such vehicles that are type approved as a special purpose vehicle (SPV).
- A vehicle manufacturer that registers 999 or fewer such vehicles is exempt.
- Non-zero emission Heavy Duty N1 vehicles (i.e. vehicles type approved in accordance with Regulation (EU) 595/2009) are out of scope of VCTS and do not contribute towards compliance with the baseline target.

23. Whether a vehicle is new, is defined as any vehicle registered with the DVLA that does not receive a Q plate (i.e. is of indeterminate age). This includes vehicles permanently imported from outside the GB within three months of their initial registration in the country of origin.

24. Vehicles that are exported from the GB within three months of their initial registration are not included in VETS.

25. GB is defined as Wales, Scotland, and England. Vehicles sold in Northern Ireland are subject to separate regulations.

Timings – What are they and what do they mean?

26. The scheme year is the calendar year in which the vehicle registrations occur.

Example: The scheme year 2027 runs from 01/01/2027 until 31/12/2027.

27. The assessment period is the fourteen months in which assessment of the scheme year occurs. This is the fourteen months after the end of the scheme year, and ends with the administrator providing a final compliance report to all participants.

Example: The assessment period for the scheme year 2027 runs from 01/01/2028 until 28/02/2029.

28. The trading window is the period of time where manufacturers must report their decisions with respect of trading, banking, borrowing, and conversions. This is open from 1 November during the assessment period until 31 December during the assessment period.

Example: The trading window for the scheme year 2025 runs from 01/11/2026 until 31/12/2026.

CCTS and VCTS Compliance Assessment

Timing

29. Compliance is only assessed after the end of the trading window for the relevant scheme year.
30. This means final compliance assessment will take place in January in the second year after the scheme year.
31. Final allowance allocations, and allowance targets will be made known to manufacturers in advance of the trading window.

Allowances and the Baseline Target

Articles [34](#) and [66](#), and [Schedule 1](#)²¹

32. Allowances are the basic unit of compliance in VETS. There are four types of allowances, one for each scheme within VETS, including CCTS and VCTS.
33. The administrator is responsible for allocating and tracking the ownership of allowances and will communicate with manufacturers about their allocations and requirements. The authoritative source for allowance ownership is the VETS IT system that is overseen by the administrator as per [article 6](#).
34. For every gram of CO₂ emitted per kilometre by a car or van that a manufacturer registers new in GB, they must have a CCTS or VCTS allowance to account for it by the end of the trading window for the relevant scheme year. This makes one CCTS allowance equivalent to 1gCO₂/km emitted by a car and one VCTS allowances equivalent to 1gCO₂/km emitted by a van.
35. The baseline target is a per manufacturer target derived from previous emissions performance. Meeting or beating this baseline target means that a

²¹ <https://www.legislation.gov.uk/uksi/2023/1394/schedule/1>

manufacturer has maintained or reduced their per vehicle averages emissions compared to previous performance.

36. A manufacturer that registers both new cars and new vans will receive both a CCTS baseline target and a VCTS baseline target.
37. A baseline target is calculated to three decimal places.
38. A manufacturer's baseline target is determined by their performance in 2021 under the new car and van CO₂ emissions regulations in force at that time, unless they were not in the UK market in that year.
 - A manufacturer that met or beat their 2021 target as an individual manufacturer in 2021 will receive a baseline target that is the higher of their non-ZEV 2021 average emissions or their 2021 target.

Example: Manufacturer A had a 2021 target of 135gCO₂/km and 2021 actual emissions of 133gCO₂/km for cars. They therefore complied.

While 2021 average emissions were 133gCO₂, removing ZEVs to get the non-ZEV 2021 average emissions gives a figure of 140gCO₂/km. This manufacturer therefore receives a CRTS baseline target of 140gCO₂/km, their non-ZEV 2021 average emissions, as this is higher than their 135gCO₂/km 2021 target.

Manufacturer B had a 2021 target of 120gCO₂/km and 2021 actual emissions of 114gCO₂/km. They therefore complied.

While 2021 average emissions were 114gCO₂, removing ZEVs to get the non-ZEV 2021 average emissions gives a figure of 116gCO₂/km. This manufacturer receives a CCTS baseline target of 120gCO₂/km, their 2021 target, as this is higher than their 116gCO₂/km non-ZEV 2021 average emissions.

- A manufacturer that was in a pool that met or bet its 2021 pool target will receive a baseline target that is the higher of their non-ZEV 2021 average emissions or what would have been their individual 2021 average emissions target, the same as a manufacturer that complied without being a part of a pool.

- A manufacturer that failed to meet its 2021 target as an individual manufacturer in 2021 will receive a baseline target of their non-ZEV 2021 average emissions reduced by the percentage by which they missed their 2021 target.

Example: A manufacturer had a 2021 target of 140gCO₂/km and 2021 actual emissions of 142gCO₂/km for cars. The manufacturer failed to comply and missed their target by 2gCO₂/km.

The percent by which the 2021 target was missed is $(100 * (2/140))$ 1.43%.

The manufacturer's non-ZEV 2021 average emissions in 2021 (i.e. emissions removing all ZEVs registered) was 155gCO₂/km.

The manufacturer therefore receives a CCTS baseline target of non-ZEV 2021 average emissions reduced by 1.43%, $(155 - (155 * 1.43\%))$ 152.78gCO₂/km.

- A manufacturer that was in a pool that failed to meet its 2021 pool target will have their actual 2021 average emissions compared to what would have been their individual target:

a. If the manufacturer would have complied as an individual, they will receive the higher of their non-ZEV 2021 average emissions or their 2021 average emissions target, the same as a manufacturer that complied without being a part of a pool.

b. If the manufacturer would not have complied as an individual, the baseline target will be the manufacturer's non-ZEV 2021 average emissions reduced by the percentage by which the pool missed its 2021 pool target.

Example: Manufacturer A and manufacturer B were in a pool in 2021, registering 10,000 cars each. The 2021 pool target was 130gCO₂/km and the pool's actual 2021 emissions were 134gCO₂/km.

Manufacturer A alone had actual emissions of 128gCO₂/km. Had they been participating as an individual, they would have received an individual 2021 target of 129gCO₂/km. They therefore would have complied as an individual. Their non-ZEV 2021 average emissions in 2021 (i.e. emissions removing all ZEVs registered) were 137gCO₂/km, which is higher than their individual target, so they receive a CCTS baseline target of 137gCO₂/km.

Manufacturer B alone had actual emissions of 136gCO₂/km. Had they been participating as an individual they would have received an individual 2021 target of 131gCO₂/km. They therefore would not have complied as an individual. The pool missed its target by $(130 - 134)$ 4gCO₂/km. 4gCO₂/km is $(4/130)$ 3.08% of the 2021 pool target.

Manufacturer B's non-ZEV 2021 emissions (i.e. emissions removing all ZEVs registered) were 150gCO₂/km.

Manufacturer B therefore has their 2021 non-ZEV average emissions reduced by 3.08% for a CCTS baseline target of $(150 - (150 * 3.08\%))$ 145.38gCO₂/km.

- A manufacturer that was exempt in 2021 will receive the 2021 average emissions of the UK car or van fleet as their baseline target.

- A manufacturer that was not participating in the UK market in 2021 and entered in either 2022 or 2023 will receive their average emissions in their first year of participation as their baseline target.

- A manufacturer that was not participating in the UK market in 2021 and enters the market in or after 2024 will receive a baseline target that is the average non-zero emission car or van emissions of all registrations in the year prior to the scheme year.

39. The below table indicates the location of the precise methodology of each scenario for CCTS and VCTS in [Schedule 1](#).²²

Scenario	CCTS Reference	VCTS Reference
Existing manufacturer which met 2021 target	Paragraphs 5-6	Paragraphs 25-26
Existing manufacturer in compliant pool in 2021	Paragraphs 5-6 (see 5.b.ii)	Paragraphs 25-26 (see 25.b.ii)
Existing manufacturer which did not meet 2021 target	Paragraphs 8-9	Paragraphs 28-29
Existing manufacturer in non-compliant pool in 2021	Paragraphs 10-13	Paragraphs 30-33
New manufacturer in 2022 or 2023	Paragraphs 14-17	Paragraphs 34-37
New manufacturer in 2024 or later	Paragraphs 18-19	Paragraphs 38-39
Existing manufacturer which met 2021 target	Paragraphs 5-6	Paragraphs 25-26

Table 6 Reference table of baseline calculation methodology in [Schedule 1](#) to VETS.

40. Where a manufacturer receives their 2021 target as their baseline target this will include any derogations.
41. The administrator will inform each participant of their target and their preliminary performance against it when delivering final data. This will happen for the first time in October 2025 in relation to the 2024 scheme year and then each October for each successive scheme year.
42. All manufacturers will receive an individual baseline target, including manufacturers that intend to be a part of a pool.
43. A pool's baseline target is calculated by calculating an average of the pooled manufacturers' baseline targets and weighting that by each manufacturer's registrations in the relevant scheme year, as per paragraphs 20 and 40 of [Schedule 1](#).²³

Example: Manufacturer A, Manufacturer B, and Manufacturer C are in a pool together for CCTS.

Manufacturer A registers 1,500 non-zero emission cars and has a baseline target of 130gCO₂/km.

Manufacturer B registers 2,000 non-zero emission cars and has a baseline target of 140gCO₂/km.

²² <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/1>

²³ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/1>

Manufacturer C registers 2,000 non-zero emission cars and has a baseline target of 145gCO₂/km.

The target of the pool is therefore:

$$\frac{(1,500 * 130) + (2,000 * 140) + (2,000 * 145)}{1,500 + 2,000 + 2,000}$$

Simplified to:

$$\frac{765,000}{5,500}$$

For a pool CCTS baseline target of 139.091gCO₂/km.

44. For the purposes of assessing compliance and allowing manufactures to make use of trading and flexibilities, the baseline target is expressed in terms of allowances.
45. A manufacturer's baseline target is therefore multiplied by the number of non-zero emission car or van registrations that manufacturer has in the relevant scheme year. The resulting number of allowances is awarded to the manufacturer.

Example: A manufacturer has a CCTS (car) baseline target of 140gCO₂/km and a VCTS (van) baseline target of 210gCO₂/km.

The manufacturer registers 50,000 non-zero emission cars and 2,000 non-zero emission vans.

The manufacturer's CCTS baseline target expressed in allowances is (50,000*140) 7,000,000 CCTS allowances.

The manufacturer's VCTS baseline target expressed in allowances is (2,000*210) 420,000 VCTS allowances.

46. A manufacturer requires one allowance per gram of CO₂ emitted. In practical terms, this means multiplying the number of new non-zero emission vehicles registered in a scheme year by the average emissions of those vehicles.
47. If the manufacturer's average emissions in the scheme year were equal to or below their baseline target as determined in accordance with [Schedule 1](#)²⁴ then they will have enough allowances to be compliant and may have an excess.

Example: A manufacturer has a VCTS baseline target of 190gCO₂/km.

²⁴ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/1>

In 2025, they register 10,000 non-zero emission vans with average emissions of 188gCO₂/km.

The manufacturer therefore requires (10,000*188) 1,880,000 VCTS allowances.

The administrator gives the manufacturer (10,000*190) 1,900,000 VCTS allowances.

The manufacturer has an excess of (1,900,000-1,880,000) 20,000 VCTS allowances going into the trading window.

48. If the manufacturer's average emissions in the scheme year were greater than their baseline target as determined in accordance with [Schedule 1](#)²⁵ then they not will have enough allowances to be compliant.

Example: A manufacturer has a CCTS baseline target of 135gCO₂/km.

In 2027, they register 45,000 non-zero emission cars with average emissions of 137gCO₂/km.

The manufacturer therefore requires (45,000*137) 6,165,000 CCTS allowances.

The administrator gives the manufacturer (45,000*135) 6,075,000 CCTS allowances.

The manufacturer has a deficit of (6,075,000-6,165,000) 90,000 CCTS allowances going into the trading window.

49. Whether a manufacturer finds themselves with an excess or a deficit, they will have access to trading and conversion during the trading window. Manufacturers with an excess may sell allowances to other manufacturers or convert CCTS allowances into CRTS credits and excess VCTS allowances into VRTS credits. Manufacturers with a deficit may buy allowances from other manufacturers or convert excess CRTS allowances into CCTS allowances and excess VRTS allowances into VCTS allowances.

Micro Volume Exemption

Articles [32](#) and [64](#)

50. Only manufacturers registering 1,000 or more non-zero emission cars are within the scope of CCTS and only manufacturers registering 1,000 or more non-zero emission vans are within scope of VCTS.
51. A manufacturer registering 999 or fewer non-zero emission cars or vans has no obligations with respect of CCTS or VCTS.

²⁵ <https://www.legislation.gov.uk/uksi/2023/1394/schedule/1>

52. A manufacturer may be exempt from the CCTS by virtue of their car registrations but not VCTS by virtue of their van registration, and vice versa.

Example: A manufacturer registers 2,000 non-zero emission cars and 500 non-zero emission vans.

The manufacturer therefore is a participant in CCTS and is not a participant in VCTS.

53. If two or more manufacturers that alone would have had 999 or fewer non-zero emission car or van registrations decide to form a pool and combined they have registered 1,000 or more cars or vans, they will not be exempt and will be treated as a pool participant. If their non-zero emission car or van registrations combined would be 999 or fewer, then the pool will be exempt.

Final Compliance Payments

Articles [39](#) and [71](#)

54. A manufacturer in an allowance deficit following the trading window will be required to make a final compliance payment.
55. The value of the final compliance payment is set at £86 per allowance in both CCTS and VCTS.

Example: Following the trading window, a manufacturer has a deficit of 1,200 CCTS allowances and 200 VCTS allowances.

The manufacturer is required to make a CCTS final compliance payment of $(1,200 \times £86)$ £103,200 and a VCTS final compliance payment of $(200 \times £86)$ £17,200, for a total of $(£103,200 + £17,200)$ £120,400.

56. Any manufacturers who will be required to make a final compliance payment shall receive at the earliest opportunity a payment notice from the administrator that will provide:
- The amount required to be paid in GBP.
 - How the amount was calculated.
 - The date by which payment must be made, being not less than 30 days.
 - That payment must be made to the administrator and how to do so.
 - Information on rights of appeal.
57. Failure to make a final compliance payment where required will result in the amount being converted to civil debt to be pursued through the courts and potentially civil penalties.

CCTS and VCTS Trading, Pooling, and Flexibilities

Notifying the Administrator

58. The CCTS and VCTS have trading and conversion options to facilitate varied routes to compliance. To employ these, the manufacturer must notify the administrator of their intention to trade or convert CCTS or VCTS allowances.
59. The primary route for notifying the administrator is the VETS IT system. In the unlikely event of the system failing, alternative provision for notification will be made and communicated to participants.
60. All participants in VETS will be able to access this system, and if for any reason the system is not accessible the administrator may be contacted via email at VETSadmin@df.gov.uk or post: VETS Administrator, Great Minster House, 33 Horseferry Road, London SW1P 4DR.

Trading Windows

Articles [3](#), [23](#), [35](#), [37](#), [55](#), [67](#), and [69](#)

61. Trading windows are participants' opportunity to inform the administrator what they wish to do with their allocation of allowances they have earned.
62. The trading window for a scheme year occurs between 00:00 1 November and 23:59 31 December the year after the scheme year.

Example: The trading window for the scheme year 2025 will be 00:00 1 November 2026 – 23:59 31 December 2026.

63. Trading windows are based on the final data. This data is the result of registrations and subject to the error correction process that manufacturers are invited to take part in. For more information on error correction, see chapter 4.

64. The administrator will publish final data to all participants at the same time in advance of 23:59 30 October. The administrator will always aim for this to take place as early as possible prior to 30 October.
65. Manufacturers who believe that the data the administrator determined as final is flawed due to errors on the administrator's part may appeal to a tribunal. The trading window will not be postponed as a result of appeals but, if an appeal finds that an error was made, then appropriate rectification will be made.
66. During the trading window, if a participant wishes to use trading or conversions then they must notify their intent to do so to the administrator.
67. This notification will primarily occur through the VETS IT system. If owing to unforeseen circumstances, this is not possible the administrator will provide alternative routes.
68. Manufacturers may notify of decisions right up to the end of the period, 23:59 31 December. Confirmation of the notification is not required within the trading period to be valid, though the administrator will always strive to do so.
69. If a manufacturer wishes to cancel a decision, they may notify the administrator of this up to the end of the window, 23:59 31 December. In the case of trades, both parties must instruct the administrator to cancel a trade. If a manufacturer has made decisions that they wish to cancel including trades, it is strongly recommended that they wait to cancel non-trade decisions until they are certain that the relevant trade has been cancelled to avoid being placed into deficit.

Trading

Articles [37](#) and [69](#)

70. Manufacturers may trade CCTS and VCTS allowances amongst themselves at any volume and at any price.
71. In order to trade, a manufacturer must be a participant in the scheme that the allowances are from, i.e. manufacturer that wishes to trade in VCTS allowances must register at least one van. All manufacturers eligible to trade will receive a VETS account number and, if they form a pool, a pool account number.
72. Allowances may be traded down to a tenth, i.e. a manufacturer may trade 1.0 allowances or 1.4 allowances but not 1.43 allowances.
73. For a trade to be recognised and recorded by the administrator, during the trading window both manufacturers that are party to the trade must supply:
 - The name and VETS account number of the seller.
 - The name and VETS account number of the buyer.

- The number of allowances or credits to be traded.
- The total price paid for those allowances or credits in GBP.

Example: A trade notification will require the below information.

Buyer: Manufacturer A. Acct No. 54348

Seller: Manufacturer B. Acct No. 42205

No. of Allowances: 10,000

Total Price Paid: £100,000

Both manufacturer A and manufacturer B must submit the same information to the administrator during the trading window for the trade to be valid.

74. This notification will take place via the VETS IT system or, if there is a reason why this is not possible, through an alternative route.
75. Once a trade has been completed, the administrator will notify both parties.
76. If manufacturers wish to cancel a trade that has already been recorded, they should contact the administrator directly as soon as possible and before the close of the trading window.
77. Manufacturers may choose to enter into agreements to trade at any time, only the reporting must occur during the trading window.

Pooling

Articles [32](#) and [64](#), and [Schedule 5](#)²⁶

78. As with CRTS and VRTS, manufacturers that are part of the same connected entity may form a pool and be treated as a single participant in CCTS or VCTS for the purpose of compliance.
79. Manufacturers wishing to form a pool must complete a pool application form. This form is available from the administrator or on GOV.UK at <https://www.gov.uk/government/publications/vehicle-emissions-trading-schemes-how-to-comply> and is based on the requirements in [Schedule 5](#).²⁷
80. A pooling application is valid for one year, and must be submitted to the administrator before 30 April the year after the scheme year to which the application applies.

²⁶ <https://www.legislation.gov.uk/uksi/2023/1394/schedule/5>

²⁷ <https://www.legislation.gov.uk/uksi/2023/1394/schedule/5>

81. The application must state the manufacturers in the pool, the schemes in which the manufacturers are a part (by virtue of their registrations), and nominate a contact point who will receive communications from the administrator on behalf of the pool.
82. The application form requires directors of the manufacturers applying to form a pool to attest to the connectedness of their respective entities. This is the principal evidence required by the administrator that the manufacturers are connected, but further evidence may be required.
83. A pool for the purposes of CCTS must also be a pool for CRTS. The same is true for VCTS and its counterpart VRTS. A manufacturer registering both cars and vans is not required to be in the same pool for CCTS/CRTS and VCTS/VRTS, but this is allowed should the manufacturer choose to do so.
84. To form a pool, manufacturers need to prove they are connected. “Connected” is defined in the VETS Order by cross reference to [section 1122 of the Corporation Tax Act 2010](#).²⁸
85. This can be summarised as whether the one entity has control over the other or multiple others. “Control” is further defined in the Corporation Tax Act 2010 and can be summarised as the affairs of one entity being conducted in accordance with the wishes of another by virtue of holding shares or possessing voting power, or by virtue of powers conferred on the controlling entity with respect to the controlled entity.
86. Pools are jointly liable for any scheme requirements, payments, or penalties.
87. Pools may exercise all relevant flexibilities, and any liability arising from the exercise of these flexibilities will be joint. This is explained on a per-flexibility basis on the below sections.
88. If a pool’s total non-zero emission registrations fall below 1,000 (i.e. the pool’s total non-zero emission registrations are fewer than 1,000) then the pool is exempt. If a manufacturer is within a pool and the pool’s registrations are in excess of 999 then the individual manufacturer will not be exempt.
89. Pools should ensure they have the relevant data sharing agreements in place to enable the pool manager to view any data required in pursuit of compliance in the schemes.
90. The baseline target of a pool is calculated in accordance with paragraphs 20 (CCTS) and 40 (VCTS) of [Schedule 1](#),²⁹ explained in paragraph 23 of this chapter.

²⁸ <https://www.legislation.gov.uk/ukpga/2010/4/section/1122>

²⁹ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/1>

Conversions

Articles [23](#), [35](#), [55](#), and [67](#)

91. Manufacturers may convert allowances between CCTS and CRTS or VCTS and VRTS. This conversion is subject to an exchange rate that is designed to incentivise delivery of ZEVs. The exchange rates are as follows:

- CRTS allowances are converted to CCTS allowances at a rate of 1:135.
- CCTS allowances are converted to CRTS credits at a rate of 167:1.
- VRTS allowances are converted to VCTS allowances at a rate of 1:206.
- VCTS allowances are converted to VRTS credits at a rate of 216:1.

Example: A manufacturer wishes to convert 220 CRTS allowances into CCTS allowances and 108,000 VCTS allowances into VRTS credits.

CRTS to CCTS: $220 \times 135 = 29,700$ CCTS allowances.

VCTS to VRTS: $108,000 / 216 = 500$ VRTS credits.

92. Conversions from CRTS to CCTS and VRTS to VCTS are allowed in all years of the scheme. Conversions from CCTS to CRTS and VCTS to VRTS are only allowed in 2024, 2025, and 2026.
93. Conversion is only allowed from CCTS to CRTS and VCTS to VRTS where the manufacturer has excess CCTS or VCTS allowances (i.e. more than they need to be compliant) to convert prior to trading and conversions. Provided a manufacturer meets this condition, any traded CCTS or VRTS allowances may be converted.
94. Credits from converting from CCTS to CRTS and from VCTS to VRTS are not permitted to be traded.
95. Conversion is only allowed from CRTS to CCTS and VRTS to VCTS where the manufacturer has excess CRTS or VRTS allowances (i.e. more than they need to be compliant) to convert prior to trading, banking, and borrowing. Provided a manufacturer meets this condition, any traded CCTS or VRTS allowances may be converted as well as any banked allowances, however borrowed allowances may not be converted.
96. The below table sets out the conversion caps for CCTS to CRTS and VCTS to VRTS conversions. The conversion cap is the proportion of a manufacturer's total registrations in CRTS or VRTS that a manufacturer may convert up to.

Year	CRTS Conversion Cap (Article 23)	VRTS Conversion Cap (Article 55)
2024	14.3%	6.5%
2025	12.6%	7.2%
2026	6%	6%

Table 7 The borrowing caps for CRTS and VRTS, expressed as a percentage of total vehicle registrations, as per articles [23](#) and [55](#).

97. Multiplying the borrowing cap by the number of cars or vans registered gives the maximum number of credits that a manufacturer may acquire through conversion in one year.

Example: A manufacturer registers 16,000 vans in 2025. The manufacturer may acquire a maximum of $(16,000 \times 7.2\%)$ 1,152 VRTS credits, which would require $(1,152 \times 167)$ 192,384 excess VCTS allowances.

98. CRTS and VRTS credits earned through converting CCTS and VCTS allowances are not able to be traded during the trading window.
99. CCTS and VCTS allowances earned by converting CRTS and VRTS allowances are able to be traded during the trading window.

Other Flexibilities

100. For manufacturers that are eligible to convert CCTS and/or VCTS allowances into CRTS and/or VRTS credits, this opens up the possibility of making use of other flexibilities.
101. The CRTS and VRTS credits earned from conversion may be used for compliance or used to pay down borrowed allowance debt in those schemes.
102. Since one credit is equal to one allowance and, in CRTS and VRTS, credits are used up first when accounting for compliance, credits gained from conversion can free up allowances for banking and trading.
103. Provided other conversion criteria are met, it is technically permissible to then convert CRTS or VRTS allowances freed up by converting credits back to CCTS or VCTS allowances. However, this will yield diminishing returns due to the conversion rates.

Chapter 4: Information Requirements

Purpose – What is this chapter for?

1. This chapter sets out the requirements of the [Vehicle Emissions Trading Schemes Order 2023](#)³⁰ (VETS Order) for manufacturers to provide information. This information will support compliance administration for all four trading schemes within VETS.
2. The administrator of these schemes is the Secretary of State for Transport, who administers the schemes on behalf of the United Kingdom (UK) Government, the Scottish Government, and the Welsh Government. A body within the Department for Transport manages the administration of the schemes on behalf of the Secretary of State.
3. Whilst this chapter provides general guidance on the relevant legislation, nothing in this chapter or document should be construed as a definitive view or as legally binding. Where appropriate, manufacturers should obtain their own legal advice.
4. Individual manufacturers' circumstances may require direct engagement with the administrator. You can contact the administrator of the trading schemes at VETSadmin@df.gov.uk.

Overview – What information is required and why?

5. For VETS vehicle manufacturers will be required to provide specified per vehicle data to the administrator of the trading schemes. This is done in two phases: registration and error correction.
6. Error correction is the process of the administrator sending provisional data to manufacturers to provide an opportunity for any errors in that data to be corrected, facilitated by the VETS IT system and is provided for under articles [77](#) and [78](#).
7. The data required is set out in detail in the relevant sections of this chapter and in [Schedule 7](#).³¹

³⁰ <https://www.legislation.gov.uk/uksi/2023/1394/contents/>

³¹ <https://www.legislation.gov.uk/uksi/2023/1394/schedule/7>

8. First registration will capture all the data unless stated otherwise. Further guidance on registration is available from the DVLA [here](#).³² You can also contact the DVLA's registration team at RAV@dvla.gov.uk.
9. The data requirements are slightly different for cars, vans, and multi-stage. This is set out in detail in the relevant sections of this chapter.
10. Manufacturers will also need to provide other information to support their participation in VETS.
11. To support manufacturers in meeting their obligations under VETS in GB and Regulation (EU) 2019/631 in Northern Ireland, error correction for both regulations will be conducted concurrently through the same IT system. Please consult the Northern Ireland specific guidance for Regulation (EU) 2019/631 for further information.
12. For a vehicle to be considered zero emission for VETS, it must meet minimum warranty requirements. A manufacturer may demonstrate this by certifying on a per-model basis that the warranty meets the minimum requirements. This will be subject to random spot checks by the administrator.
13. For some vehicles, the requested data will not be available. Where this is the case, the manufacturer should notify the administrator and explain why, providing evidence for this as requested.
14. The requirements for multi-stage vehicles will be set out in dedicated multi stage vehicle guidance.

Manufacturer Responsibilities under VETS – What do manufacturers need to do?

15. It is the responsibility of manufacturers to ensure that the required information is made available to the administrator as per [article 73](#). The vast majority will be supplied to the administrator by the DVLA through registration of vehicles and error correction with the administrator.
16. Manufacturers will be required to hold the relevant data on a per vehicle basis. Manufacturers will be required to certify that they hold and have audited this data as per articles [75](#) and [76](#). This will be submitted with information provided as part of error correction. This requirement may be met by self-certification as there is no requirement for external auditing.
17. Manufacturers will be required to hold evidence for this data in case the administrator wishes to inspect it. This will most commonly take the form of the Certificate of Conformity (CoC) or Individual Vehicle Approval Certificate (IVAC) for the vehicle, supplemented by other records on a case-by-case basis.

³² <https://www.gov.uk/vehicle-registration-schemes-for-the-motor-trade>

18. Manufacturers that only produce special purpose vehicles have specific provisions, including articles [74](#) and [76](#), to enable them to participate in the CRTS and VRTS schemes on a “bonus only” basis. Any such manufacturers are encouraged to make themselves known to the administrator so that they may receive bespoke support.

Per-Vehicle Information Requirements

19. Manufacturers are required to provide the following information either through the type approval and registration of a vehicle, or in the error correction process described in the Error Correction and Timings section of this chapter.
20. This requirement does not apply where the administrator determines that the information is not available. There is a very high standard for making this determination, so manufacturers seeking to make use of it should prepare evidence (e.g. corroboration from a UK Government agency such as the DVLA or VCA) and contact the administrator as early as possible.

Requirements for Cars

Part 1 of Schedule 7³³

21. The requirements set out below apply to all vehicles of M1 category except for non-ZEV special purpose vehicles as defined at type approval according to Annex II EU Regulation 2018/858.
22. The following data will be required for each car registered in the UK during the operation of VETS. The “VETS Ref” column refers to the corresponding requirement in that regulation, specifically Part 1 of Schedule 7 to VETS.³⁴

Requirement	Comments	VETS Ref
The manufacturer	The entity identified as manufacturer on the CoC or IVAC.	1(a)
Manufacturer name OEM declaration		1(a)
Manufacturer name in the United Kingdom Registry		1(a)
The type-approval number and extension	IVA number if applicable.	1(b)
The type, variant, and version (where applicable)		1(c)
The make and commercial name		1(d)

³³ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/7/part/1>

³⁴ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/7/part/1>

Requirement	Comments	VETS Ref
Category of vehicle type-approved		1(e)
The mass in running order	Unladen mass of the vehicle plus 75kg for the driver	1(f)
The specific Emissions of CO ₂	WLTP emissions only, NEDC emissions not necessary.	1(g)
The footprint: the wheel base, the track width of the steered axle and the track width of the other axle		1(h)
The fuel type and fuel mode		1(i)
The engine capacity		1(j)
The electric energy consumption		1(k)
The code for any eco-innovation and the CO ₂ emissions reduction due to that eco-innovation		1(l)
The maximum net power		1(m)
The vehicle identification number		1(n)
The test mass	WLTP Test Mass	1(o)
The category of vehicle registered		1(p)
The vehicle family identification number		1(q)
The electric range, where applicable	For PHEVs (NOVC-HEVs) use EAER.	1(r)
The date of first registration	Automatically supplied by DVLA.	1(s)

Table 8 The information required for all vehicles of M1 category and relevant legislative references.

23. The following data may be required by the administrator on a case-by-case basis and is not gathered by the DVLA. In the case that the vehicle is registered in Northern Ireland, the administrator will be acting on behalf of the Secretary of State for Transport.
24. Where the administrator considers this data necessary, it will contact the relevant manufacturer in writing.

Requirement	Comments	VETS Ref
The road-load co-efficients: f ₀ , f ₁ and f ₂	Only applicable where requested.	1(t)
The frontal area	Only applicable where requested.	1(u)
The tyre rolling resistance class	Only applicable where requested.	1(v)

Table 9 Information that may be requested in relation to vehicles of category M1 in addition to that in table 8.

Requirements for Vans

Part 2 of Schedule 7³⁵

25. These requirements apply to all vehicles of N1 category and vehicles of N2 category that meet the zero emission requirements of the regulation with a test mass of 4,250kg or less except for non-ZEV special purpose vehicles as defined at type approval according to Annex II EU Regulation 2018/858.

³⁵ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/7/part/2>

26. The following data will be required for each van registered in the UK during the operation of VETS. The “VETS Ref” column refers to the corresponding requirement in that regulation, specifically [Part 2 of schedule 7](#) to VETS.³⁶

Requirement	Comments	VETS Ref
The manufacturer	The entity identified as manufacturer on the CoC or IVAC.	6(a)
The manufacturer	The entity identified as manufacturer on the CoC or IVAC.	6(a)
Manufacturer name OEM declaration		6(a)
Manufacturer name in the United Kingdom Registry		6(b)
The type, variant, and version (where applicable)		6(c)
The make and commercial name		6(d)
The category of vehicle type-approved.		6(e)
The category of vehicle registered		6(f)
The specific Emissions of CO ₂	WLTP emissions only, NEDC emissions not necessary.	6(g)
The mass in running order	Unladen mass of the vehicle plus 75kg for the driver	6(h)
The technically permissible maximum laden mass.		6(i)
The footprint: the wheel base, the track width of the steered axle and the track width of the other axle		6(j)
The fuel type and fuel mode		6(k)
The engine capacity		6(l)
The electric energy consumption		6(m)
The code for any eco-innovation and the CO ₂ emissions reduction due to that eco-innovation		6(n)
The vehicle identification number.		6(o)
The test mass	WLTP Test Mass	6(p)
The vehicle family identification number, determined in accordance with point 5.0 of Annex 21 to Regulation (EU) 2017/1151		6(q)
The electric range, where applicable.	For PHEVs (NOVC-HEVs) use EAER.	6(r)
The date of first registration	Automatically supplied by DVLA.	6(s)
The maximum net power		6(t)

Table 10 The information required for all vehicles of N1 category and of N2 category where applicable, and relevant legislative references.

27. The following data may be required by the administrator on a case-by-case basis and is not gathered by the DVLA.
28. Where the administrator considers this data necessary, it will contact the relevant manufacturer in writing.

³⁶ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/7/part/2>

Requirement	Comments	VETS Ref
The road-load co-efficients: f0, f1 and f2	Only applicable where requested.	6(u)
The frontal area	Only applicable where requested.	6(v)
The tyre rolling resistance class.	Only applicable where requested.	6(w)

Table 11 Information that may be requested in relation to vehicles of category N1 and of N2 category where applicable in addition to that in table 10.

Heavy Duty Derived Vans

Articles 3 and 73

29. As heavy duty derived vans do not have a WLTP electric range figure determined as part of official type approval under Regulation (EU) 595/2009, such vehicles will be required to undergo a WLTP electric range by an approved technical services provider to evidence compliance with the ZEV criteria for 100 mile minimum range.
30. For more information on the ZEV criteria, consult chapter 2 of this guidance document.
31. Provided that the test is administered by an approved technical services provider, the test is not required to be witnessed in the same way as formal type approval testing.
32. For the purpose of indicating that the vehicle's range meets the minimum 100 mile range requirement, providing this test report alone will be sufficient.
33. For the purpose of recording a specific range as required by article 73, providing the test report alone is not sufficient because the legislation requires that the figure is sourced directly from the vehicle's CoC.
34. It is therefore encouraged that manufacturers include range on the certificate of conformity (CoC) or IVAC in the "remarks" section and that the test report by the technical services provider is retained in case the administrator wishes to verify it. This will enable the administrator to include the specific range figure in the vehicle data, and for this to then be published in due course. This is not mandatory as range under article 73 is used for reporting only, but manufacturers may find adding range to the remarks section of the CoC, then submitting that information through DVLA registration is simpler than submitting the entire test report to the administrator.
35. All technical services providers recognised by the EU commission are acceptable. These may be found [here](#).³⁷

³⁷ <https://ec.europa.eu/docsroom/documents?tags=technical-service-auto&pageSize=30&sortCol=title&sortOrder=asc>

36. More information on the UK’s approach to technical services may be found on the Vehicle Certification Agency’s website [here](#).³⁸
37. Manufacturers that are unsure about the status of zero emission heavy duty derived vans should contact the administrator directly.

Requirements for Multi-Stage Vehicles

Part 3 of Schedule 7³⁹

38. Multi-Stage Vehicles (MSV) have adjusted data requirements to reflect the modifications some models undergo during conversion and subsequent impacts on CO₂ emissions.
39. Further guidance specific to MSVs will be made available in due course.
40. The data required for each MSV registered in the UK during the operation of VETS varies depending on whether the MSV is a completed vehicle based on an incomplete vehicle, or a completed vehicle based on a complete vehicle. The “VETS Ref” column refers to the corresponding requirement in that regulation, specifically [Part 3 of Schedule 7](#) to VETS.⁴⁰
41. For a completed vehicle based on an incomplete base vehicle, the following information is required:

Requirement	Comments	VETS Ref
The vehicle identification number		12(a)
The vehicle family identification number, determined in accordance with point 5.0 of Annex 21 to Regulation (EU) 2017/1151		12(b)
The monitoring CO ₂ emissions, calculated as set out in the regulation	ZEVs have a figure of zero.	12(c)
the frontal area, calculated as set out in the regulation		12(d)
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		12(e)
the monitoring mass, being the mass in running order multiplied by 1.375		12(f)
the mass in running order	Unladen mass of the vehicle plus 75kg for the driver	12(g)
the mass representative of the vehicle load, calculated as set out in the regulation		12(h)

Table 12 The information required for an incomplete base vehicle and relevant legislative references.

³⁸ <https://www.vehicle-certification-agency.gov.uk/vehicle-type-approval/technical-services/>

³⁹ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/7/part/2>

⁴⁰ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/7/part/3>

42. For a completed vehicle based on a complete base vehicle, the following information is required:

Requirement	Comments	VETS Ref
the vehicle identification number;		13(a)
The vehicle family identification number, determined in accordance with point 5.0 of Annex 21 to Regulation (EU) 2017/1151;		13(b)
The specific emissions of CO ₂ of the base vehicle;		13(c)
The mass in running order		13(d)

Table 13 The information required for a completed vehicle based on a complete base vehicle.

43. For the purpose of determining whether a multi-stage vehicle has met the 100 mile minimum range requirement, the electric range of a MSV is considered to be that of the base vehicle.

Specific Information Requirements

Provision of Information

Article 73

45. Participants in VETS must notify the administrator of certain information to facilitate the running of the trading schemes as per [article 73\(6\)](#) as early as possible after first registering a vehicle in GB.
46. The required information is in three sections. Contact name, manufacturer name, and WMI codes.
47. The contact name section should include the name, address and other contact details of at least one person to whom any notification or correspondence about the trading schemes should be sent. This named contact will receive all communications relating to the trading scheme, including market sensitive information relating to the vehicle manufacturer's compliance. The contact should be authorised to receive market sensitive information and have reasonable authority to make decisions in the case that the administrator writes to inform them of suspected failures in compliance, to make provision for any final compliance payments or civil penalties levied, or other matters related to compliance.
48. The manufacturer name should be the name that the participant will use on the certificate of conformity or the individual vehicle approval certificate for the vehicles which it is the manufacturer. For a Certificate of Conformity, this is generally the "Company Name" component of field 0.5, or the representative field 0.9. This is essentially the entity responsible for type approval of the vehicle. Manufacturers that are uncertain which entity is to be included should contact the VETS administrator.
49. The world manufacturer identifier (WMI) is the first three characters of the Vehicle Identification Number. A single manufacturer may, for a variety of reasons, have multiple WMI codes in use. It is required to notify all of them. While providing the WMI code itself is required by legislation, providing the

entity or manufacturer that these codes should be tied to is optional, but will assist in making sure vehicles are assigned to the correct manufacturers.

50. A similar requirement is true of Northern Ireland's retained version of 2019/631. Information under that regulation has previously been provided to the VCA including the following:
 - The name/names of any manufacturer who is responsible for any vehicles registered in the UK, that they indicate, or intend to indicate, on the Certificates of Conformity (CoC) (Article 8, Regulation 1014/2010).
 - The first section (World Manufacturer Identifier code) of any Vehicle Identification Number (VIN) that they indicate or intend to indicate on the Certificates of Conformity (CoC) (Article 8, Regulation 1014/2010).
 - The relevant names and addresses of contacts for each manufacturer to whom the VCA should address the notification of provisional data. An email address is not legally required but is also requested for ease of communication.
51. To ease the burden on manufactures, the contact information form, available from the administrator or on GOV.UK at <https://www.gov.uk/government/publications/vehicle-emissions-trading-schemes-how-to-comply>, allows fulfilling both the requirements of VETS in GB and Regulation (EU) 2019/631 in NI with a single submission. In the case that the vehicle is registered in NI, the administrator will be acting on behalf of the Secretary of State for Transport. The form should be returned to the administrator by email (VETSadmin@df.gov.uk) at the earliest convenience. The administrator will acknowledge that the information has been provided and that the relevant provisions of the VETS Order have been complied with. For forms marked as applying to both VETS and Regulation (EU) 2019/631, the information will also be provided to the VCA.
52. If a group of manufacturers intends to comply with the scheme as a pool in VETS or a pool in Regulation (EU) 2019/631 for NI, they should put down the pool name, one contact for the pool, and list all manufacturer names and WMI codes in use by manufacturers in that pool.
53. Manufacturers expecting to receive a derogation must also make this notification.
54. The administrator will subsequently write to the named contacts after the legislation is in force to confirm the details.
55. Failure to provide the required information to the administrator constitutes a failure to comply with the legislation, and the administrator may pursue enforcement action as a result.
56. All personal information collected for the purpose of regulation will be retained for only as long as is necessary and once it is no longer required it will be

destroyed. For more information on data protection, please contact VETSadmin@dft.gov.uk.

Vehicle Registration

Article 73

57. Manufacturers will continue registering vehicles with the DVLA as they have done previously. The only changes to this process will be new fields for electric range and SPV code. The DVLA will be communicating to their stakeholder groups about that change.
58. For more information on registering vehicles with the DVLA, please visit [the registration guide on gov.uk](#).⁴¹

Warranty Requirements

Articles 3, 73, and 74

59. In VETS, for a vehicle to be considered a ZEV, it must meet the minimum warranty requirements, amongst other criteria.
60. The requirements for a vehicle of category M1 are:
 - For traction batteries, hydrogen fuel cells and hydrogen tanks, a warranty for 8 years or the first 100,000 miles with an obligation to replace the battery if it falls below 70% capacity.
 - For the rest of the vehicle, a warranty for 3 years or the first 60,000 miles.
61. The requirements for a vehicle of categories N1 or N2 are:
 - For traction batteries, hydrogen fuel cells and hydrogen tanks, a warranty for 8 years or the first 100,000 miles with an obligation to replace the battery if it falls below 65% capacity.
 - For the rest of the vehicle, a warranty for 3 years or the first 60,000 miles.
62. Manufacturers will be asked to self-certify that the relevant minimum standard is met on a per ZEV model basis. This self-certification will be spot-checked by the administrator throughout the year.
63. This certification must be received by the administrator before 31 August the year after the year in which the vehicles were registered.

⁴¹ <https://www.gov.uk/vehicle-registration-schemes-for-the-motor-trade>

64. Failure to provide this information may result in vehicle being considered non-zero emission for the purposes of the trading schemes.

Maintenance and Audit of Records

Articles [75](#) and [76](#)

65. In VETS, to ensure the integrity of the information manufacturers provide, manufacturers must keep records of the per-vehicle information described in this chapter and in [Schedule 7](#).⁴²
66. Since the per-vehicle information is retrieved from certificates of conformity or individual vehicle approval certificates, manufacturers are therefore required to hold copies of those documents.
67. At least annually, manufacturers are required to audit the information they hold for this purpose to their own satisfaction.
68. There is no requirement for the audit to be conducted by an external body.
69. A certification that the manufacturer has complied with the requirement to audit must be submitted annually before 31 August, starting in 2025.

Credit Summary Information

Articles [73](#) and [74](#)

70. In VETS, bonus credits in CRTS and VRTS are awarded for registering SPVs, registering WAVs, and selling zero emission vehicles to car clubs.
71. Once a manufacturer has received their provisional data for a scheme year as of 31 May the year after the relevant scheme year, they will be required to provide the following information before 31 August:
 - The number of new zero emission cars registered in the relevant scheme year that are in use exclusively by a car club.
 - The number of new zero emission vans registered in the relevant scheme year that are in use exclusively by a car club.
 - The number of new zero emission special purpose vehicles registered in the relevant scheme year and a breakdown of that number by vehicle category for the purposes of Article 4 of Regulation (EU) 2018/858.

⁴² <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/7/part/3>

Pooling and Small Volume Manufacturer Derogation Applications

Schedules [4](#)⁴³ and [5](#)⁴⁴

72. In VETS, manufacturers are required to submit additional information to be considered a pool or to receive the small volume derogation from CRTS and VRTS.
73. Both of these forms must be submitted by 30 April the year following the year to which the application relates.
74. Provided an application is initially submitted ahead of the deadline, if there are errors in the application that prevent its approval, the administrator will work with applicants until the application is resolved.
75. The application form for pooling is available from the administrator or on GOV.UK at <https://www.gov.uk/government/publications/vehicle-emissions-trading-schemes-how-to-comply>.
76. The application form for the small volume manufacturer derogation is available from the administrator or on GOV.UK at <https://www.gov.uk/government/publications/vehicle-emissions-trading-schemes-how-to-comply>. The form contains guidance on what information is required in the various fields.

Car Club Information

Articles [20](#), [22](#), [50](#) and [52](#), and [Schedule 2](#)⁴⁵

77. In CRTS and VRTS, credits are available for the sale of zero emission vehicles to car clubs.
78. Manufacturers are required to inform the administrator of any zero emission vehicles they have sold to car clubs.
79. For the credit to be awarded to the manufacturer, the car club must meet the car club criteria set out in VETS, and provide evidence of their compliance by 1 February the calendar year after the year in which the sale took place. It is for the car club to provide this information, not the manufacturer.
80. Car clubs will receive specific guidance from the administrator on the information they are required to submit.

⁴³ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/4>

⁴⁴ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/5>

⁴⁵ <https://www.legislation.gov.uk/ukxi/2023/1394/schedule/2>

Unavailable Information

Article 73

81. Where any of the information required under [article 73](#) does not exist, the manufacture may inform the administrator of this and provide evidence for that assertion.
82. If the administrator is satisfied that the information is genuinely unavailable for good reason, the administrator may decide to waive the requirement to provide that information.

Error Correction and Timings

83. This section sets out the process for correcting errors and the timings for the provision of information by manufacturers for use by the administrator.

Error Correction Overview

Article 78

84. Error correction is the process by which manufacturers may submit improvements and corrections to the per-vehicle information collected from the DVLA registration system.
85. DfT is currently developing the IT system to facilitate this process. Manufacturers interested in engaging in this process through user research, prototyping, and testing should contact VETSadmin@df.gov.uk if they have not done so already.
86. The proposed model is to enable manufacturers to download their data as a CSV file that can then be edited off-system and uploaded back so the administrator can review. This approach is subject to change pending further development and feedback from scheme participants.
87. An information control document (ICD) for the information the system will output and require for input will be available shortly.
88. Manufacturers may be required to evidence the corrections they make. This will mainly comprise of providing certificates of conformity or individual approval certificates that attest to the corrections being made.
89. A request for evidence will be communicated by the administrator to a manufacturer at the earliest opportunity.
90. Where there are gaps in the information provided that the administrator considers it necessary to fill, the administrator will contact the manufacturer to require the provision of that information.

Error Correction Frequency

91. Under previous iterations CO₂ emissions regulation, error correction was an annual process. To support manufacturers in compliance management, VETS will be trialling quarterly error correction in 2024/25.
92. This means that manufacturers that choose to do so may receive their per-vehicle data from Q1 2024 at the start of Q3 2024, i.e. 1 July.

Provisional Information

Article 77

93. Irrespective of whether a manufacturer chooses to participate in quarterly error correction, before 31 May the administrator will provide manufacturers with provisional information.
94. This includes all the vehicle data described in the Per-Vehicle Data Information Requirements section of this guidance.
95. In VETS, alongside vehicle information, before 31 May the year after the scheme year in which vehicles were registered the administrator must provide to manufacturers a provisional summary of their performance.
96. This provisional summary includes:
 - The total number of cars registered by the manufacturer during the scheme year.
 - The total number of vans registered by the manufacturer during the scheme year.
 - The number of zero emission cars registered by the manufacturer during the scheme year.
 - The number of zero emission vans registered by the manufacturer during the scheme year.
 - The number of non-zero emission cars registered by the manufacturer during the scheme year and their specific emissions of CO₂.
 - The number of non-zero emission vans registered by the manufacturer during the scheme year and their specific emissions of CO₂.
 - The average of the specific emissions of CO₂ of the non-zero emission cars registered.
 - The average of the specific emissions of CO₂ of the non-zero emission vans registered.

- The number of zero emission special purpose vehicles (SPVs) of category M1, except for ZE wheelchair accessible SPVs, registered by the manufacturer during the scheme year.
 - The number of zero emission wheelchair accessible vehicles (WAVs) registered by the manufacturer during the scheme year.
 - The number of zero emission SPVs of category N1 or qualifying zero emission SPVs of category N2 registered by the manufacturer during the scheme year.
 - The number of CRTS allowances allocated and, where applicable, the number of banked CRTS allowances available to the manufacturer.
 - The number of VRTS allowances allocated and, where applicable, the number of banked VRTS allowances available to the manufacturer.
 - The number of CCTS allowances allocated to the manufacturer.
 - The number of VCTS allowances allocated to the manufacturer.
 - The number of CRTS credits acquired by the manufacturer.
 - The number of VRTS credits acquired by the manufacturer.
 - The number of CRTS allowances required by the manufacturer to be compliant.
 - The number of VRTS allowances required by the manufacturer to be compliant.
 - The number of CCTS allowances required by the manufacturer to be compliant.
 - The number of VCTS allowances required by the manufacturer to be compliant.
97. Once manufacturers have received this provisional information they will have until 31 August to notify the administrator of any errors for the purposes of VETS.
98. The administrator does not commit to take into account changes submitted after the error correction closing date of 31 August.
99. Once error correction period has closed, the administrator will prepare final information, and final allocations of allowances and awards of credits. These will then be used in the trading window.

100. Final information will be sent to manufacturers in advance of 31 October. The content is the same as provisional information above, updated as a result of error correction.
101. Manufacturers will participate in the trading window from 1 November to 31 December.
102. Once the trading window has closed, the administrator will assess compliance.
103. The administrator will inform manufacturers of their performance at the earliest possible point and notify them if any final compliance payments are required to account for shortfalls in allowances and credits.

Publishing of Information

Article 80

104. The administrator is required to make a select amount of information public before 15 March following the trading window.
105. This includes vehicle data with personal data redacted and a summary of performance in the schemes.
106. The summary information that will be published is as follows:
 - The number of zero and non-zero emission cars registered by each manufacturer during the scheme year.
 - The number of zero and non-zero emission vans registered by each manufacturer during the scheme year.
 - The baseline target of each manufacturer the purposes of CCTS and/or VCTS.
 - The numbers of bonus credits acquired by each manufacturer through registrations of SPVs, WAVs, and sales of ZEVs to car clubs.
 - The net number of allowances and, where applicable, credits in each of the trading schemes which each manufacturer acquired or disposed of through trading during the trading window.
 - The average of the specific emissions of CO₂ of the non-zero emission cars, and of the non-zero emission vans, registered by the manufacturer during the scheme year.

Timings

107. The below table sets out the timings for the 2024 scheme year. Some dates are indicative and subject to change depending on circumstances.

Event	VETS Date
Start of 2024 Compliance Year	03/01/2024
Enrolment Information Required	Before 03/03/2024
Q1 2024 Vehicle Information Shared with Manufacturers	01/07/2024
Q2 2024 Vehicle Information Shared with Manufacturers	01/10/2024
Q3 2024 Vehicle Information Shared with Manufacturers	01/01/2025
Car Club Reporting Deadline	01/02/2025
Q4/All 2024 Vehicle Information Shared with Manufacturers	01/04/2025
VETS Derogation Application Deadline	30/04/2025
VETS Pooling Application Deadline	30/04 2025
Deadline for Submission of all Information for 2024, Including Error Correction	31/08/2025
Manufacturers provided with Final Information	Before 31/10/2025
Trading Window Opens	01/11/2025
Trading Window Closes	31/12/2025
Compliance Finalised	By 28/02/2025
Public Publication of Select Information	15/03/2025

Table 14 Timings of events within the Vehicle Emissions Trading Schemes.

Chapter 5: Enforcement, Civil Penalties, and Appeals

Purpose – What is this chapter for?

1. This document will set out the mechanisms within the Vehicle Emissions Trading Schemes Order 2023 (VETS Order) for enforcement under parts [4](#)⁴⁶ and [5](#)⁴⁷ of the legislation, potential civil penalties under [part 6](#),⁴⁸ and appeals under [part 7](#).⁴⁹
2. The administrator of these schemes is the Secretary of State for Transport, who administers the schemes on behalf of the United Kingdom (UK) Government, the Scottish Government, and the Welsh Government. A body within the Department for Transport manages the administration of the schemes on behalf of the Secretary of State.
3. Whilst this chapter seeks to provide general guidance on the relevant legislation, nothing in this chapter or document should be construed as a definitive view or as legally binding. Ultimately the interpretation of the regulations is a matter for the United Kingdom judiciary. Where appropriate, manufacturers should obtain their own legal advice.
4. Individual manufacturers' circumstances may require direct engagement with the administrator. You can contact the administrator of the trading schemes at VETSadmin@dft.gov.uk.

Overview – What is meant by enforcement, civil penalties, and appeals?

5. To ensure the successful and fair administration of VETS, the administrator has a range of powers and tools at their disposal to encourage compliance, with a clearly defined appeals process as a safeguard.
6. The provisions described in this chapter fall under three categories: enforcement, civil penalties, and appeals.

⁴⁶ <https://www.legislation.gov.uk/uksi/2023/1394/part/4>

⁴⁷ <https://www.legislation.gov.uk/uksi/2023/1394/part/5>

⁴⁸ <https://www.legislation.gov.uk/uksi/2023/1394/part/6>

⁴⁹ <https://www.legislation.gov.uk/uksi/2023/1394/part/7>

7. Enforcement powers may be found in parts [4](#) and [5](#). They give the administrator tools that may be used in combination to address failures relating to compliance.
8. Where there has been a breach of compliance, the administrator may issue civil penalties. Civil penalties, defined generally in [article 93](#), are either financial as per [article 94](#) or non-financial as per [article 95](#).
9. A financial penalty obliges the manufacturer to pay in GBP an amount set out in the relevant civil penalty article. There are two types of non-financial penalty; publication and a block. Publication means that a manufacturer's company name and details of the breach for which the penalty was imposed will be published online. A block means that a manufacturer's access to VETS' tools, such as trading, banking, borrowing, conversions, derogations, and pooling will be restricted.
10. In the most extenuating circumstances, the administrator may choose to modify or waive a civil penalty under [article 96](#).
11. Manufacturers may also appeal decisions of the administrator as set out in [part 7](#). Manufacturers may further make use of other established routes in UK law as they see fit and as is permitted under UK law.

General Enforcement

Use of Enforcement Powers

12. While some enforcement powers are very specific in their use cases, others are broader and may apply across the whole of the VETS Order.
13. The enforcement powers are broadly targeted to ensure access to information the administrator needs to assess compliance.
14. Manufacturers are therefore strongly encouraged to engage pro-actively with the administrator where possible to avoid the need for enforcement powers to be used.

Administration of Civil Penalties

Articles [93](#), [94](#), [95](#), and [96](#)

15. To impose a civil penalty, the administrator must give written notice to the manufacturer by way of penalty notice. This notice must specify the provision of the VETS Order that has been breached and information about rights of appeal.
16. Civil penalties may have a financial component and a non-financial component. Each civil penalty specifies the combination of financial and non-financial penalties that may be applied.
17. As per [article 94](#), a penalty notice requiring a financial penalty will specify the amount due and how that penalty may be paid. It will also give information about daily penalty rates where applicable.
18. Failure to pay the financial component of a civil penalty will result in the amount becoming civil debt, recoverable through relevant civil court systems.
19. As per articles [93 and 95](#), there are two non-financial penalties. The first is a block. A block prevents a relevant manufacturer from:

- Trading allowances or credits.
 - Banking or borrowing allowances.
 - Converting CRTS and VRTS allowances.
 - Receiving a low volume derogation or transitional year.
 - Joining a pool.
20. A block may be imposed until such time as the failure is remedied and any financial penalty in respect of the same failure is paid.
 21. The second non-financial penalty is publication. In a publicly accessible area of the IT system, the name of the manufacturer (or all manufacturers in a pool where the penalty is levied on a pool) along with details of the breach for which the civil penalty was imposed will be published.
 22. Publication may be imposed until such time as the failure is remedied and any financial penalty in respect of the same failure is paid. Fulfilling the requirements of the penalty notice will result in the published information being removed.
 23. In exceptional circumstances, as per [article 96](#), the administrator may consult the relevant national authorities (the devolved administrations) on waiving a civil penalty, allowing additional time to pay a financial penalty, or modifying the application of a non-financial penalty.
 24. [Article 96](#) also allows for a penalty notice that has been served to be withdrawn or modified to reduce that penalty.
 25. The provisions contained in [article 96](#) will only be used in exceptional, unforeseen circumstances. As a result of the unforeseen element, a precise framework for this provision is not available, though circumstances comparable to the Covid-19 pandemic or similar global crises beyond the control of participating manufacturers may be considered.
 26. Accordingly, manufacturers should not have an expectation that [article 96](#) be employed with respect of civil penalties levied against them.

Enforcement Notices

Articles [92](#) and [104](#)

27. Where the administrator believes that a manufacturer has contravened or is likely to contravene any of the requirements imposed by VETS, it may issue an enforcement notice to that manufacturer under [article 92](#).

28. An enforcement notice sets out clearly what the suspected or potential breach is and provides as much detail as possible as to why the administrator believes an enforcement notice is necessary.
29. It will also contain the steps the administrator believes necessary for the manufacturer to take in order to become compliant or to avoid becoming non-compliant. A time limit will be set on these actions.
30. Information on rights of appeal will also be provided.
31. Multiple notices may be issued if there are breaches or suspected breaches of multiple VETS requirements.
32. Once an enforcement notice is given, the manufacturer is required to complete the steps requested and satisfy the administrator that there is no longer a risk of non-compliance.
33. If a manufacturer complies with the steps required within the specified timeframe, no further action will be taken, and the manufacturer will be considered compliant.
34. If a manufacturer does not comply with the steps required within the specified timeframe, they are liable to be subject to a civil penalty under [article 104](#). This penalty is a financial penalty of £4,500 and £100 per day until the manufacturer meets the requirements, or until 30 days have elapsed since the deadline specified on the notice, for a maximum penalty of £7,500 per notice.
35. Failure to take the required steps will likely trigger the use of further enforcement measures and potentially civil penalties.
36. An enforcement notice may be withdrawn at any time by the administrator, who will give notice to the manufacturer concerned that the notice has been withdrawn.
37. In almost all cases, an enforcement notice would follow more informal, direct engagement between the administrator and the manufacturer concerned. Manufacturers should therefore not be surprised by such a notice.
38. The administrator is not required to issue an enforcement notice prior to taking other enforcement action. An open enforcement notice does not preclude other enforcement action.

Power to Require Information

Articles [81](#), [100](#), [105](#), and [106](#)

39. Where a manufacturer fails to provide information required by any provision of the VETS Order, the administrator may require that information to be provided under [article 81](#).

40. By way of notice, the administrator may at any time inform a manufacturer in writing of the information that is required, why it is required, the form in which it should be provided, and when it is required by.
41. The notice may request information that the manufacturer does not themselves hold, but that it is reasonable for the manufacturer to retrieve for the purposes of administering the trading schemes.
42. Failure to comply with a requirement under [article 81](#) may result in a civil penalty under [article 100](#). This civil penalty is £7,500 and publication.
43. Provision of false or misleading information in response to such a notice may result in a penalty under articles [105](#) or [106](#). This civil penalty is £7,500 and publication.
44. If a notice under [article 81](#) is not complied with, it can be followed up with a request under [article 86](#).

Enforcement Powers

Articles [85](#), [86](#), [87](#), [88](#), [89](#), [90](#), [91](#), [105](#), and [106](#)

45. The administrator can utilise four enforcement powers. As per [article 85](#), the administrator may only use the powers where the administrator reasonably believes that there has been a failure with respect of compliance with VETS. These powers are a last resort but will be used where necessary to ensure compliance and a fair playing field for all manufacturers participating in VETS.
46. [Article 86](#) is the power to require the production of documents or provision of information. A written notice will be sent to the manufacturer informing them what information or documentation is required, setting deadline for complying with the notice, and where applicable setting out the form in which the requested information or documentation should be provided.

Example: The administrator requests the certificates of conformity for all vehicles of model A registered by manufacturer A in GB between 01/06/25 and 31/12/25. Manufacturer A is given 30 days to comply, and the certificates of conformity must be provided as digital copies in .pdf or .jpg format.

47. Failure to comply with this enforcement power results in a civil penalty under [article 101](#), which is a financial penalty of the lower of £750,000 or 0.5% of the manufacturer's turnover in the financial year ending during the year to which the failure relates. The manufacturer will also be subject to publication and a block.
48. Provision of false or misleading information may result in a penalty under articles [105](#) or [106](#). This is a financial penalty of the lower of £750,000 or 0.5% of the manufacturer's turnover in the financial year ending during the year to

which the failure relates. The manufacturer will also be subject to publication and a block.

49. This power may be used multiple times to request different pieces of information or documentation.
50. Providing illegible information, information in an otherwise unusable format, or information in a format other than that which was specified may be treated as having not been provided at all.
51. [Article 87](#) is the power to require officers of a company to be made available for questioning. The administrator will issue a written notice to the manufacturer specifying the company officer to be questioned and the time and place of the interview. The officer of the company will be required to sign a declaration of truth for the answers they give.
52. Where appropriate, the interview may be held virtually. The administrator reserves the right to require in person interviews where necessary.
53. Failure to make the officer available for questioning results in a civil penalty under article 102, which is financial penalty of £75,000, publication, and a block.
54. Articles [88](#), [89](#), [90](#), and [91](#) all relate to the enforcement power to require entry to premises with a warrant and seize documents or records.
55. [Article 88](#) is the third enforcement power and gives powers of entry to the administrator, accompanied by persons deemed necessary. This is contingent on receiving a warrant as per [article 90](#).
56. [Article 89](#) is the fourth enforcement power enabling the administrator to seize documents or records from a premises when exercising the power of entry under [article 88](#). Any documents or records seized will be itemised and the manufacturer will be provided with written receipt of anything seized. Materials seized will be returned as soon as they are no longer necessary and as far as possible in their original condition.
57. [Article 91](#) stipulates that materials protected by legal professional privilege cannot be seized.
58. Where prudent, the administrator will give advanced notice of the intent to make use of powers of entry. In some extreme cases it may not be prudent to do so.
59. Failure to allow access to premises under [article 88](#) results in a civil penalty under [article 103](#), in addition to any repercussions of obstructing a warrant. The civil penalty consists of a financial penalty of £75,000, publication, and a block.

Failure to Make a Final Compliance Payment

Articles [28](#), [39](#), [60](#), [71](#), and [97](#)

60. Where a manufacturer does not acquire sufficient allowances and credits in the CRTS, CCTS, VRTS, and VCTS, they are required under articles [28](#), [39](#), [60](#), or [71](#) to make a final compliance payment.
61. Guidance for making these payments is included in the chapters of this guidance relevant to each scheme.
62. Failure to make the required final compliance payments may result in a civil penalty under [article 97](#). This civil penalty is the amount of the final compliance payment that has yet to be paid in addition to a daily accruing rate of £750 plus 0.75% of the total final compliance payment. The daily rate starts the day after the final compliance payment was due.
63. The application of this civil penalty does not discharge the obligation of a manufacturer to make the final compliance payment. The amount levied by the civil penalty is in addition to the final compliance payment.

Example: A manufacturer is required to make a final compliance payment totalling £100,000. It pays £20,000 but fails to pay the remainder by the time specified in the payment notice.

It takes the manufacturer 15 days following the deadline on the payment notice to pay the remaining £80,000.

Having made the original £100,000 payment in full, the manufacturer may further be liable for a civil penalty of $(£80,000 + (15 * (£750 + (0.75\% * £100,000))))$ £102,500.

64. The manufacturer may also be subject to the non-financial civil penalties of publication and a block.

Information Enforcement

Failure to Provide Information Under Article 73

Articles [73](#), [74](#), [98](#), [105](#), and [106](#), and [Schedule 7](#)⁵⁰

65. [Part 4 of the VETS Order](#)⁵¹ requires the provision of information by manufacturers participating in the scheme. Under [article 73](#),⁵² the administrator is required to collect the information in [part 1 of schedule 7](#)⁵³ for all cars, the information in [part 2 of schedule 7](#)⁵⁴ for all vans, and the information in [part 3 of schedule 7](#)⁵⁵ for all multi-stage vehicles registered in Great Britain.
66. Guidance on the information to be provided is available in chapter 4: VETS Information Requirements.
67. It is the responsibility of manufacturers to ensure that the required information is available to the administrator through type approval and registering the vehicle with the DVLA.
68. Where the required information is not available through this process, the manufacturer must provide it to the administrator as part of the error correction process. For guidance on this process, please consult chapter 4: VETS Information Requirements.
69. To the extent that the required information does not exist, the manufacturer must notify the administrator of this. The administrator may then determine that the information cannot be received and therefore is not required.
70. Where information is required under [article 73](#) and it is not provided, a civil penalty under [article 98](#) may be imposed. Where information is required under

⁵⁰ <https://www.legislation.gov.uk/uksi/2023/1394/schedule/7>

⁵¹ <https://www.legislation.gov.uk/uksi/2023/1394/part/4>

⁵² For manufacturers registering special purpose vehicles only, the equivalent requirements are under [article 74](#).

⁵³ <https://www.legislation.gov.uk/uksi/2023/1394/schedule/7/part/1>

⁵⁴ <https://www.legislation.gov.uk/uksi/2023/1394/schedule/7/part/2>

⁵⁵ <https://www.legislation.gov.uk/uksi/2023/1394/schedule/7/part/3>

[article 73](#) and it is provided but the information is determined to be false or misleading, a civil penalty under [article 105](#)⁵⁶ may be imposed. The civil penalties under articles [98](#) and [105](#) are identical, reflecting that the impact is the same whether information is not provided or is false.

71. Information of central importance to the assessment of compliance attracts a higher penalty than other required information.
72. The higher civil penalty is £7,500 plus £15,000 for each car to which the failure relates and £18,000 to each van the failure relates. The manufacturer may also be subject to publication and a block. The higher civil penalty applies to the following pieces of required information:
 - [Article 73\(5\)\(a\)](#) to [\(d\)](#) (SPVs, car clubs and zero emission car or van warranties).
 - Paragraphs [1\(g\)](#), [6\(g\)](#), [12\(c\)](#), or [13\(c\)](#) of Schedule 7 (specific emissions of CO₂ of a car or van).
 - Paragraphs [1\(i\)](#) or [6\(k\)](#) of Schedule 7 (fuel type and fuel mode of a car or van).
 - Paragraphs [1\(l\)](#) or [6\(n\)](#) of Schedule 7 (code for any eco-innovations).
 - Paragraphs [1\(r\)](#) or [6\(r\)](#) of Schedule 7 (electric range of a car or van, where applicable).

Example: A manufacturer fails to provide information relating to CO₂ emissions of four cars and three vans.

That manufacturer may be subject to a civil penalty of (£7,500 + (4*£15,000) + (3*£18,000)) £121,500, publication, and a block.

73. All other information required under [article 73](#) has a lower civil penalty of £750 per instance and publication.

Example: A manufacturer fails to provide information relating to the footprint (the wheel base, the track width of the steered axle and the track width of the other axle) of twelve cars and six vans.

That manufacturer may be subject to a civil penalty of ((12+6)*£750) £13,500, and publication.

74. Civil penalties will generally be levied as a last resort where the administrator has sought to secure the information through all possible routes.

⁵⁶ For manufacturers registering special purpose vehicles only, the equivalent civil penalty is under [article 106](#).

Maintaining Records Under Articles 75 and 76

Articles [75](#), [76](#), [98](#), and [99](#)

75. All manufacturers are required to keep records of the information referred to in [article 73](#) (vehicle information, zero emission vehicles sold to car clubs, warranty information for zero emission vehicles, the number of special purpose vehicles excluding wheelchair accessible vehicles, and the number of wheelchair accessible vehicles) in relation to the vehicles that they register in GB.
76. They are further required to once a year certify that this information is held and correct as per articles [75](#) and [76](#). A certificate testifying to this is required to be provided to the administrator under [article 73](#).
77. Failure to maintain these records may result in a civil penalty under [article 99](#), which is a financial penalty of £7,500, publication, and a block.
78. Failure to provide the certificate testifying to the presence and integrity of the required records, irrespective of whether the records are maintained, may result in a civil penalty under [article 98](#).

Appeals

Rights of Appeal

Articles [11](#), [20](#), [22](#), [25](#), [26](#), [28](#), [32](#), [37](#), [39](#), [52](#), [54](#), [57](#), [58](#), [60](#), [69](#), [71](#), [92](#), [97](#), [98](#), [99](#), [100](#), [101](#), [102](#), [103](#), [104](#), [105](#), [106](#), [107](#) and [108](#), and Schedules [4](#) and [5](#).

79. As per [article 108](#), a manufacturer may appeal to the First-tier tribunal against a decision of the administrator on the ground that:
- The decision was based on an error of fact.
 - The decision was wrong in law.
 - In the case of a financial penalty, that the amount of the penalty is unreasonable.
 - In the case of a non-financial penalty, that the nature of the penalty is unreasonable.
 - That the decision was wrong or unreasonable for any other reason.
80. As per [article 107](#), the following decisions of the administrator are subject to appeal:
- A decision under article [11](#), [32](#), [43](#), or [64](#) that a person is the manufacturer of a car or a van.
 - A decision to not to award car club credit under article [20](#), [22](#), [52](#), or [54](#) in relation to the use of a vehicle by a car club.
 - A decision not to accept a correction that a manufacturer has notified to the administrator accordance with [article 78](#).
 - A decision under [paragraph 12 of Schedule 4](#) to reject an application by a manufacturer to receive a small volume derogation (i.e. become a low-volume participant).

- A decision under [paragraph 8 of Schedule 5](#) to reject an application to from a pool.
 - A decision that a trade has not taken place under article [25](#), [26](#), [37](#), [57](#), [58](#), or [69](#).
 - A decision to give a payment notice under article [28](#), [39](#), [60](#), or [71](#).
 - A decision to give an enforcement notice under [article 92](#).
 - A decision to impose a civil penalty under article [97](#), [98](#), [99](#), [100](#), [101](#), [102](#), [103](#), [104](#), [105](#), or [106](#).
81. The First-tier tribunal may confirm the administrator's decision, cancel it, or substitute its own.
 82. Where an appeal has been made, a civil penalty may not be imposed until the outcome of the appeal is determined. If a civil penalty has already been imposed, it is suspended until the outcome of the appeal is determined.
 83. The First-tier tribunal for the purposes of VETS is the General Regulatory Chamber. Information and guidance on lodging an appeal with the General Regulatory Chamber may be found [here](#).⁵⁷

⁵⁷ <https://www.gov.uk/courts-tribunals/first-tier-tribunal-general-regulatory-chamber>

Annex A: Summary of Articles and Schedules in the Vehicle Emissions Trading Schemes Order 2023

Article	Purpose
Part 1 Introductory Provisions	
1	Citation and commencement. Order comes into effect 21 days after signing by HM The King in Council.
2	Extent. Trading Schemes apply in England, Scotland, and Wales. REUL changes apply to the whole of the UK.
3	Interpretation. Definitions of terms used in the legislation.
Part 2 Establishment and general provision in relation to the Trading Schemes	
4	Creates the trading schemes (CRTS, car ZEV mandate; CCTS car CO ₂ targets; VRTS, van ZEV mandate; VCTS, van CO ₂ targets).
5	Duration of the trading schemes (2024-2030).
6	Establishes DfT SoS as administrator of the schemes and establishes the digital registry to record compliance.
7	Restricts the use of allowances and credits to trading scheme purposes only.
8	Allows for pooling; multiple manufacturers controlled by the same overarching entity may be considered as one participant.
Part 3 The Trading Schemes	

Part 3 Chapter 1 The Non-Zero-Emission Car Registration Trading Scheme (CRTS)	
9	Interpretation for chapter 1 (CRTS).
10	Defines CRTS activity as the registration of a non-zero emission car.
11	Participants in CRTS are entities registering cars. Allows for pools and low volume participants.
12	Defines CRTS allowances and establishes formulae to cap the number of allowances that can be allocated and cap the amount of allowed activity.
13	Sets out how allowances may be allocated including to low volume and transition year participants.
14	Allows for banking allowances.
15	Allows for borrowing allowances.
16	Sets out how banked allowances should be divided if a pool with banked allowances splits.
17	Sets out how borrowed allowance debt should be divided if a pool with borrowed allowance debt splits.
18	Creates and defines credits.
19	Creates the special purpose vehicle and wheelchair accessible vehicle credits.
20	Creates the car club credit.
21	Allows for special purpose vehicle only manufacturers to earn special purpose vehicle and wheelchair accessible vehicle credits.
22	Allows for special purpose vehicle only manufacturers to earn car club credits.
23	Allows for conversion of unused CCTS allowances into CRTS credits.
24	Defines CRTS activity as the registration of non-zero emission cars.
25	Allows for trading of CRTS allowances and credits between participants.
26	Allows special purpose vehicle only manufacturers to trade credits.

27	Sets the rules for surrendering allowances and credits to comply with the target.
28	Sets out the payments required for not surrendering enough allowances and/or credits to meet the target.
29	Sets out how to treat banked and borrowed allowances attributed to manufacturers that are no longer participants.
30	Expiry of allowances and credits either through surrendering or lapsing.
Part 3 Chapter 2 The Non-Zero-Emission Car CO ₂ Trading Scheme (CCTS)	
31	Defines activity for CCTS.
32	Participants in CCTS are entities more than 999 non-zero emission cars.
33	Defines CCTS allowances.
34	Sets out how allowances may be allocated.
35	Allows for conversion of unused CRTS allowances into CCTS allowances.
36	Defines CCTS activity as number of grams emitted on average per kilometre by the manufacturer's non-zero emission cars.
37	Allows for trading of CCTS allowances between participants.
38	Sets the rules for surrendering allowances to comply with the target.
39	Sets out the payments required for not surrendering enough allowances and to meet the target.
40	Expiry of allowances either through surrendering or lapsing.
Part 3 Chapter 3 The Non-Zero-Emission Van Registration Trading Scheme (VRTS)	
41	Interpretation for chapter 3 (VRTS).
42	Defines VRTS activity as the registration of a non-zero emission van.
43	Participants in VRTS are entities registering vans. Allows for pools and low volume participants.
44	Defines VRTS allowances and establishes formulae to cap the number of that can be allocated and cap the amount of allowed activity.

45	Sets out how allowances may be allocated including to low volume and transition year participants.
46	Allows for banking allowances.
47	Allows for borrowing allowances.
48	Sets out how banked allowances should be divided if a pool with banked allowances splits.
49	Sets out how borrowed allowance debt should be divided if a pool with borrowed allowance debt splits.
50	Creates and defines credits.
51	Creates the special purpose vehicle credits.
52	Creates the car club credit.
53	Allows for special purpose vehicle only manufacturers to earn special purpose vehicle credits.
54	Allows for special purpose vehicle only manufacturers to earn car club credits.
55	Allows for conversion of unused VCTS allowances into VRTS credits.
56	Defines VRTS activity as the registration of non-zero emission vans.
57	Allows for trading of VRTS allowances and credits between participants.
58	Allows SPV only manufacturers to trade credits.
59	Sets the rules for surrendering allowances and credits to comply with the target.
60	Sets out the payments required for not surrendering enough allowances and/or credits to meet the target.
61	Sets out how to treat banked and borrowed allowances attributed to manufacturers that are no longer participants.
62	Expiry of allowances and credits either through surrendering or lapsing.
Part 3 Chapter 4 The Non-Zero-Emission Van CO ₂ Trading Scheme (VCTS)	
63	Defines activity for VCTS.

64	Participants in VCTS are entities more than 999 non-zero emission vans.
65	Defines VCTS allowances.
66	Sets out how allowances may be allocated.
67	Allows for conversion of unused VCTS allowances into VCTS allowances.
68	Defines VCTS activity as number of grams emitted on average per kilometre by the manufacturer's non-zero emission vans.
69	Allows for trading of VCTS allowances between participants.
70	Sets the rules for surrendering allowances to comply with the target.
71	Sets out the payments required for not surrendering enough allowances and to meet the target.
72	Expiry of allowances either through surrendering or lapsing.
Part 4 Information	
73	Sets out the information required from participants.
74	Sets out the information required from special purpose vehicle only manufacturers.
75	Sets requirements for maintenance and audit of records by participants.
76	Sets requirements for maintenance and audit of records by SPV only manufacturers.
77	The obligations on the administrator to prepare and share provisional information with participants by 31 May year n+1.
78	Allows manufacturers to notify the administrator of any errors in the provisional data by 31 August year n+1.
79	The obligations on the administrator to prepare and share final information with participants by 31 October year n+1.
80	The obligation on the administrator to publish publicly final information on the trading schemes by 15 March year n+2.
81	The power to require information from participants.

82	Updating low volume derogation applications.
83	Updating pooling applications.
84	Manner in which information should be provided to the administrator.
Part 5 Monitoring compliance and enforcement	
85	Establishes enforcement powers and that they may only be used where the administrator reasonably believes there has been a failure.
86	Enforcement power to require the provision of documents or information from participants.
87	Enforcement power to question the officers of a company.
88	Powers of entry.
89	Seizure of documents in conjunction with article 88.
90	Requirement to have a warrant to exercise article 88.
91	Exempts documents protected by legal professional privilege from enforcement powers.
92	Allows the administrator to issue enforcement notices where suspected failure to comply. Failure to comply with such a notice means a civil penalty may be imposed (article 104).
Part 6 Civil penalties	
93	Allows for civil penalties to be imposed and defines blocking and publication.
94	Sets requirements for notice and payment of financial penalties.
95	Sets requirements for non-financial penalties.
96	Allows for the waiver and modification of civil penalties where appropriate.
97	Penalty for failing to make required final compliance payments (articles 28, 39, 60, and 71).
98	Penalty for failure to provide required information (article 73).
99	Penalty for failure to maintain records (articles 75 and 76).
100	Penalty for failure to provide information requested (article 81).

101	Penalty for failure to provide information requested under enforcement power (article 86).
102	Penalty for failure to make an officer of the company available for questioning under enforcement power (article 87).
103	Penalty for failure to allow access to premises under enforcement power (article 88).
104	Penalty for failure to comply with enforcement notices (article 92).
105	Penalty for provision of false or misleading information by participants.
106	Penalty for provision of false or misleading information by special purpose vehicle only manufacturers.
Part 7 Appeals	
107	Decisions that may be appealed.
108	Criteria and process for making an appeal.
Part 8 Revocation, amendment and saving of EU Regulations relating to CO ₂ emission limits	
109	Interpretation for part 8.
110	Revokes current UK CO ₂ emissions regulations in GB and retains amended version in Northern Ireland.
111	Amends eco-innovations regulations for cars to support new frameworks.
112	Amends eco-innovations regulations for vans to support new frameworks.
113	Revokes retained vehicle reporting requirements in GB and retains and amends for Northern Ireland framework.
114	Revokes retained derogations in GB and retains and amends for Northern Ireland framework.
115	Revokes retained regulations that provided for the transitioning from the NEDC measure of CO ₂ emissions to WLTP for the whole of the UK.
116	Allows legacy regulations to continue to apply in GB in respect of compliance in 2021, 2022, and 2023.
Part 9 Miscellaneous	

117	Crown Application: this order applies the Crown.
118	Requires a review within five years of implementation as required under s.28 of the Small Business, Enterprise and Employment Act 2015.
Schedules	
Schedule	Purpose
1	Sets out the methodology for calculating CO ₂ emissions targets for manufacturers for use in CCTS and VCTS.
2	The conditions a car club must meet for a bonus credit to be awarded to a manufacturer (articles 20, 22, 52, and 54).
3	Formulae for the determination of CO ₂ emissions from vehicles built in multiple stages.
4	Requirements to receive low volume derogations in CRTS and VRTS.
5	Requirements to apply to be considered a pool for the purposes of the scheme.
6	Non-zero emission vehicle registration targets used to determine compliance in CRTS and VRTS.
7	Information required from manufacturers in relation to the vehicles that they register.

Annex B: Version Control

29/02/2024

First version published.