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Zero Emission Vehicle Mandate Review

August 2026

Department for Transport

Great Minster House

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London

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Ministerial Foreword

The UK's transition to zero emission vehicles is vital not only for the environment, but for consumers and industry. For individual drivers, electric vehicles provide running cost savings of up to £1,400 per year, as well as insulation from fuel price shocks. Across the wider economy, the switch to electric vehicles will make up the largest part of our work towards net zero.

The UK is at the forefront of the transition, with the largest electric vehicle market share of any major European economy last year. Almost one in four new cars purchased is now zero emission, compared with fewer than one in fifty in 2019.

The UK government is investing record sums to make the most of these benefits, with £7.5 billion to grow the market, boost electric vehicle manufacturing, increase sales and build up the UK charging network.

More than 160,000 drivers have benefitted from the UK Government's £2 billion Electric Car Grant so far, with upfront costs of EVs closer than ever to their fossil fuel alternatives. Public chargers are being installed at a rate of 30 per day on average – there are now more than 120,000 across the UK, with 100,000 more in the pipeline.

To support this pace of change, this government has always been clear and consistent about our zero emission transition milestones – we are committed to phasing out new cars relying solely on internal combustion engines by 2030 and to 100% of new car and van sales being zero emission by 2035.

We are also aware of wider challenges and uncertainty faced by the UK automotive sector, related to energy price increases, growing international competition and uncertainty around the impact of potential changes to how UK-made vehicles will be treated in export markets. The government must support the industry to play its part in the transition, while ensuring it remains attractive for manufacturers to base operations in the UK, with all the benefits that brings in providing the green jobs of the future.

We have a long-standing commitment to publish a review of the Zero Emission Vehicle Mandate to ensure we are taking a pragmatic and balanced approach to the transition. This consultation forms an important part of the review process and seeks views on potential adjustments to the Mandate. These views will inform our approach as the UK continues to transition to zero emission vehicles and as we continue to work together with industry to make Britain cleaner, more secure, and more prosperous.

This review has been developed collaboratively by the UK Government, Welsh Government, Scottish Government and the Department for Infrastructure in Northern Ireland and I am grateful to colleagues in the Devolved Governments for their constructive engagement. While responsibilities differ across administrations, we share a commitment to supporting the transition to zero emission vehicles in a way that reflects the needs of consumers, industry and communities across all parts of the UK.

Rt Hon Heidi Alexander MP

Secretary of State for Transport

Introduction

1. The UK government, Welsh Government, Scottish Government, and Department for Infrastructure in Northern Ireland are committed to transitioning to zero emission vehicles (ZEVs) across the UK, recognising that the decarbonisation of cars and vans is in our collective national interest.
2. The UK Government's commitment to phasing out new petrol and diesel cars by 2030, and all new non-zero emission cars and vans by 2035, is unwavering.
3. The ZEV Mandate was introduced to achieve two fundamental objectives: to accelerate the pace of ZEV deployment (and thus road transport decarbonisation) and to stimulate investment through providing a clear providing a clear pathway for ZEV uptake and deployment.
4. Families and businesses are paying at the pump for fossil fuel volatility driven by recent geopolitical events including war in the Middle East and the Russian invasion of Ukraine. An electrified road transport fleet is one that can be powered by the UK's diversified, low carbon, and increasingly self-sufficient electricity grid. It will require less overall energy to power, be more efficient, and require less maintenance.
5. Drivers who do all their charging at home can save around £1,400 a year in running costs, paying as little as 2p per mile today when charging off-peak.[1] As well as addressing the cost of living for many households, electric vehicles (EVs) can reduce the cost of doing business for industry. As EV adoption grows, smart charging can help optimise use of existing network capacity, reducing the need for additional infrastructure investment and lowering system costs. EVs also have the potential to become a valuable source of flexibility for the electricity system. Vehicle-to-grid (V2G) services could further benefit households by enabling them to earn revenue from providing flexibility to the grid. With over 2 million EVs registered in the UK,[2] people across the country are already

[1] DfT Internal Analysis, as per January 2026 based on 2025 prices
[2] Vehicle licensing statistics, April 2026: https://www.gov.uk/government/statistics/vehicle-licensing-statistics-2025/vehicle-licensing-statistics-united-kingdom-2025

benefitting from using ZEVs. Those using them like them, with close to 90% of EV drivers stating they were likely to recommend EV ownership to others.[3]

6. The shift to EVs will remove the source of exhaust emissions that cause thousands of premature deaths from poor air quality every year, transforming our towns and cities into quieter, cleaner places.

7. The transition is also consistent with the UK government's wider growth agenda. The future of the global automotive sector is electric. Leading global EV markets, with well-developed EV eco-systems in energy and infrastructure, are more likely to attract the inward investment that is crucial to the UK's future as an automotive manufacturer, alongside investment in interdependent industries like the charging sector which are expected to play a growing role in the UK economy.

8. It is essential the ZEV transition is delivered in a way that supports the UK automotive industry and sustains its global competitiveness. The automotive sector has a long history in the UK, but the sector is facing challenges on multiple fronts. It needs to be able to adapt in a manner that is sustainable and that supports supply chains, a skilled workforce, long-term investment planning, and well-paid, skilled jobs in the UK.

9. The ZEV Mandate is driving investment beyond vehicle manufacturing. The UK charging sector continues to grow, projected to contribute £2.5 billion to the economy and attract over £4 billion in external investment in 2035.[4]

10. Road transport continues to represent the largest share of UK domestic greenhouse gas (GHG) emissions, with cars and vans forming a significant proportion of this total.[5] The government's broader decarbonisation strategy has consistently recognised that delivering sustained reductions in emissions from the vehicle fleet is essential to meeting both near-term carbon budgets and the long-term transition to a zero emission economy.

11. The UK has already taken significant steps to deliver this transition. The enactment of the Vehicle Emissions Trading Schemes (VETS) Order, which implements the ZEV Mandate, alongside continued regulation of non-ZEV CO_2 emissions, reflects the government's intention to provide a clear, long-term signal to manufacturers, investors and drivers.[6]

12. Over the last five years, the UK government, Welsh Government, Scottish Government, and Department for Infrastructure in Northern Ireland, have consulted extensively on the shape of the VETS Order. Manufacturers, businesses and drivers have fed into these consultations, providing views on the role these regulations play in delivering the UK's carbon ambitions and shaping their design. The resulting regulation has secured

[3] EV Driver Tracker, https://assets.publishing.service.gov.uk/media/68aee8ae960e2d135b4c8e83/ev-driver-tracker.pdf

[4] LCP, June 2026: https://www.lcp.com/en/insights/publications/powering-a-decade-of-growth-the-economic-impact-of-uk-ev-charging

[5] Government Statistics, February 2026: https://assets.publishing.service.gov.uk/media/6982292019d3abdb495f37cd/2024-final-greenhouse-gas-emissions-statistics-statistical-release.pdf

[6] UK Statutory Instrument, 2023 No. 1394, https://www.legislation.gov.uk/uksi/2023/1394/contents

investment, enabled supply chain development, and ensured the UK remains competitive as other countries implement their ZEV policies.

International context

13. Other countries have recently changed their approaches to the ZEV transition. In February, the United States repealed its greenhouse gases (GHG) emissions standards. These standards placed CO_2 reduction obligations on manufacturers at the federal level. In February 2026, Canada also announced plans to repeal its Electric Vehicle Availability Standards (EVAS), which regulated ZEV sales similarly to the UK. Canada announced that EVAS would be replaced with stronger fleet-average GHG standards, with the aim that 75% of car sales are electric by 2035.[7]

14. In the EU, the picture might also be changing, though this remains subject to agreement. In December 2025, the European Commission published its Automotive Package,[8] a proposed policy framework that seeks to support the automotive sector in the transition to clean mobility. The package proposed revising the EU's CO_2 emission standards for new cars and vans, moving away from the original target of a 100% reduction in tailpipe emissions by 2035. Under the proposed changes, this target would be reduced to 90%, with the remaining 10% of emissions allowed to be offset using low-carbon steel produced in the EU or through sustainable fuels. This means the EU could potentially allow plug-in hybrids (PHEVs), range extenders, mild hybrids and internal combustion engine vehicles to play a small role beyond 2035.

15. With regards to its 2030 targets, the European Commission is proposing to introduce further flexibilities, allowing banking and borrowing up to 2032 for cars and vans, and lowering the 2030 CO_2 reduction target for vans from 50 to 40%. This package continues to be negotiated and remains subject to European Parliament and Council agreement.

16. The UK continues to be a leading nation in the transition, with the largest ZEV market share of any major European market in 2024 and 2025, including Germany, France, and Italy.[9] While the UK remains committed to the transition, it is right to consider how the current geo-political and international context is impacting the market, consumer sentiment and the path to compliance for manufacturers given their global footprint. Global regulatory frameworks do vary depending on economic, market, and geographic circumstances, as well as domestic climate ambitions, which must be taken into account in any changes to the UK's framework.

[7] Government of Canada, February 2026: https://www.canada.ca/en/innovation-science-economic-development/news/2026/02/prime-minister-carney-unveils-canadas-new-automotive-strategy-to-protect-jobs-and-position-our-country-as-a-global-leader-in-next-generation-vehicl.html

[8] European Commission, https://transport.ec.europa.eu/transport-themes/action-plan-future-automotive-sector/automotive-package_en

[9] ACEA (European Automobile Manufacturers' Association) New car registrations, January 2026: https://www.acea.auto/pc-registrations/new-car-registrations-1-8-in-2025-battery-electric-17-4-market-share/

What we are consulting on

17. The most recent public consultation on the ZEV transition concluded in February 2025[10] and involved extensive engagement with stakeholders. We announced several changes to the ZEV Mandate in April 2025[11] and, on 16 July, the Department for Transport, on behalf of the UK government and the Devolved Governments, issued a technical consultation to stakeholders to provide an opportunity for comment on the legislative implementation of the announcements made in April. The UK government and Devolved Governments introduced legislation to implement these changes in October 2025.[12] That legislation came into effect in January 2026 and increased regulatory flexibility in the ZEV Mandate, providing manufacturers with more tools to decarbonise in a way that protects automotive jobs and investment, without compromising all four Governments' commitment to the ZEV transition.

18. The UK government, Welsh Government, Scottish Government, and Department for Infrastructure in Northern Ireland, have long committed to publish a mid-point review of the ZEV Mandate by no later than 2027. This was announced in the joint response to the UK ZEV Mandate and CO_2 emissions regulation consultation in October 2023.[13] It is therefore important we take on board views from across the automotive and charging sectors during this mid-point review, to ensure the UK's offer to industry, businesses and drivers remains fit for purpose. The aim is to maintain long-term environmental, economic and industrial sustainability, all while protecting drivers from unnecessary costs and safeguarding the UK's competitive standing as the world accelerates toward electrification.

19. This consultation invites views on several areas related to the ZEV transition in the UK. Part 1 sets out the impact of the ZEV Mandate in the UK, Part 2 outlines emerging issues and Part 3 sets out policy options and areas we are seeking views on. This includes key policy and compliance mechanisms in the VETS Order, as well as alternative policy solutions to the emerging issues set out in Part 2. Part 4 details the carbon impact of the potential policy options in Part 3. Part 5 sets out options for defining the phase out of new cars relying solely on internal combustion engines by 2030. Finally, Annex A explains our approach to ZEV Mandate compliance and carbon modelling.

20. The VETS Order, which includes the ZEV Mandate, is supported by a combination of devolved and reserved legislation. The policy sets annual trajectories for the sale of

[10] Government consultation, https://www.gov.uk/government/consultations/phasing-out-sales-of-new-petrol-and-diesel-cars-from-2030-and-supporting-the-zev-transition

[11] Government consultation outcome, https://www.gov.uk/government/consultations/phasing-out-sales-of-new-petrol-and-diesel-cars-from-2030-and-supporting-the-zev-transition/outcome/phasing-out-sales-of-new-petrol-and-diesel-cars-from-2030-and-supporting-the-zev-transition-summary-of-responses-and-joint-government-response

[12] Government guidance, October 2025: https://www.gov.uk/government/publications/vehicle-emissions-trading-schemes-vets-order-2023-updates/updates-to-the-vehicle-emissions-trading-schemes-vets-order-2023

[13] Government consultation outcome, https://www.gov.uk/government/consultations/a-zero-emission-vehicle-zev-mandate-and-CO_2-emissions-regulation-for-new-cars-and-vans-in-the-uk/outcome/zero-emission-vehicle-zev-mandate-consultation-summary-of-responses-and-joint-government-response

ZEVs and reduction in CO_2 emissions from non-ZEVs. Laid under the Climate Change Act, it supports all national Governments in meeting their individual climate emissions targets and the UK's overall net zero target. At UK level, the success of ZEV Mandate depends on reserved policies covering type approval, vehicle licensing, emissions standards, single market, and taxes and incentives, while Devolved Governments are responsible for public EV charging, local incentives and wider road transport policy. Importantly, the devolved four nation ZEV Mandate operates alongside the UK Government's reserved commitment to phase out the sale of new petrol and diesel cars by 2030, and for all new cars and vans to be zero emission by 2035. This consultation therefore covers questions related to devolved ZEV Mandate policy (Parts 1-4), with answers relevant for devolved governments and legislatures, and questions related to the reserved 2030 phase out (Part 5).

21. The VETS Order is devolved legislation and, as such, the UK and Devolved Governments are undertaking Parts 1 to 4 of this consultation jointly. The UK and Devolved Governments welcome feedback from manufacturers, industry associations, consumer groups, environmental organisations and other stakeholders. The information gathered will be used to inform the ZEV Mandate review.

How to respond

22. The consultation period began on 14 August 2026 and will run for 10 weeks until 23 October 2026. Please ensure that your response reaches us before the closing date. If you would like further copies of this consultation document, you can contact zevmandate@dft.gov.uk if you need alternative formats (British Sign Language, Braille, etc.).

23. The easiest way to respond is to use the online response form. It includes the option to save and continue your response if you are unable to complete it in one go.

24. If you cannot use the online form, please send written consultation responses to: Department for Transport, ZEV Regulations, 3rd Floor Great Minster House, 33 Horseferry Road, London, SW1P 4DR or via email to zevmandate@dft.gov.uk.

25. When responding, please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of a larger organisation, please make it clear who the organisation represents and, where applicable, how the views of members were assembled.

26. You will receive an acknowledgement of receipt if you submit your response by email. Check your junk and spam folder if you do not receive this within 15 minutes of sending your email. If you do not find a receipt, email zevmandate@dft.gov.uk with 'missing receipt' in the subject line.

27. We will only accept responses received before the closing date: 11:59pm on 23 October 2026.

Next steps

28. We will undertake extensive engagement with stakeholders to discuss the issues in this consultation, including hosting workshops, roundtables and engaging in bilateral discussions. Formal invitations will follow to those who responded to previous ZEV consultations, or you can email zevmandate@dft.gov.uk.

Freedom of information

29. Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the Freedom of Information Act 2000 (FOIA) or the Environmental Information Regulations 2004.

30. If you want information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

31. In view of this it, would be helpful if you could explain to us why you regard the information you have provided a confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.

Data protection

32. Your personal data collected through this consultation is processed in line with our online forms, surveys and consultations privacy notice.

Artificial intelligence

33. Artificial intelligence (AI) may be used to analyse responses to this consultation. Where the consultation asks for directly identifiable information, such as your name or contact details, this will be removed before processing with AI tools.

Consultation principles

34. This consultation is being conducted in line with the UK government's consultation principles (https://www.gov.uk/government/publications/consultation-principles-guidance).

35. If you have any comments about the consultation process, contact:

    Consultation Co-ordinator

    Department for Transport

    Zone 1/29 Great Minster House

    London SW1P 4DR

    Email: consultation@dft.gov.uk

Part 1: Impact of the ZEV Mandate in the UK

How the ZEV Mandate works

36. The VETS Order was introduced on 3 January 2024 to reduce emissions from new petrol and diesel cars and vans sold in the UK.

37. The VETS secondary legislation (SI 2023 No. 1394)[14] consists of four trading schemes which implement a ZEV Mandate and a carbon dioxide (CO_2) standard for new cars and vans registered in the UK.

38. The ZEV Mandate consists of the:

    a. Non-zero emission car registration trading scheme (CRTS)

    b. Non-zero emission van registration trading scheme (VRTS)

39. The ZEV Mandate sets percentage targets for the proportion of a manufacturer's new car and van registrations that must be zero emissions each calendar year. These can be met through ZEV sales, flexibilities and trading.

40. For cars, the ZEV target starts at 22% in 2024, rising steadily to 80% of cars by 2030. For vans the target starts at 10% in 2024, rising steadily to 70% of vans by 2030.

41. The CO_2 standard consists of the:

    a. Non-zero emission car CO_2 trading scheme (CCTS)

    b. Non-zero emission van CO_2 trading scheme (VCTS)

42. The CO_2 standard regulates the emissions of new non-ZEVs, ensuring the average CO_2 emissions of non-ZEVs do not get worse compared to a defined baseline.

43. Compliance in ZEV Mandate and CO_2 standard schemes is tracked in "allowances" and "credits", which can be traded by participants and converted between schemes.

[14] UK Statutory Instrument, 2023 No. 1394, https://www.legislation.gov.uk/uksi/2023/1394/contents

44. The legislation also provides several flexibilities. This means manufacturers can meet the headline Mandate targets in several ways, not just through ZEV sales. Flexibilities include:

    a. CO_2 conversion: manufacturers that beat their CO_2 baseline target, calculated in reference to their previous emissions performance, are permitted to use any overcompliance to offset their ZEV target until 2029. Conversion is subject to annual caps and fixed exchange rates;

    b. borrowing: manufacturers can use future allowances to cover shortfalls, subject to annual caps and repayment by 2030 with 3.5% compound interest;

    c. banking: manufacturers that over comply against the ZEV target can save that overcompliance for use in a future year. Surplus allowances can be carried forward for up to three years; and

    d. bidirectional van to car and car to van transfer: manufacturers that have overachieved against either the ZE car or ZE van targets can transfer or trade excess credits to the other scheme (i.e. between the car and van schemes) to help achieve compliance.

45. The ZEV Mandate includes several further provisions to support compliance. This includes pooling for connected manufacturers, and trading. Trading allows manufacturers to sell allowances/credits to other participants, or purchase allowances/credits from other participants. Bonus credits can also be earned by selling ZEVs to car clubs and registering zero emission special purpose vehicles, including wheelchair accessible vehicles, to incentivise their production. The ZEV Mandate also includes derogations and exemptions for low volume manufacturers meaning they are not obligated to meet the headline ZEV targets.

46. In recognition of the global challenges faced by vehicle manufacturers, legislative changes were made to the VETS Order in early 2026 to provide manufacturers with additional routes to compliance. These included amendments to the key flexibilities set out above, in particular extending the availability and scope of the borrowing and conversion flexibilities, increasing caps in certain years and extending repayment deadlines to 2030.

47. The legislation also introduced bidirectional interactions between the car and van ZEV schemes (enabling greater trading and conversion opportunities) and adjusted the eligibility criteria to access the conversion flexibility to reward early ZEV deployment. It also reduced final compliance payment levels for cars and vans.

48. In addition, one of the most notable changes introduced is related to the treatment of plug-in hybrid electric vehicles (PHEVs). Manufacturers will now be able to use the current PHEV CO_2 value for the purpose of VETS compliance until 2030. This flexibility helps mitigate unintended impacts on compliance as a result of uplifts to PHEV CO_2 values.

ZEV Mandate compliance

49. To date, the UK market has complied with the ZEV Mandate.

50. In 2024, the first year the Mandate applied in Great Britain, the UK market as a whole exceeded the Mandate's requirements for cars and vans.[15] Manufacturers primarily complied through ZEV sales, complemented by the flexibilities, which were designed to support the varied vehicle portfolios and compliance strategies of different automakers.

51. All mandate flexibilities available for 2024 were used to support compliance, indicating they are functioning as intended. The CO_2 conversion flexibility, where manufacturers use CO_2 emissions reductions from non-ZEVs to meet their ZEV targets, was the most used flexibility. This, along with ZEV sales, contributes to achieving UK carbon budgets by reducing emissions from cars and vans.

52. The car market exceeded the 22% 2024 ZEV Mandate requirements, achieving 19.8% ZEV sales for 2024 and an equivalent ZEV percentage of 24.5% by using the flexibilities. The van market also exceeded the 10% 2024 ZEV Mandate requirements, achieving 6.8% ZEV sales for 2024 and an equivalent ZEV percentage of 12.1% by using the flexibilities.

53. Based on provisional 2025 vehicle registration data, we expect the eligible UK car and van markets will once again exceed the ZEV Mandate requirements for 2025 through a combination of ZEV sales and use of the Mandate's flexibilities. This does not mean every manufacturer within scope of the VETS Order will exceed the headline targets individually. The regulation is designed to achieve market compliance through a combination of ZEV sales, flexibilities and trading.

54. Manufacturers will benefit from increased flexibilities for 2025, following the legislative changes to the Mandate that came into effect in January 2026.[16]

Impact on ZEV demand

55. The ZEV Mandate has driven increases in the supply of EVs to the UK and their market penetration. In 2025, 22.8% of new car registrations in the UK were zero emission,[17] with industry figures showing the UK had the largest EV share of any major European market, including Germany, France, and Italy.[18] Over 470,000 new electric cars were sold in the UK last year, the second highest volume in Europe. Registrations of new zero emission light goods vehicles (LGVs) also grew by 32.9%, with nearly 30,000 registrations in 2025 - a new annual record. This trend is continuing into 2026. Nearly 3 in 10 (29.1%) of new

[15] The VETS Order applied in Great Britain only in 2024 and applies to the whole of the UK from 2025 onwards.

[16] Compliance report, https://assets.publishing.service.gov.uk/media/69b1922458d4ef5adaf0e4e0/vehicle-emissions-trading-schemes-2024-final-compliance-report.pdf

[17] DfT Statistics VEH1153a, April 2026: https://www.gov.uk/government/statistics/vehicle-licensing-statistics-2025/vehicle-licensing-statistics-united-kingdom-2025

[18] ACEA, New car registrations, January 2026: https://www.acea.auto/pc-registrations/new-car-registrations-1-8-in-2025-battery-electric-17-4-market-share/

cars registered for the first time in June were zero emission[19] and, in total, the UK now has over 2 million licensed ZEVs. Year to date, 24.2% of new car registrations were zero emission in June 2026, up from 21.1% in the same period last year.

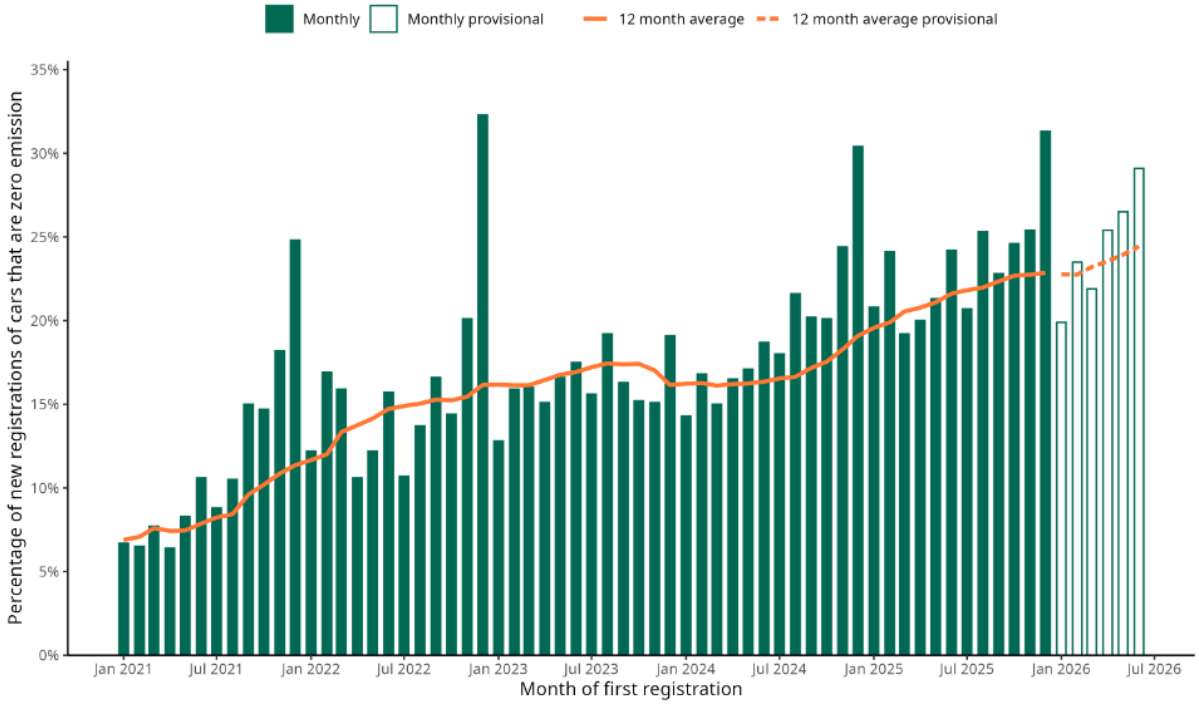

Figure 1. ZEV share of DfT vehicles statistics for new cars registrations (June 2026).[20]

[19] DfT Statistics, VEH9902, June 2026: https://www.gov.uk/government/statistics/developing-faster-indicators-of-transport-activity

[20] DfT Statistics, Cars and light goods vehicles registered for the first time by body type and fuel type, June 2026: https://www.gov.uk/government/statistics/developing-faster-indicators-of-transport-activity DfT Statistics, Cars and light goods vehicles registered for the first time by body type and fuel type: Jun 2026, Developing faster indicators of transport activity - GOV.UK

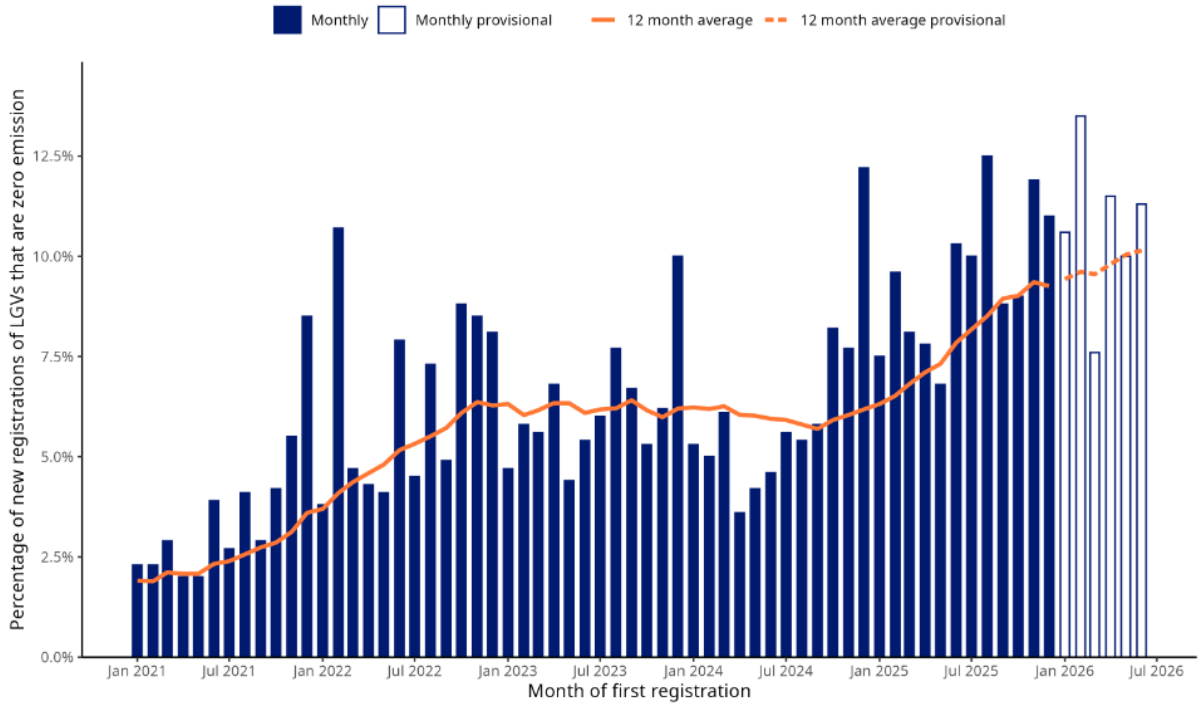

Figure 1. DfT vehicle statistics for new light goods vehicles registrations (June 2026).[21]

56. Automotive manufacturers have invested billions of pounds to increase and improve the consumer offer, with significant new investments in supporting industries including the development, manufacture and repair of batteries, electric motors, and power electronics. In the North East, Nissan has invested more than £450 million into manufacturing the new LEAF in Sunderland, an EV eligible for the highest discount level under the Electric Car Grant (ECG).[22] This directly supports the firm's 6,000-strong workforce at the Sunderland plant and thousands more in the supply chain.[23] Building on their over £100m investment in ZEV manufacturing since 2021, Stellantis are investing an additional £50m to begin production of another electric van at their Ellesmere Port site in Cheshire.[24] These investments cement the UK's manufacturing strongholds.

UK automotive

57. The automotive sector remains a key contributor to the UK economy. In 2025, it generated £78.0bn in turnover and £14.4bn in GVA, accounting for 6.2% of UK manufacturing GVA. It employed 143,000 people in automotive manufacturing, with a

[21] DfT Statistics, Cars and light goods vehicles registered for the first time by body type and fuel type, June 2026: https://www.gov.uk/government/statistics/developing-faster-indicators-of-transport-activity DfT Statistics, Cars and light goods vehicles registered for the first time by body type and fuel type: Jun 2026, Developing faster indicators of transport activity - GOV.UK

[22] Press release, November 2025: https://www.gov.uk/government/news/new-sunderland-made-nissan-leaf-qualifies-for-3750-discount-under-governments-ev-grant-in-a-boost-for-north-east-manufacturing

[23] Press release, December 2025: https://www.gov.uk/government/news/nissan-launches-450m-next-generation-leafin-major-vote-of-confidence-in-uks-industrial-strategy

[24] Stellantis, November 2024: https://www.media.stellantis.com/uk-en/corporate/press/stellantis-announces-proposed-plan-to-invest-50-million-to-strengthen-the-ellesmere-port-plant-as-its-uk-commercial-vehicle-manufacturing-hub?adobe_mc_ref=

further 358,000 jobs estimated to be supported in the wider economy. Cars were the third top commodity exported by the UK with exports worth £29bn last year.

58. The UK automotive sector is highly export-orientated, with around 24.5% of vehicles produced in the UK sold here, with the remainder exported.[25] The EU is the largest export market for UK built vehicles. The ZEV Mandate regulates the sale of new vehicles registered in the UK, regardless of where they are manufactured. However, we also recognise the UK market is important in anchoring UK manufacturers and their investments, and the ability to profitably sell the cars produced in the UK domestically is a key factor for investment decisions. In 2025, 9% of newly registered cars and vans were manufactured in the UK.[26]

A maturing ZEV market

59. Growing investment in the EV market has resulted in a broad and increasing range of ZEVs across the UK. The Society for Motor Manufacturers and Traders (SMMT) report over 160 electric car models were available in the UK in May 2026, up from just 14 in 2016.[27] These models are provided by over 50 brands and range from budget options under £13,000 to luxury and performance vehicles with over 550 miles of range.

60. Importantly, wider market demand and growing competition mean increasing numbers of more affordable EVs are coming to market. According to Autotrader, there are now 40 new car models with a Recommended Retail Price (RRP) under £30,000,[28] an increase of nearly 40% since the start of 2025.[29] Equally the average EV price has reduced over time, moving closer to non-ZEVs. Analysis from Autotrader shows the RRP premium on new EV cars versus petrol or alternatives has fallen from 34% to 15% in a few years, when measured on a like-for-like basis.[30] That is before factoring in discounts from the Electric Car Grant, which further reduces the price differential between EVs and combustion vehicles for some vehicles.

61. The reduction in average EV prices is also a result of falling battery costs. The battery pack is often the most expensive EV component, making up around 30 - 40% of the total vehicle cost.[31] Data from Bloomberg NEF shows global average EV battery pack prices fell to a record low of $108 (around £80.50) per kWh in December 2025, with this downward trajectory expected to intensify.[32] Battery prices have fallen by over 90% in real terms since 2010, and prices are projected to fall significantly further in real terms in

[25] SMMT, Jan 2026: https://www.smmt.co.uk/tough-year-for-auto-but-new-models-and-industrial-strategy-can-deliver-growth/
[26] See Background data in Annex A
[27] SMMT, May 2026: https://www.smmt.co.uk/new-car-market-grows-as-consumers-respond-to-choice-and-incentives/
[28] Autotrader, May 2026: https://www.autotrader.co.uk/content/features/electric-cars-facts-and-figures
[29] Autotrader, May 2025: https://www.autotrader.co.uk/content/features/electric-car-cost
[30] Autotrader, April 2026: https://www.autotrader.co.uk/content/news/new-evs-are-now-cheaper-than-petrol-cars-on-average-is-now-the-time-to-buy
[31] McKinsey and Company, Jan 2026 https://www.mckinsey.com/features/mckinsey-center-for-future-mobility/our-insights/the-future-of-affordable-evs-breakthroughs-in-battery-pack-costs
[32] BloombergNEF, December 2025: https://about.bnef.com/insights/clean-transport/new-record-lows-for-battery-prices/

the future.[33] These reductions are positive news for drivers and will support EV penetration into a wider customer base.

62. A similar story is unfolding in the Light Goods Vehicles (LGVs) sector. Here we are seeing rapidly expanding model availability and increasing cost competitiveness, although the UK and Devolved Governments recognise that barriers to uptake remain. There are now over 40 models of zero emission vans on the market in the UK, and this number is increasing, with almost two thirds of all van models now available as an EV. Registrations of new zero emission LGVs grew by 32.9% last year, with nearly 30,000 registrations in 2025.[34] Strong growth in zero emission LGV registrations has continued in 2026, with ZEVs accounting for 11% of new LGVs registered in June. From January to June 2026, 10.1% of new LGV registrations were zero emission, compared to 8.3% in the same period last year.[35]

Used ZEV market

63. The used EV market is also strengthening quickly. In 2025, nearly one in ten (9.9%) cars changing hands on the used market was a battery, hybrid or plug-in hybrid vehicle.[36] Autotrader data from April 2026 shows that EVs are the fastest selling fuel type on their platform, with 3–5-year-old EVs selling fastest of any vehicle group.[37] Interest has grown further since the start of the Middle East crisis. [38]

64. While the initial years of the ZEV transition saw change and uncertainty in the used vehicle sector, recent data shows an increasingly positive picture. The used EV market in the UK is accelerating across cars and vans, with increasing market share, faster sales and stabilised pricing compared with previous years.

65. Drivers are benefitting from these lower costs, with 1 in 4 used EVs on Autotrader now sold at under £15,000 and the average price of a 3-5-year-old EV now around £18,000.[39] Given the majority of all cars bought and sold in the UK are in the used market, this growth represents extremely positive news for drivers.

66. Although this is encouraging, we recognise the used market is still maturing and there is more to be done to support its long-term health and sustainability. That is why governments will continue to closely monitor the health of the used market, actively support industry-led working groups, and tackle issues we know concern drivers, such as battery health and public EV charging.

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[33] Goldman Sachs, October 2024: https://www.goldmansachs.com/insights/articles/electric-vehicle-battery-prices-are-expected-to-fall-almost-50-percent-by-2025
[34] Government Statistics, April 2026: https://www.gov.uk/government/statistics/vehicle-licensing-statistics-2025/vehicle-licensing-statistics-united-kingdom-2025
[35] Government Statistics, June 2026: Developing faster indicators of transport activity - GOV.UK
[36] SMMT, February 2026: https://www.smmt.co.uk/evs-power-up-used-car-market-in-three-year-growth-run/
[37] Autotrader internal data shared with the DfT, April 2026.
[38] Autotrader, March 2026: https://plc.autotrader.co.uk/news-views/press-releases/sharp-rise-in-ev-interest-on-autotrader-following-middle-east-bombing/
[39] Autotrader, May 2026: https://www.autotrader.co.uk/content/features/electric-cars-facts-and-figures

67. In April 2026, the UK government consulted on introducing new requirements for EVs to be fitted with accurate, accessible and comparable battery health monitors.[40] If introduced, this would give drivers more confidence to make the switch, and ensure the transition takes place in a fair and equitable manner. A response is expected shortly.

Government support for ZEVs

68. Governments across the UK have provided extensive support to facilitate industry and drivers to transition to ZEVs. This includes over £7.5 billion out to 2035 to support families, businesses and the automotive manufacturing sector. This funding supports EV charger deployment, EV uptake and the transition of the UK automotive industry.

69. The UK-wide Electric Car Grant (ECG), worth £2 billion, and funded out to financial year 2029/30, has already supported over 160,000 new electric car sales by driving down the costs of new EVs. It reduces the upfront cost of new EVs priced at or under £37,000 that meet certain sustainability criteria. While there could be many factors influencing this, DfT statistics show that comparing the 6 months before the ECG's introduction with the 6 months after, EV registrations increased by about 10%.[41]

70. The UK-wide Zero Emission Van Grant has supported almost 115,000 zero emission LGV orders since 2012, and the Zero Emission Truck Grant has supported over 1,200 zero emission HGVs since 2016. On 25 March this year, the UK government committed an additional £1 billion in funding for vans and trucks to accelerate growth and cut the costs for businesses of decarbonising road freight. That investment means businesses across the UK can benefit from up to £5,000 off zero emission vans, and up to £1 million to support the roll out of charging infrastructure at depots.

71. The Scottish Government has provided significant support to accelerate EV adoption and remove barriers to uptake. Between 2011 and 2026, the Scottish Low Carbon Transport Loan provided more than £250 million to support the purchase of ultra-low and zero emission vehicles. These measures have contributed to strong EV uptake in Scotland.

72. The UK government is directly addressing wider barriers to zero emission van adoption. Last year we changed van driver and operator licencing regulations following industry feedback. We have recently introduced further regulatory changes to simplify MOT testing and drivers' hours rules for large electric vans (3.5-4.25 tonne). These changes further promote adoption of ZE LGVs.

73. To support accessibility of EVs, the Wheelchair Accessible Vehicle Grant offers £2,500 for eligible vehicles priced at £50,000 or below to lower the cost of EVs adapted specifically for wheelchair usage. The UK government has confirmed the WAV grant will

[40] Government consultation, April 2026: https://www.gov.uk/government/consultations/updating-the-minimum-emission-standard-for-new-road-vehicles/updating-the-minimum-emission-standard-for-new-road-vehicles

[41] Government Statistics, April 2026: https://www.gov.uk/government/statistics/vehicle-licensing-statistics-2025/vehicle-licensing-statistics-united-kingdom-2025

continue until March 2027. Accessible vehicles also benefit from the largest bonus credit in the ZEV Mandate to incentivise manufacturers to innovate.

74. All vehicles contribute to congestion and wear and tear on the roads, but drivers of petrol and diesel vehicles pay fuel duty at the pump to contribute their fair share, whereas EV drivers do not currently pay an equivalent. As more people choose to switch to EVs, the Office for Budget Responsibility (OBR) has forecast fuel duty receipts will decline to around half of current levels (around £12 billion) in the 2030s in real terms. Receipts are then expected to approach zero by 2050.

75. Therefore, as announced at Budget 2025, Electric Vehicle Excise Duty (eVED), a new mileage charge for electric and plug-in hybrid cars, will come into effect in April 2028. While it is fair for EV drivers to contribute for their car usage, the UK government is also committed to ensuring that driving an electric vehicle remains an attractive choice for drivers. The rate of eVED paid by electric vehicle drivers will therefore be half the fuel duty rate paid by the average petrol/diesel driver, ensuring that it will still be cheaper to own and run an EV for the majority of EV drivers. An average EV driving 8,000 miles per year will pay £240, or £20 a month, in eVED (and no fuel duty) when it takes effect in April 2028. In contrast, an average petrol/diesel car driving the same distance will pay around £480 in fuel duty.

76. Unlike in some other countries where EV purchase incentives were reduced alongside the introduction of mileage charges to replace fuel duty, the UK is expanding these incentives alongside eVED to encourage further uptake. Around 80% of eVED revenue from the first three years is being reinvested to extend support for EVs and the auto manufacturing industry, including £1.3 billion of additional funding for the Electric Car Grant (ECG), £200 million for EV charger rollout, and increasing the Expensive Car Supplement (ECS) threshold to £50,000 for EVs.

77. This builds on existing generous support for drivers and businesses to choose EVs, including generous company car tax rates and salary sacrifice schemes. Company cars in the UK are subject to an emission-based regime; the taxable value of the car is not just based on its list price, but also its CO_2 emission level. Our capital allowances system for cars is also based on CO_2 emissions, with the most polluting cars receiving the least generous allowances.

78. The £4 billion DRIVE35 (Driving Research and Investment in Vehicle Electrification) programme is supporting innovation, commercial scale-up and investment in ZEVs, batteries and their supply chains through to 2035.[42] Open to UK registered businesses of all sizes, it provides long-term certainty and gives industry the confidence to invest in the technologies and manufacturing capabilities needed for the future of the UK automotive sector.

79. As part of DRIVE35, the UK government is also implementing the Supplier Readiness and Transformation Programme in partnership with the North East and West Midlands Mayors, backed by up to £50 million of funding in each region. The programme will

[42] Government Guidance, July 2025: https://www.gov.uk/guidance/drive35-funding-programme-innovation

support the electrification and transformation of key manufacturing clusters, strengthening supply chains, increasing domestic content, safeguarding jobs and unlocking growth across local communities while accelerating the transition to zero emission technologies.

UK charging infrastructure

80. The ZEV Mandate is a key driver of investment in the ZEV transition outside the automotive sector. Nowhere is this clearer than in the UK's rapidly growing charging industry, which has repeatedly stressed how the certainty provided by the Mandate has unlocked £6 billion private investment in their sector out to 2030[43], and a potential £30 billion total cumulative investment through to 2035.[44] The ZEV Mandate trajectory is a significant factor influencing ZEV uptake and the resulting demand for charging infrastructure. It is an important factor in maintaining capital flows into the UK, supporting investor confidence and encouraging continued investment in the UK charging sector.

81. While charging infrastructure itself is not within the scope of this review, its criticality to the transition is clear. There are already over 120,000[45] public EV chargers in the UK and almost a million homes in England have a charge point installed. This includes over 12,800 chargers in Scotland, 5,900 in Wales and more than 1,100 publicly accessible EV chargers in Northern Ireland, the latter increasing by around 195% since April 2023. Given its importance, the UK government is investing £600 million out to 2030 to support charging in the UK. This is on top of the £400 million invested under the Local Electric Vehicle Infrastructure Fund which is expected to deliver over 100,000 new public charge points in England.

82. In Northern Ireland, a consortium of local councils is set to install up to 250 charge points supported by the On Street Residential Charge Point Scheme. The Irish Government's 'Shared Island Sports Club EV Charging Scheme' will also deliver 48 chargers at sports clubs in Northern Ireland, bringing further charge points to community settings.

[43] ChargeUK, https://www.chargeuk.org/
[44] LCP and ChargeUK, June 2026: https://spark.lcp.com/research/document/A678D9?utm_campaign=Economic+impact+of+UK+EV+charging+&utm_medium=bitly&utm_source=website
[45] DfT Statistics, VEH9902, July 2026: https://www.gov.uk/government/statistics/developing-faster-indicators-of-transport-activity

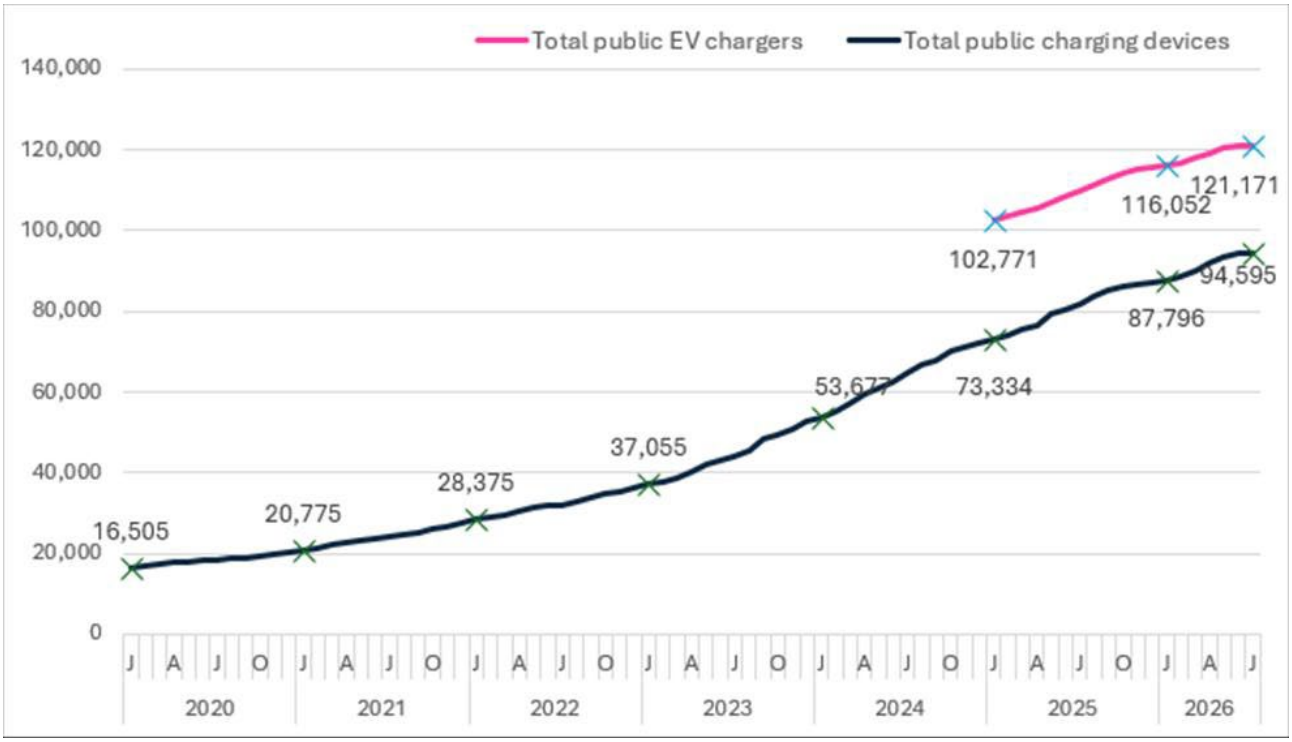

Figure 3. Number of public EV chargers from January 2025 and public charging devices from January 2020: United Kingdom.[46] Statistics for the number of EV chargers are a recent development with a limited back series. The number of EV chargers is more representative of the number of vehicles which can be charged and is more consistent with international reporting of public EV charging.

83. The Scottish Government has invested significantly in measures to support EV uptake and fleet decarbonisation. Since 2013, funding has supported the installation of more than 23,000 charge points at homes and workplaces across Scotland, contributing to one of the highest rates of EV ownership in the UK. Since 2014, more than £80 million has been invested in transitioning public sector fleets to ZEVs, resulting in over 6,000 ZEVs operating across the public sector. Additional support has been provided through the Plugged-in Communities programme, which has funded 55 community transport organisations to purchase electric vehicles, and through the £30 million EV Infrastructure Fund, which is helping local authorities expand public charging infrastructure in partnership with the private sector, including in rural and island communities.

84. The Welsh Government is supporting the transition to ZEVs, which is critical to deliver its carbon budgets, through investment in reliable, accessible and affordable charging infrastructure. More than 5,900 public charge points are now operational across Wales, with a focus on addressing gaps in provision, including in rural areas.[47] Support also includes work with local authorities to improve charging access, exploring cross-pavement solutions for households without off-street parking, promoting EV car clubs, and initiatives such as the Moving to Zero programme, which accelerates the uptake of

[46] A charging device is a physical unit at a charging location which contains charging equipment. An EV charger is part of a charging device that can deliver energy to one EV at a time. For more information see https://www.gov.uk/government/publications/electric-vehicle-charging-device-statistics-information/electric-vehicle-charging-infrastructure-statistics-frequently-asked-questions

[47] Government Statistics, July 2026: https://assets.publishing.service.gov.uk/media/6a4cef874889d85e75ab4120/Monthly_public_EV_chargers_by_region_and_country_UK.ods

zero emission commercial vehicles. Public sector fleet electrification and Transport for Wales' deployment of charging infrastructure are also helping to drive the transition.

85. Last year, the UK government announced further support for charging infrastructure, including the £25m Electric Vehicle Pavement Channel Grant. This will support thousands of residents in England to charge their vehicles at home at a cheaper rate.[48] As part of the UK government's wider approach, we are cutting red tape around charger installation to fast-track deployment and have announced increases in the grant amounts available for installing chargers.[49] These measures will improve access to charging infrastructure, boosting confidence to switch to an EV.

86. In Northern Ireland, the Department for Infrastructure introduced two cross-pavement EV charging solutions in September 2025, to support residents without access to off-street parking. These include a permanent engineered channel, installed through the existing Street Works Licence process, which enables charging cables to be used safely while maintaining pedestrian access and allowing the footway to be reinstated if no longer required. A temporary cable cover solution was also introduced through a six-month rolling pilot programme to support monitoring and evaluation. Both measures were developed in close collaboration with the Inclusive Mobility and Transport Advisory Committee (IMTAC) and charge point operators.

87. In May 2026, the Scottish Government launched the Cross-Pavement Charging Scheme, offering grants of up to £3,500 to support the purchase and installation of cross-pavement charging solutions for residents without off-street parking. In addition, regulations have been introduced requiring EV charger provision in new buildings and developments, helping to future-proof infrastructure and support continued EV adoption.

88. The Scottish Government is also working closely with the energy sector and electricity distribution network operators to improve coordination between charging infrastructure deployment and the electricity network, ensuring Scotland’s energy system can support continued growth in ZEVs.

89. At the same time, we recognise that high charging costs could pose a barrier to widespread EV adoption, especially for those reliant on public networks rather than home charging. In response, the UK government announced a comprehensive review of public charging costs, examining the drivers behind price increases and approaches that the UK government and industry could take to lower these costs for drivers. The Cost of Charging Review will be published in Autumn 2026.[50]

90. For longer journeys, the UK government is working with industry to make charging easy, fast and reliable. There are currently over 6,400 open-access rapid and ultra-rapid chargers within one mile of the Strategic Road Network (SRN – England’s motorways

[48] Press release, July 2025: https://www.gov.uk/government/news/new-63-million-boost-for-britains-electric-vehicle-revolution

[49] Press release, February 2026: https://www.gov.uk/government/news/grant-boost-to-cover-almost-half-the-cost-of-installing-ev-chargers-for-households-and-businesses

[50] Cost of public charging review terms of reference, June 2026: https://www.gov.uk/government/publications/cost-of-public-ev-charging-review-terms-of-reference/cost-of-public-ev-charging-review-terms-of-reference

and major A-roads).[51] The market has developed substantially over the last few years, and the UK government is targeting support where it is needed most, such as improving charging provision at motorway service areas where high connection costs have made charging infrastructure rollout commercially unviable. Further support on the SRN also includes £10 million of funding to deliver innovative technology and support the rollout of chargers by overcoming grid constraints.

91. Additionally, we are modernising EV charging signage on major A-roads. These changes now allow larger EV charging hubs to be signed, and work is underway to make it easier to provide signage on local roads.

92. Given the UK's growing demand for chargers as the fleet transitions to electric, the charging sector represents an important growth industry over the next decade. Analysis commissioned by ChargeUK, a trade association representing the charging sector, forecast the UK's charging sector will contribute a cumulative total of £15.5bn in direct value to the economy by 2035, supporting an estimated 36,000 direct jobs and attracting up to a cumulative total of £30bn investment into the UK charging sector.[52] These jobs and investment are predicated on an increasingly large, maturing charging network, underpinned by sales from the ZEV Mandate. Changes to the ZEV Mandate have the potential to affect the investment environment for charging infrastructure.

Consumer sentiment

93. Consumer sentiment is a crucial part of the ZEV transition and predictable ZEV uptake is a key driver of market growth and long-term confidence across the sector. We know that, once drivers have purchased an EV, they are overwhelmingly positive about the experience. The Department for Transport's latest EV Driver Behaviour and Attitudes Tracker, which measures attitudes and behaviours of BEV and PHEV drivers across the UK, has found that close to 80% of EV drivers said they would most likely buy or lease another EV in the future, and close to 90% said they were likely to recommend EV ownership to others.[53] This strongly signals trust in EVs from those who have given one a try.

94. As with any new technology likely to play a central role in people's daily lives, there is a complex and contested information environment around EVs, where legitimate concerns around issues like battery health or battery fire safety can be exacerbated by inaccurate or sensationalist reporting or discourse. The same EV Driver Behaviour and Attitudes Tracker shows that EV charger availability, range, and cost to buy are the most frequently cited concerns about EVs. Media coverage shapes consumer confidence, including around EVs, and we know that ZEV sales to corporate fleets are currently stronger than private consumer demand.

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[51] ZapMap and DfT internal analysis: https://www.zapmap.com/ev-charging-statistics-2025-report

[52] LCP and ChargeUK, June 2026: https://www.lcp.com/en/insights/publications/powering-a-decade-of-growth-the-economic-impact-of-uk-ev-charging

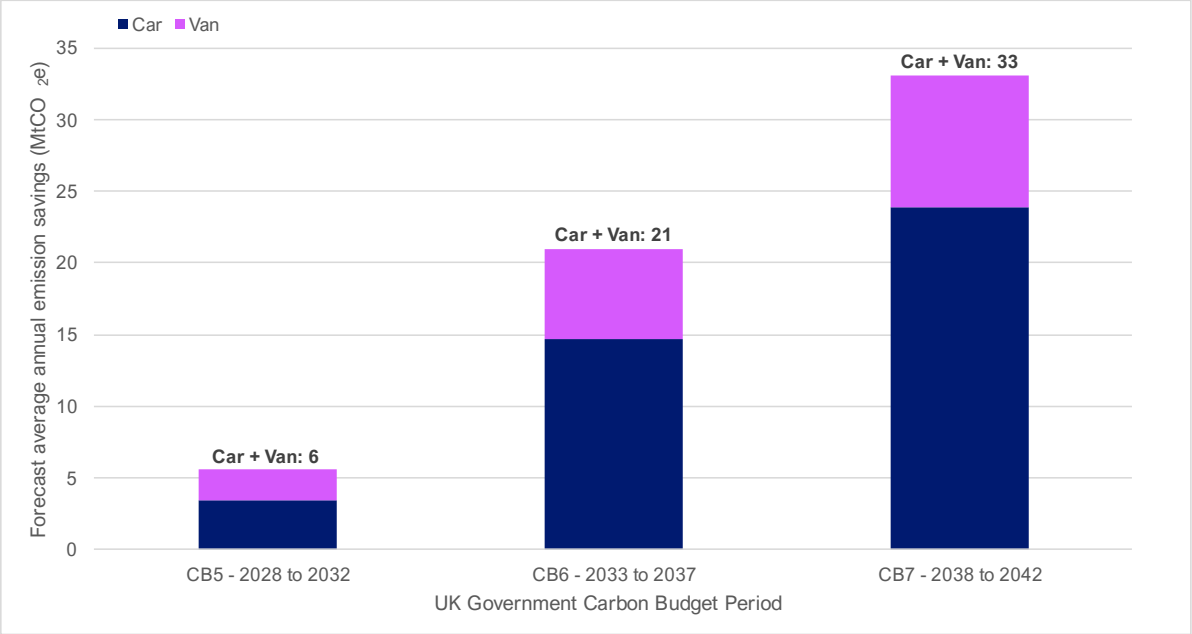
[53] EV Driver Tracker, Year 1 Findings, August 2025: https://assets.publishing.service.gov.uk/media/68aee8ae960e2d135b4c8e83/ev-driver-tracker.pdf

95. The UK and Devolved Governments are committed to tackling these concerns and providing clear, factual messaging to drivers so they can make an informed choice about their next vehicle. In January 2026 the UK government launched a UK-wide dedicated media campaign[54] to boost consumer confidence and highlight the benefits of switching to an EV. The campaign is designed to position EVs top of mind, address knowledge gaps, build trust and demonstrate how EVs can fit into people's lifestyles. It highlights benefits of EV ownership including lower running costs, battery range, and convenience of charging, as well as the Electric Car Grant.

96. The campaign answers calls from industry and the House of Lords Environment and Climate Change Committee (CCC) for government to take a more proactive role in communicating a positive vision of the EV transition to consumers. This campaign sits alongside ongoing communications across low and no cost channels, working in partnership with stakeholders. The CCC has stated that further weakening of the ZEV Mandate could put government climate change targets at risk, undermine investor confidence, increase dependence on imported oil, and leave more households exposed to the higher running costs of petrol and diesel vehicles.[55]

97. As noted above, the UK government has launched a comprehensive review of public charging costs. This examines the drivers behind price increases and approaches that the UK government and industry could take to lower these costs for drivers. We know effective, accessible and affordable public charging infrastructure is critical to support those who will rely on the public charging network.

Carbon savings



[54] Clean Energy Campaign, https://cleanenergy.campaign.gov.uk/electric-vehicle/?utm_campaign=cleanenergy&utm_medium=website&utm_source=homepage&utm_content=evexplore#cost

[55] Climate Change Committee, https://www.theccc.org.uk/wp-content/uploads/2026/06/Progress-in-reducing-emissions-2026-report-to-Parliament-4789075r42yrdoubcy2dgh012hdcb-uieb782939edih2e.pdf

Figure 4. Forecast carbon savings delivered by the current ZEV Mandate and CO_2 regulations in future carbon budget period, including savings from the 2035 phase out of all ICE vehicles, against forecast ZEV uptake and vehicle efficiencies in the baseline.

98. The ZEV Mandate is a key mechanism to support the decarbonisation of UK road transport and therefore an essential part of the UK reaching net zero by 2050 and for devolved governments to meet their targets.

99. When accounting for the legislative amendments introduced in January 2026, and the phase out of internal combustion engine (ICE) vehicles from 2035 (which is not currently legislated), the ZEV Mandate is estimated to save an average of 21 $MtCO_2e$ per year across Carbon Budget 6 (CB6, 2033 to 2037).[56]

100. In the latest legislated Carbon Budget, 7, which runs from 2038 to 2042, it is forecast to save approximately 33$MtCO_2e$ annually.[57]

[56] In addition to the UK's legally binding carbon budgets, the devolved governments operate their own climate frameworks and carbon budgeting arrangements. These differ in ambition, target dates and the periods covered by individual carbon budgets.

[57] This calculation is based on savings published in the Zero Emission Vehicle Mandate and CO_2 Regulations Joint Government Response Cost Benefit Analysis, 2023 – https://assets.publishing.service.gov.uk/media/6554be55544aea000dfb2d59/zev-mandate-consultation-final-cost-benefit-analysis.pdf with the addition of savings estimated from phasing out ICE vehicles from 2035, as published in the Carbon Budget and Growth Delivery Plan, 2025 - https://assets.publishing.service.gov.uk/media/6901d0c2a6048928d3fc2b55/carbon-budget-and-growth-delivery-plan-report.pdf. Amendments to the mandate which have reduced savings are detailed in Zero Emission Vehicle Mandate and CO_2 Regulations – Vehicle Emissions Trading Schemes Updates - Cost Benefit Analysis - https://www.legislation.gov.uk/uksi/2025/1101/pdfs/uksiod_20251101_en_001.pdf. Figures quoted represent DfT's latest modelling of manufacturer compliance with the regulation as detailed in Annex A – Approach to ZEV mandate compliance and carbon modelling.

Part 2: Emerging issues

Evolving context

101. When the ZEV Mandate was introduced, there was strong growth in EV sales in the UK, with signs demand growth would continue steadily. Several major car manufacturers had already publicly committed to 100% of their UK sales being zero emission by 2030. DfT analysis at the time showed that these commitments covered over 60% of the UK new vehicle market in 2020.[58]

102. The international picture was also different, with regulatory frameworks in the United States, Canada and China that had spurred ZEV availability and uptake. The EU had similar CO_2 emissions standards, which implemented a 100% reduction target for new cars and vans by 2035. The ZEV Mandate was designed within the context of these frameworks, to be among the most ambitious regulatory regimes globally.

103. As outlined in the introduction, the context in which the market is operating has become increasingly uncertain given a range of global and domestic pressures, including the conflict in the Middle East, rising fuel and energy prices, evolving trade dynamics and ongoing cost of living pressures. These factors have introduced significant volatility into the market, affecting supply chains and production costs, and directly impacting consumer confidence.

104. In parallel, the outlook to 2030, including regulatory frameworks in other key markets, has shifted. Given the automotive sector operates internationally, these developments have implications for sales and transition strategies worldwide, even as the EV market continues to develop rapidly. This evolving context has informed the UK and Devolved Governments' review of the ZEV Mandate.

ZEV demand

105. Demand for ZEVs has grown more slowly than anticipated. DfT analysis originally forecast ZE car sales during the first year of the Mandate would be 22% in 2024, with

[58] Government consultation, April 2022: technical-consultation-on-zero-emission-vehicle-Mandate-policy-design.pdf

the car trajectory following an S shaped growth curve, with slower initial uptake followed by rapid growth.

106. Slower than anticipated ZEV demand sits alongside wider factors affecting the UK automotive sector, including comparatively high UK energy and labour costs, tariffs and trade barriers, supply chain risks, and uncertainty around future regulatory developments. This includes concerns about the EU's proposed 'Made in Europe' measures which, although not yet legislated, could have a detrimental impact on the UK automotive sector if the UK were excluded. Together, these factors have created a more challenging operating environment, affecting competitiveness and confidence across the industry.

107. While sales of ZE cars are increasing steadily, with 19.8% ZEVs registered in the 2024 scheme year, 23.3% in 2025 based on provisional compliance data, and up to 29.1% in June 2026[59], market share remains below the levels that the ZEV Mandate headline targets anticipated. This position is more pronounced for vans, which registered ZEV sales of 6.8% in the 2024 scheme year, 9.7% in 2025 based on provisional compliance data and 11.3% in June 2026[60] against headline targets of 10%, 16% and 24% respectively. This does not match the rapid increases in ZE van supply assumed in the initial trajectory.

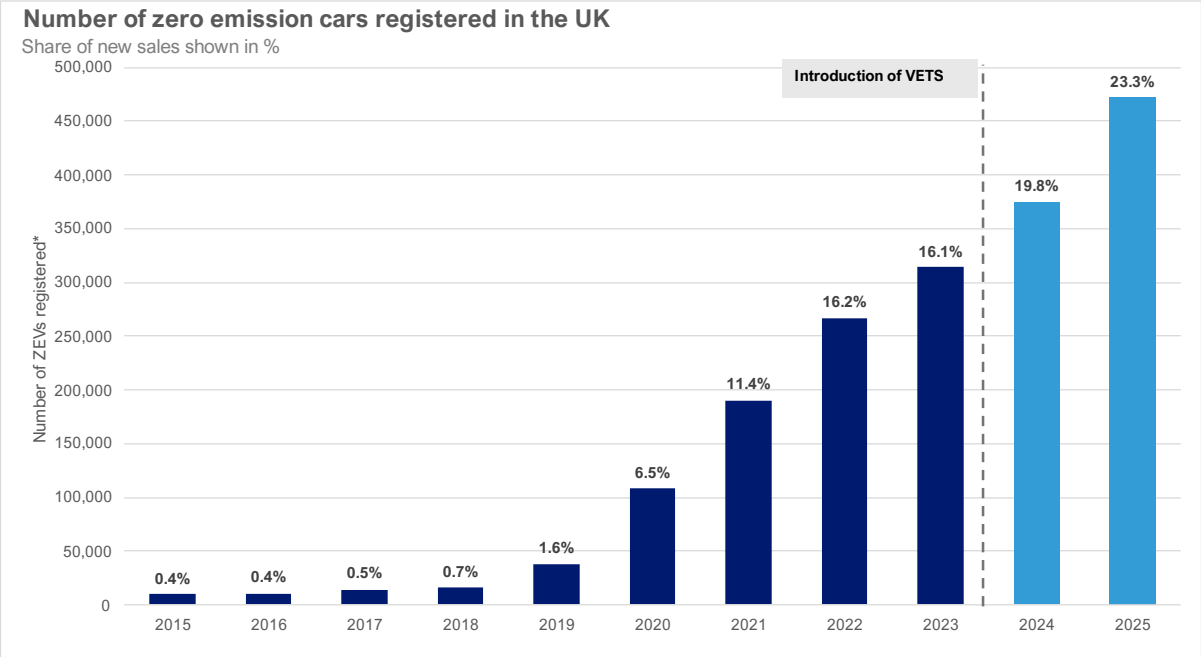


Figure 5. Number of zero emission cars registered in the UK and share of new registrations. *Prior to the introduction of VETS, this data is based on DfT VEH1153 and is based on vehicles with a body type listed as car. Following the introduction of VETS, the data is based on new vehicles registered in the VETS database, and type approved as "M1" as per Article 3 of the order.

[59] Based on DfT's faster indicator data, which is calculated based on vehicles newly registered with a body type of car, which may differ from the number of vehicles recorded through the VETS scheme.

[60] Based on DfT's faster indicator data, which is calculated based on vehicles newly registered with a body type of car, which may differ from the number of vehicles recorded through the VETS scheme. Prior figures use those based on VETS compliance, see VETS trading scheme final compliance information: https://www.gov.uk/government/publications/vehicle-emissions-trading-schemes-vets-final-compliance-information-2024; and Developing faster indicators of transport activity, https://www.gov.uk/government/statistics/developing-faster-indicators-of-transport-activity.

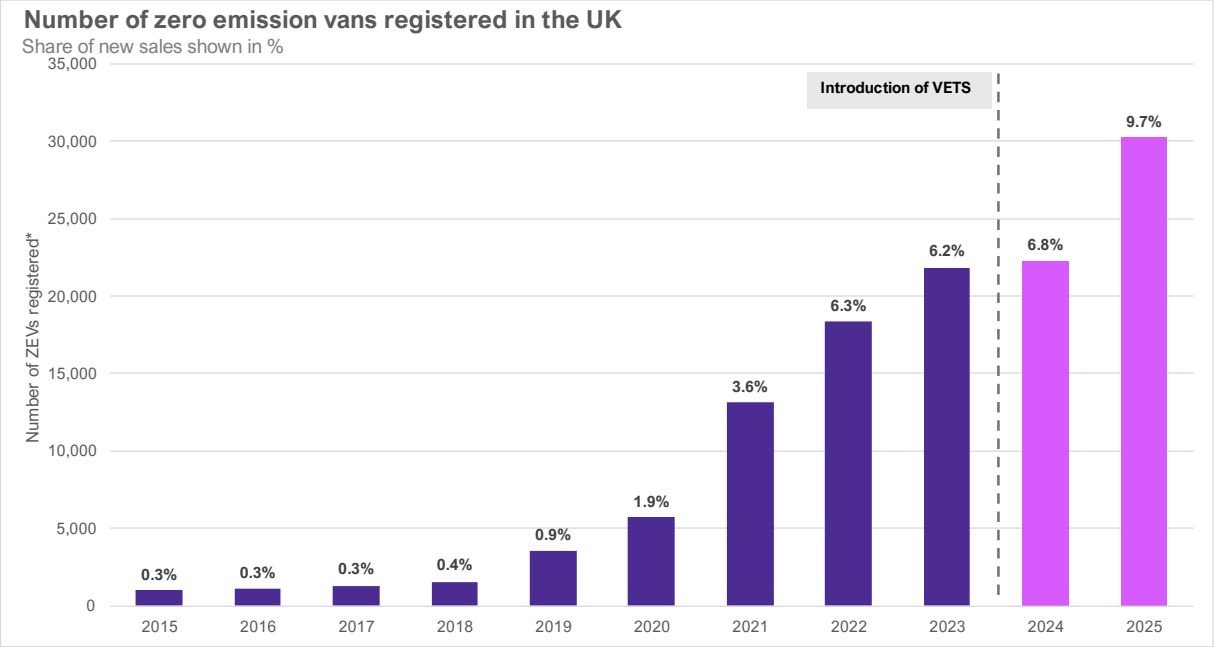


Figure 6. Number of zero emission vans registered in the UK and share of new registrations. *Prior to the introduction of VETS, this data is based on DfT VEH1153 and is based on vehicles with a body type listed as van. Following the introduction of VETS, the data is based on new vehicles registered in the VETS database, and type approved as "N1 or N2" as per Article 3 of the order.

108. This gap reflects both the rationale for, and is enabled by, the extension of ZEV Mandate flexibilities originally built into the regulation, and the introduction of new ones. While some flexibilities were only intended to be available during the transitional period, these were extended in recognition of the lower than anticipated uptake. They have enabled the market to comply with the regulation and reduce carbon emissions, whilst delivering fewer ZEVs than required by the headline target. For more information, see 3B. Flexibilities in the ZEV Mandate.

109. In line with a typical S-shaped technology adoption curve from introduction to the market to full transition, the ZEV Mandate trajectories enter the steepest portion of this curve between 2027 and 2030, with targets increasing by 14 percentage points per year for cars from 2028 to 2030 and 12 percentage points for vans, compared to an average increase of 5 and 8 percentage points per year for cars and vans from 2024 to 2027.

110. The ZEV Mandate sets targets for the proportion of a manufacturer's sales that must be ZEVs, rather than prescribing a total number of vehicles to be sold. The increase in the number of ZEVs sold to meet the targets depends on the balance between ZEV sales and the flexibilities used. DfT modelling estimates that the number of ZEV cars sold, expressed as a percentage change against the previous year, may need to increase by an average of 31% per year between 2025 to 2030 to ensure compliance by 2030. In line with current regulation, this assumes no use of the mandate's flexibilities in 2030, which allow manufacturers to meet the headline targets through a combination of compliance flexibilities, ZEV sales and trading. A 31% increase is higher than the average annual growth in EV car sales between 2022 and 2025 (21% per year) but is lower than the average annual growth in sales during the early years of the transition between 2018 and 2022 (100% per year).

111. For ZE vans, DfT modelling estimates sales would need to increase by an average of 52% per year from 2025 to 2030, compared to an average annual increase in sales of 18% across 2022 to 2025. As with cars above, this assumes no use of the mandate's flexibilities in 2030 which allow manufacturers to meet the headline targets through a combination of compliance flexibilities, ZEV sales and trading.

112. There are a limited number of independent forecasts of UK EV uptake available. However, where these exist, they suggest the 2030 ZEV Mandate target under the current regulation is likely to sit above what the market could comfortably achieve, without making adjustments to comply. For example, BNEF have recently projected that 67% of UK car sales would be plug-in by 2030 (including both BEV and PHEV - but with the majority being BEV)[61].

113. The EU regulates new passenger cars and van sales through fleet-average CO_2 emissions standards rather than requirements for a specified share of ZEV sales, so although not directly comparable, analysis taken from the EU's Impact Assessment on proposed amendments to its CO_2 emissions regulation projects that, under current regulations, manufacturers would hit 60% ZEV sales share in 2030. Under their proposed amendments the EU estimates ZEV sales would reach 56-58% by 2030 - although, the IA does not fully model the flexibilities in 2030 (such as the ability to average emissions savings across 2030-32), so manufacturers could meet lower ZEV shares in this year. The proposed amendments are not yet agreed in legislation.[62]

114. Together, DfT analysis and independent forecasts currently point to ZEV sales in 2030 that are below the headline 80% target for cars and 70% target for vans in the ZEV Mandate. While it's important the ZEV Mandate targets are ambitious, they must also be realistic to ensure the ZEV transition remains achievable and the costs of compliance are affordable. Presently, there is a risk the gap between ZEV sales and the Mandate targets is becoming increasingly difficult to close, even with the use of current flexibilities. This is especially true in the van market, where the gap between ZEV sales and targets is greater, and technical and operational barriers to uptake remain.

115. Ensuring the ZEV Mandate remains fit for purpose therefore requires careful consideration of deliverability and wider market conditions, balancing ambition with practicality, protecting planned investment, and maintaining momentum towards EV adoption.

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[61] Electrive, BNEF Forecast: Global Electric Car Market to Grow by Eleven Per Cent in 2026, June 2026, https://www.electrive.com/2026/06/17/bnef-forecast-global-electric-car-market-to-grow-by-eleven-per-cent-in-2026/

[62] European Commission, Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2019/631 as regards CO_2 emission performance standards for new light duty vehicles and vehicle labelling and repealing Directive 1999/94/EC, Dec 2025: https://eur-lex.europa.eu/resource.html?uri=cellar:a9bf8353-db5c-11f0-8da2-01aa75ed71a1.0001.02/DOC_1&format=PDF

Compliance Costs

116. As is typical with automotive regulation, such as regulations around safety or other pollutants, manufacturers incur costs to comply with the ZEV Mandate. Compliance costs arise in different ways and include the additional costs of discounting ZEVs for consumers or fleet purchasers (ZEV discounts are typically higher for new vehicles), and the potential need for some manufacturers to purchase ZEV credits to support compliance at year end. As with all regulations, it is important to ensure compliance is achievable and compliance costs are not so severe they cause unintended negative consequences.

117. Using data from the ZEV Mandate we estimate that the average cost of trading ZEV allowances to meet compliance in the UK in 2024 was approximately £4,000 per traded ZEV allowance for cars. We have also estimated that the average additional cost of discounting for ZEVs was around £2,800 per vehicle in 2025[63]. These costs are substantial and indicate a challenge with how much further manufacturers may be able to drive additional demand to meet rising targets.[64] This has resulted in reduced costs for new EV drivers, though also demonstrates the cost of manufacturers complying to date.

Plug-in Hybrid Electric Vehicles (PHEVs)

118. Within the UK automotive market, an additional dynamic has begun to emerge characterised by an acceleration in the uptake of plug-in hybrid electric vehicles (PHEVs). While PHEVs were always expected to play a transitional role in the shift towards ZEVs, recent market developments suggest they are becoming a more prominent feature of manufacturers' compliance strategies than expected. This trend reflects consumer preferences, relative profitability, and the specific incentives embedded within the VETS Order.

119. PHEVs have a battery that can be plugged in, an electric motor to deliver continuous zero emission mileage and a conventional petrol or diesel engine to power the vehicle. They can play a role in the ZEV transition by familiarising consumers with electric driving and charging infrastructure.

120. Theoretically PHEVs can deliver significant emissions savings because most journeys are short and can be completed using the battery alone. Official CO_2 emissions for PHEVs are calculated using the Worldwide harmonised Light vehicle Test Procedure (WLTP). The WLTP relies on a 'utility factor' (UF), which assumes how much driving is done in electric mode versus using the internal combustion engine. The existing system assumes most of a vehicle's operating time is spent in electric mode. This has meant that official estimates have assumed a high utility factor, and consequently CO_2 emission

[63] DfT analysis. This was estimated by estimating the additional percentage of EV discounts (the percentage discount for an EV less the percentage discount for a petrol/diesel). This additional discount was multiplied the cost of an EV. Separate estimates were made for private and fleet vehicles.

[64] DfT analysis, based on VETS, and commercial data provided by fleets and third parties.

scores for PHEVs have been low, in the range of 9 to 70g/CO_2/km with the average in 2025 being roughly 22g/CO_2/km[65].

121. Evidence shows the UF significantly overestimates electric driving, as in real life many drivers charge infrequently, meaning real world CO_2 emissions are higher than official figures. This has led to a significant performance gap between type-approved CO_2 emissions and real-world emissions of PHEVs. In the UK, real world PHEV CO_2 emissions were estimated to be around 3 to 7 times higher than WLTP values.

122. It should be noted that in real-world emissions terms, PHEV cars registered as new in 2025 were still roughly 40% cleaner than the average internal combustion engine (ICE) or hybrid electric car (HEV). However, the current testing regime underestimates their emissions.

123. To address this inconsistency at the United Nations Economic Commission for Europe (UNECE) level, the UF was updated in 2025 under the Euro 6e emissions type approval standard (Euro 6e-bis) to better reflect PHEV real-world CO_2 performance. Another update (Euro 6e-bis-FCM) is planned in 2027 which will further increase official PHEV CO_2 emission figures, bringing them largely in line with estimated real-world emissions. In 2026, Great Britain remains at the Euro 6d minimum emission standard with the 'old' higher UF, which results in lower emission estimates. However, Northern Ireland is at the Euro 6e-bis minimum emission standard by virtue of the Windsor Framework. The UNECE type approval route is also at Euro 6e-bis standard.

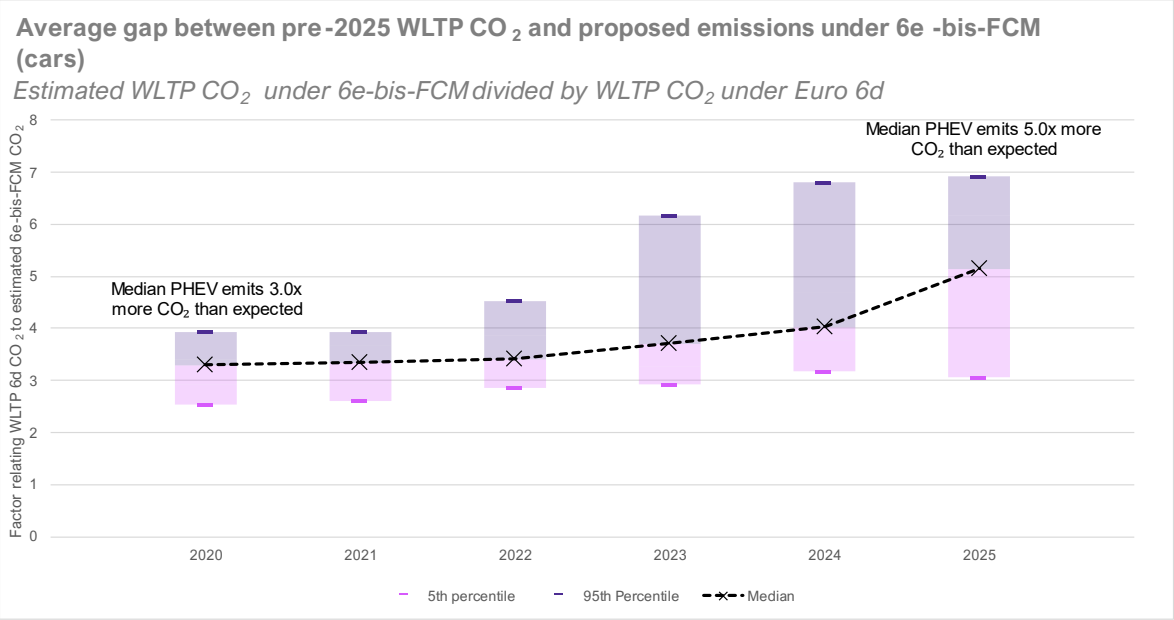

Figure 7. Multiplication factor for PHEVs to adjust current CO_2 values under ZEV mandate (Euro 6d) to reflect evidence on real-world PHEV usage (6e-bis-FCM). 6e-bis-FCM values are assumed to be approximately equal to real-world values, demonstrating the growing real-world emissions gap.[66]

[65] Lowest and highest figures are averages of the lowest and highest five PHEVs by emissions at model level, weighted by sales. Source: DfT analysis of DLVA data.

[66] DfT analysis of plug-in hybrid vehicle data recorded through the VETS trading scheme, plus data on charge-depleting range sourced from EV database, and methodology for utility factor calculation under SAE J8241 / UN GTR / EU Commission Regulation (EU) 2017/1151 - Sub-Annex 8 - Appendix 5 Table 1.

124. Euro 7 is the EU's latest emission standard. It will apply to new light-duty vehicle models in the EU (and Northern Ireland) from 29 November 2026. Euro 7 captures the Euro 6e-bis update to the UF and will capture the Euro 6e-bis-FCM update to the UF in 2027.

125. In April 2026, the UK government consulted on moving Great Britain from the Euro 6d standard to the Euro 7 emission standard[67]. The consultation proposed Great Britain could follow the same Euro 7 implementation dates as the EU to minimise divergence with Northern Ireland. The consultation closed on 25 May 2026 and responses are being considered.

Treatment of PHEVs in the VETS Order

126. The VETS CO_2 standards (CCTS and VCTS) measure a manufacturer's CO_2 emissions against emissions in a 'baseline' year - generally 2021. The updates to the PHEV CO_2 emission values (under Euro 6e-bis in 2025 and Euro 6e-bis-FCM in 2027) would have made it more challenging for manufacturers to comply with the CO_2 baseline targets based on the PHEV CO_2 values as they applied in 2021.

127. As type approval frameworks are updated periodically, we must ensure the VETS Order remains fit for purpose. A PHEV adjustment was therefore introduced to maintain the original policy intent for the VETS Order, ensuring a consistent, like for like comparison with baseline emissions.

128. For this reason, the VETS Order was amended in October 2025 and came into force in January 2026 to introduce a new flexibility where manufacturers could apply for alternative PHEV CO_2 values.

129. The flexibility approximates the PHEV CO_2 value under the Euro 6d emission standard (with the 'old', higher utility factor) when the baseline targets were calculated and applies these retrospectively. This means manufacturers do not need to use the uplifted CO_2 values coming into force from 2025 and 2027 for the purposes of compliance with the VETS Order. This makes compliance with the CO_2 baseline targets, or generation of excess CO_2, more easily attainable given the CO_2 values applied to non-ZEVs are lower than they would otherwise be without this flexibility. The flexibility is available until 2030.

Euro 6e-bis-FCM values are assumed to be equivalent to real-world values, whilst pre-2025 values are those from Euro 6d. The values in the figure are a multiplier and are shown across the distribution of PHEV cars sold in the years shown.

[67] Government consultation, https://www.gov.uk/government/consultations/updating-the-minimum-emission-standard-for-new-road-vehicles/updating-the-minimum-emission-standard-for-new-road-vehicles

PHEVs and the ZEV Mandate

130. While battery electric vehicles (BEVs) are leading the UK market in terms of EV sales in 2026, with a 24.2% market share year-to-date, PHEVs have seen the strongest growth of any fuel type this year, representing a growing share of new car sales.[68]

131. PHEV car registrations (year-to-date) have increased by 38% in May 2026 compared to the same time last year and their total market share has grown from 10.3% in 2025 to 13.0% in May 2026.[69] This suggests PHEV cars will play an increasing role in the transition. Growth of PHEV sales in the EU is slower, rising from 9.4% of new registrations to 9.9% from 2025 to Q1 2026.[70]

132. More recently there has also been a noticeable increase in the number of PHEV vans, rising from just under 0.5% in 2024 to nearly 3% in 2025. Growth in PHEV vans is being seen in the EU at a similar rate, rising and from under 0.2% in 2024 to just under 2.0% in 2025.[71]

133. UK PHEV sales are partly incentivised by the ZEV Mandate flexibilities. The UF flexibility enables incumbent manufacturers with PHEVs in their portfolio to generate CO_2 savings against their baselines and convert these savings into ZEV credits. This is particularly true for manufacturers that have entered the UK market as new entrants post-2024. This means that some manufacturers, particularly those selling PHEVs, can use the credits generated through CO_2 conversion to support compliance with the ZEV headline targets.

134. For most manufacturers, their baseline CO_2 target is based on their average non-ZEV 2021 emissions. For manufacturers that entered the UK market in 2022 or 2023, their baseline targets are based on their average emissions for their first year registering non-ZEVs in the UK. Manufacturers entering from 2024 and onwards receive a baseline equal to the industry-average non-ZEV CO_2 emissions for the preceding year.

135. The average CO_2 emissions of non-ZEV vehicles sold in the UK have reduced and are expected to continue falling. However, the effective CO_2 baseline target applying to new entrants in 2024 and 2025 is not materially below the CO_2 baseline targets of some existing manufacturers.

136. In circumstances in which new-entrant manufacturers have a non-ZEV product mix which is cleaner than the average (e.g. they sell a high proportion of PHEVs), they may enter the UK market with a head start as they can accumulate CO_2 savings relative to a baseline weighted more heavily to non-hybrid vehicles. These savings can be converted into ZEV credits to support compliance. This means a significant proportion of their ZEV

[68] SMMT, June 2026: https://www.smmt.co.uk/vehicle-data/car-registrations/. SMMT figures may differ from DfT published figures as outlined here: https://www.gov.uk/government/publications/vehicles-statistics-information/vehicle-licensing-statistics-faster-indicators-of-new-vehicle-registrations

[69] As per footnote 66.

[70] Vehicles and Fleet, European Alternative Fuels Observatory: https://alternative-fuels-observatory.ec.europa.eu/transport-mode/road/european-union-eu27/vehicles-and-fleet

[71] As per footnote 68.

obligations can be met through non-ZEV sales, directing the focus away from ZEV deployment.

137. We are already seeing early signs of this in the car market, with rapid PHEV growth being led by new entrants. At the same time the UF flexibility benefits incumbent manufacturers with PHEVs in their portfolio, providing a strong incentive to sell more of them.

138. Further growth in PHEV sales, enabled by the Mandate, risks eroding its expected carbon savings and air-quality benefits, even though manufacturers remain technically compliant with the regulation. This is because PHEV emissions are higher in the real world than current WLTP emissions tests indicate.

Made in Europe

139. In December 2025, the European Commission introduced its Automotive Package, a policy framework seeking to support the automotive sector in the transition to net zero, including a commitment to amend the EU's CO_2 emissions standards.

140. To deliver the package, the European Commission published the Industrial Accelerator Act (IAA) proposal in March 2026. The proposal includes measures known as 'Made in Europe', which would specifically support European industry under the EU's CO_2 emissions regulations.

141. The proposed measures involve the creation of new 'super-credits'. Manufacturers will be able to benefit from a new credit prior to 2035 for small affordable electric cars (M1e) made in the European Union. They will also be able to earn credits from 2035 onwards for any non-ZEVs manufactured with green steel made in the EU.

142. Although the EU's proposals are yet to be legislated, the automotive industry has raised concerns with the UK government about the impact Made in Europe proposals could have on the UK automotive sector if it were to be excluded from these credits.

Part 3: Policy options

143. In October 2025, following extensive consultation, the UK and Devolved Governments laid legislation to expand ZEV Mandate flexibilities to provide manufacturers with additional routes to compliance. These changes came into effect in January.

144. The ZEV Mandate review provides an opportunity to assess the regulation, building on the expanded compliance pathways introduced by the VETS amendments laid last October, to identify if and where further refinement may be needed.

145. Part 3 of the consultation presents options for amendments to the VETS Order. Part 3A considers ZEV trajectory options for cars and vans, Part 3B considers existing ZEV Mandate flexibilities and Part 3C considers new credit mechanisms, a revision of compliance payment levels, and revisits the setting of non-ZEV CO_2 baselines. Part 3D outlines policy solutions in response to emerging issues and finally Part 3E looks at other features of the VETS Order and considers whether these remain effective for day-to-day operation.

146. Following the conclusion of this consultation, each of the Department for Infrastructure (NI), the Scottish Government, the UK government, and the Welsh Government will carefully consider whether further legislation to amend VETS is appropriate and respond in due course. The Department for Infrastructure, the Scottish Government, the UK government, and the Welsh Government are committed to ensuring VETS remains fit for purpose as it delivers the transition to ZEVs for the UK. We look forward to reviewing your responses and welcome supporting evidence where appropriate.

3A. ZEV uptake trajectories

147. The ZEV Mandate trajectories were introduced following extensive consultation to provide market certainty, drive growth and set the pathway for the ZEV transition in the UK.

148. Figure 8 shows the current headline percentage targets for the proportion of a manufacturer's new car and van registrations that must be zero emission each calendar year. These are headline targets because, until 2029, manufacturers can meet them

through a range of compliance flexibilities and are not required to achieve them solely through ZEV sales.

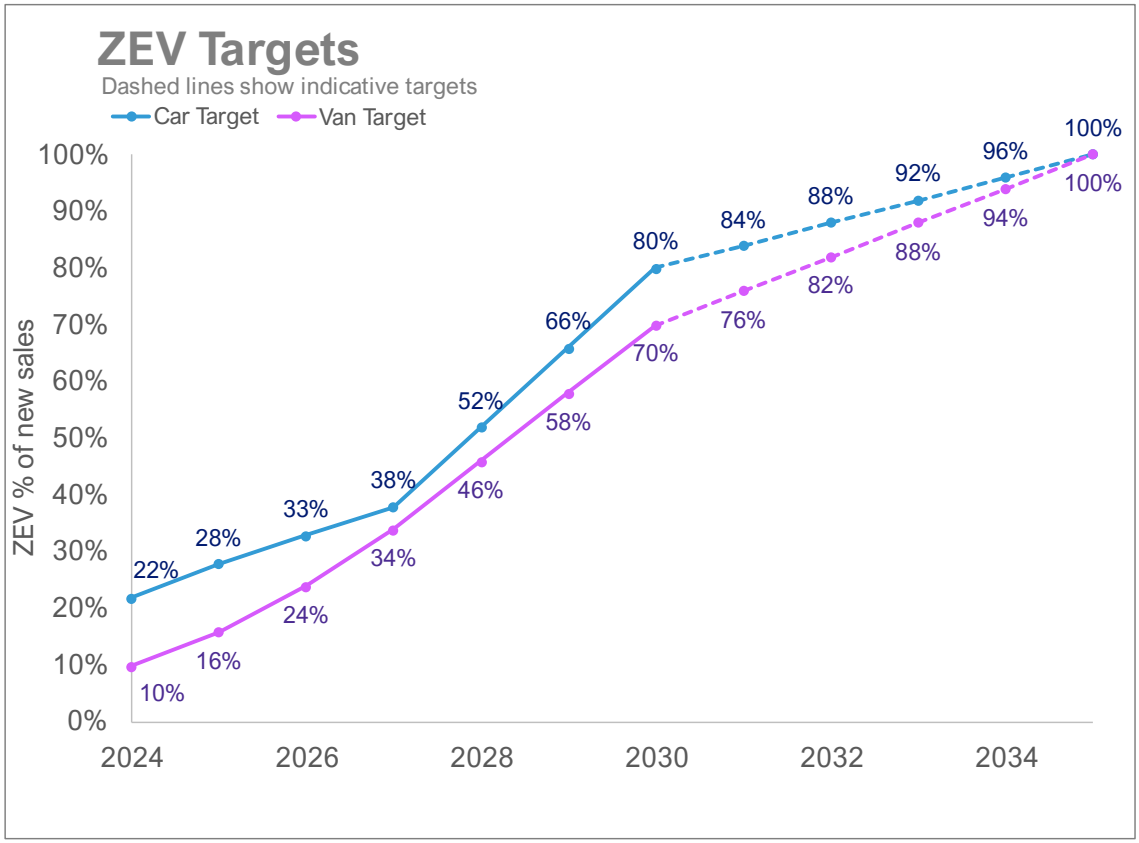

Figure 8. Legislated and indicative headline ZEV targets between 2024 and 2035, for cars and vans.[72]

149. The ZEV Mandate trajectories follow an S-shaped growth curve, typical of the adoption of new technology. This assumes relatively steady growth in the earlier part of the 2020s, with accelerated growth towards the end of the decade as EV adoption increases. The trajectories were designed to be ambitious and achievable, driving growth and investment while delivering carbon savings.

150. While the UK EV market continues to expand, with uptake accelerating in recent months, as this consultation has set out, wider pressures on the automotive sector and on EV sales have emerged since the ZEV Mandate trajectories were first consulted on and introduced. Ongoing global pressures have raised costs, dented consumer confidence and increased volatility, making ZEV uptake harder to predict. These pressures have intensified since additional flexibilities were consulted on last year.[73]

151. Recent engagement suggests these uncertainties are making it harder for manufacturers to reliably hit rapidly increasing annual ZEV Mandate targets, even when they remain committed to the long-term 2030 and 2035 endpoints.

[72] ZEV targets from 2031 onwards are indicative as they have not yet been adopted in legislation.
[73] Government consultation, assets.publishing.service.gov.uk/media/679382182de28ea2d392f37f/phasing-out-the-sale-of-new-petrol-and-diesel-cars-from-2030-and-support-for-the-zero-emission-transition.pdf

152. Given the dynamic nature of the vehicle market, and the transformative nature of the ZEV transition, the ZEV trajectories were always intended to be kept under review. From the earliest consultations, the UK and Devolved Governments have reserved the right to amend trajectories in response to significant changes.

153. We committed that changes would not be introduced without further consultation and engagement. Accordingly, the UK and Devolved Governments are seeking views on whether a revised approach to the existing ZEV Mandate trajectories is warranted given prevailing market conditions.

Options under consideration

154. There is evidence that lower overall car and van targets through to 2030 could be required to support manufacturers in the UK to make the transition. Retaining an ambitious ZEV Mandate that recognises the important role played by the automotive and electric vehicle charging industries to the UK economy, supports energy security, reduces the cost of living and achieves climate targets is important to all governments.

155. The UK and Devolved Governments want to consider the expiry dates on existing flexibilities within the wider context of UK Government 2030 and 2035 commitments. All the trajectory options below could be combined with a range of flexibility options, including extending flexibilities and increasing their generosity, or a proportionate tightening of flexibilities to ensure they are not excessively generous in the context of trajectory change. We welcome feedback on these potential combinations.

156. There are numerous ways the Mandate could be changed. Therefore, four alternative ZEV Mandate trajectories for cars and vans are presented for consideration, alongside the existing trajectories. These reflect potential alternative options to support a pathway towards 100% ZEVs by 2035. While the figures only show the extension of flexibilities in one option, the potential to extend flexibilities should be considered in scope of all alternate trajectory options. Any proposed changes must be evidence-led and demonstrate a commitment towards all new cars and vans being zero emission.

157. The UK and Devolved Governments invite views on a preferred approach, including the feasibility and deliverability of the current trajectories, whether these remain appropriate, and the potential impact of the proposed alternatives on the ZEV transition. All alternative trajectories remain initial proposals. Final options, including whether and how trajectories are amended, are contingent on feedback received through this consultation.

158. Any amendments to the trajectories will not change the destination. The UK government will not amend its headline commitment to end the sale of new purely petrol and diesel cars by 2030 and for all new cars and vans to be fully zero emission by 2035. These remain critical long-term consumer and investment signals.

159. We have not included isolated carbon impacts for the alternative ZEV Mandate trajectories, due to the complex interactions between the flexibilities and the headline

ZEV targets. Instead, we have assessed the carbon impacts of the current regulations and four further illustrative options which align with the alternative trajectories considered in this section. These options include the continuation of various flexibilities beyond 2030; other combinations are possible. For more information see Part 4 – Carbon impacts of considered options.

Car trajectories

Current Mandate: 80% headline ZEV target by 2030

160. The existing legislative annual ZE car targets reach 80% ZEV sales in 2030, with an indicative direction to 100% ZEV sales in 2035, as per the October 2023 joint government consultation response.[74] This requires steeper annual growth in the years preceding 2030, and slower annual growth between 2030 and 2035. One option would be to maintain the current trajectory without change, although the UK and Devolved Governments recognise that some UK based manufacturers may find it difficult to meet this trajectory.

Year	Target
2027	38%
2028	52%
2029	66%
2030	80%
2031	84%
2032	88%
2033	92%
2034	96%
2035	100%

Table 1. Existing ZEV registration headline targets, showing 80% ZE car sales in 2030.

[74] Government consultation response, October 2023: Zero emission vehicle (ZEV) mandate consultation: summary of responses and joint government response - GOV.UK

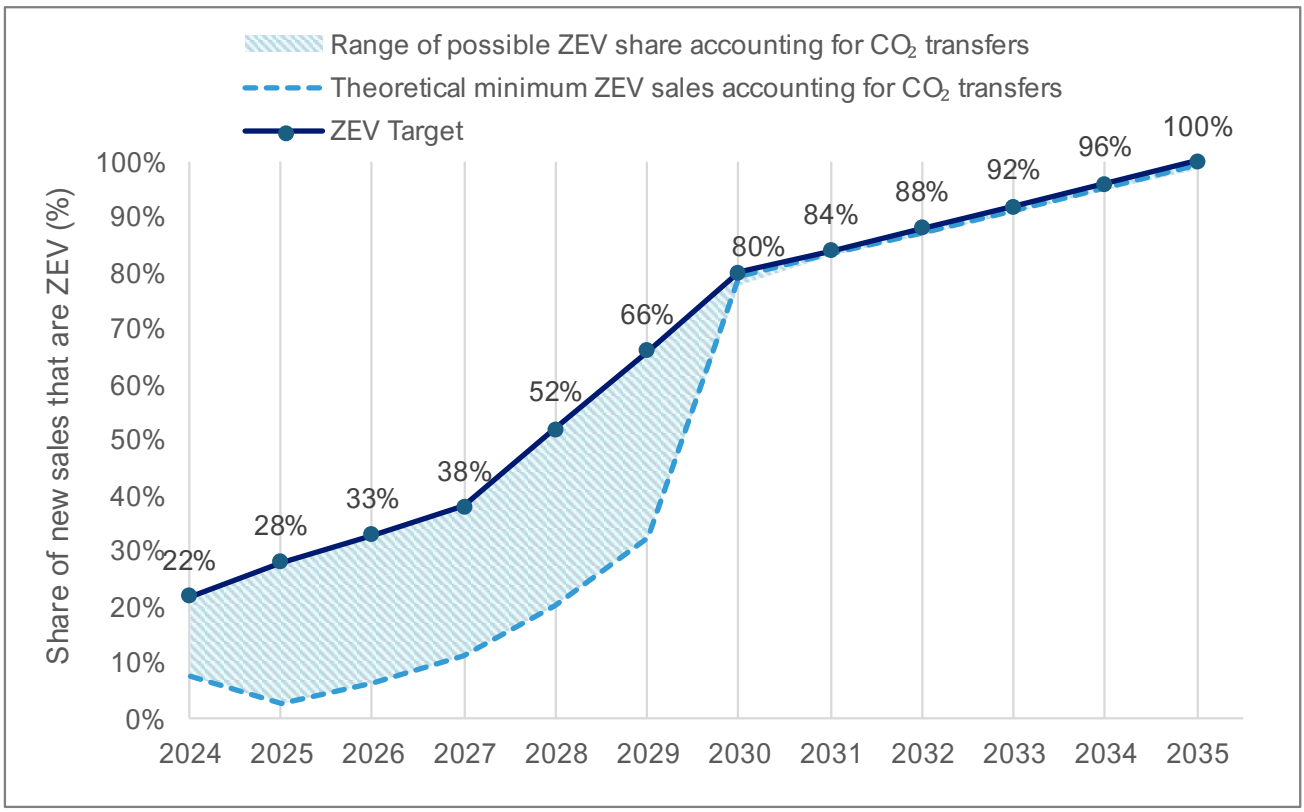

Figure 9. Current legislated and indicative headline ZEV targets from 2030 for cars, alongside theoretical minimum ZEV sales if use of CO_2 to ZEV transfer is fully utilised.

161. The light blue dashed line in Figure 9 (and the dashed lines in Figures 13, 15 and 19 that follow) represents the theoretical minimum ZEV sales manufacturers could deliver if they maximised use of the CO_2 conversion flexibility. This flexibility is currently permitted between 2024 and 2029 and allows manufacturers to convert overperformance against non-ZEV CO_2 targets into ZEV credits, which can be used to meet the headline ZEV target. In practice, most manufacturers are not expected to fully utilise this flexibility as doing so would require significant reliance on PHEVs to generate the necessary CO_2 savings, and not all manufacturers have sufficient PHEVs in their portfolio. Other flexibilities such as borrowing are available, though these are not included on the chart.

162. For more information on ZEV Mandate flexibilities see 'How the ZEV Mandate Works' in Part 1 of this document. Further detail on the CO_2 conversion flexibility is set out in Section 3B below.

Question 1: Do you think any change is required to the current ZEV Mandate trajectory for cars? Please explain your answer including any supporting evidence.

Alternative options

Option 1: 70% headline ZEV target by 2030

163. This option reduces the annual ZE car targets from 2027, rising to reach 70% ZEV sales in 2030 and 100% ZEV sales in 2035. The annual growth required from 2030 is slightly greater than under the current trajectory, given the lower ZEV share in 2030.

Year	Target
2027	36%
2028	46%
2029	58%
2030	70%
2031	76%
2032	82%
2033	88%
2034	94%
2035	100%

Table 2. Alternative ZEV registration headline targets, showing 70% ZE car sales in 2030.

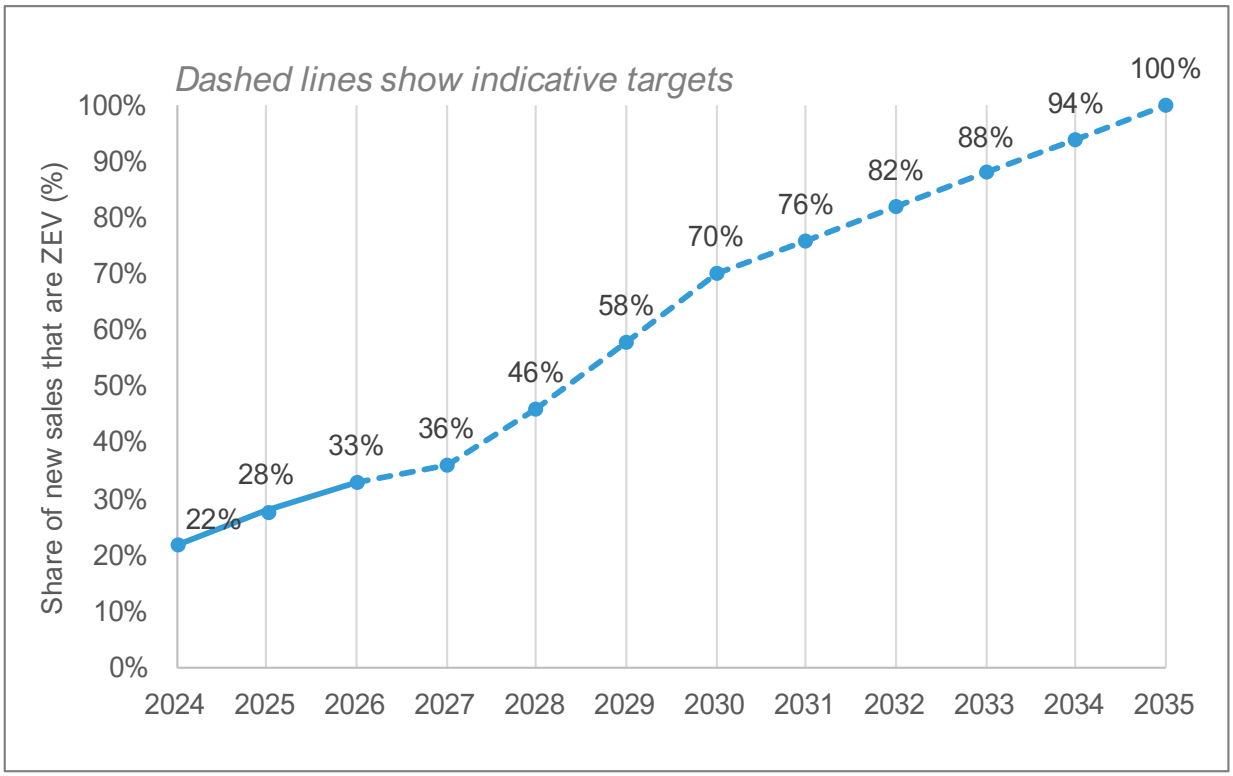

Figure 10. Legislated and indicative headline ZEV targets under option 1 from 2027 onwards for cars.

Option 2: 60% headline ZEV target by 2030

164. This option reduces the annual ZE car targets further from 2027, rising more slowly to reach 60% ZEV sales in 2030 and 100% ZEV sales in 2035. The annual growth required from 2030 is greater than under Option 1 given the lower ZEV share in 2030.

Year	Target

2027	36%
2028	44%
2029	52%
2030	60%
2031	68%
2032	76%
2033	84%
2034	92%
2035	100%

Table 3. Alternative ZEV registration headline targets, showing 60% ZE car sales in 2030.

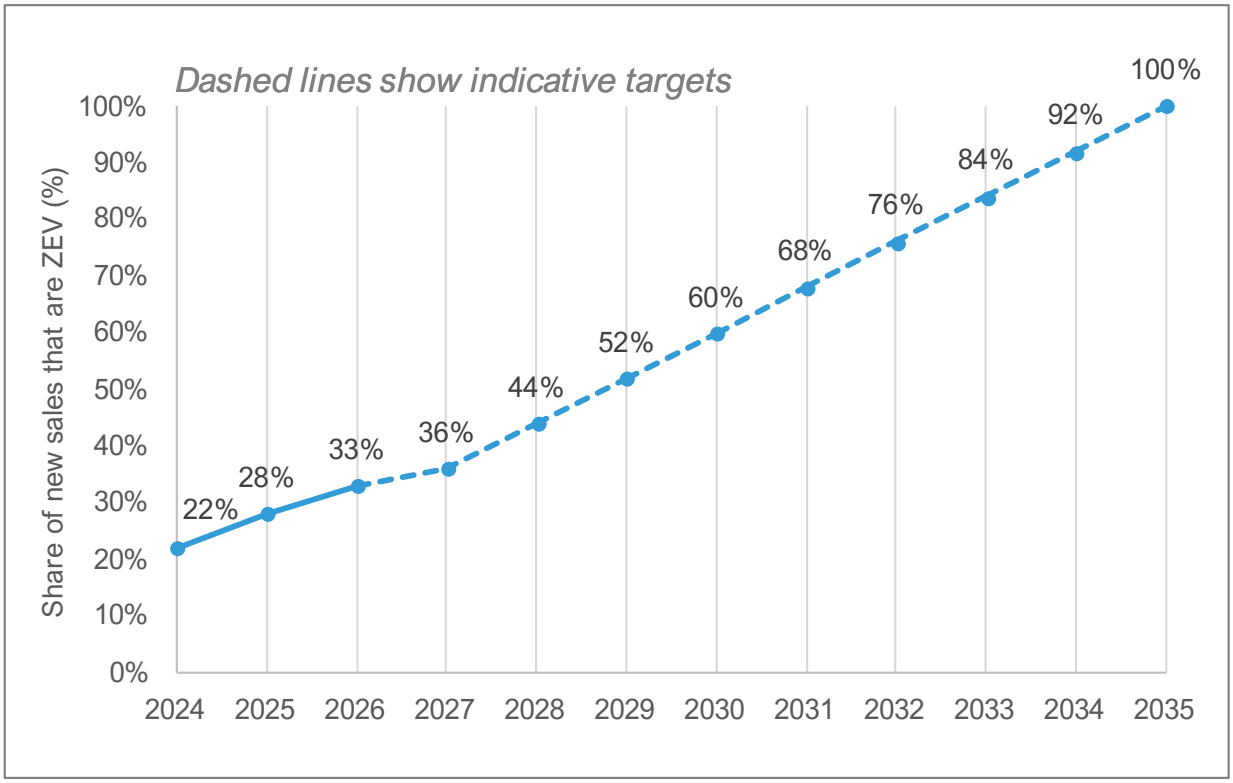

Figure 11. Legislated and indicative headline ZEV targets under option 2 from 2027 onwards for cars.

Option 3: 50% headline ZEV target by 2030

165. This option reduces the annual ZE car targets further from 2027, rising even more slowly to reach 50% ZEV sales in 2030 and 100% ZEV sales in 2035. The annual growth required from 2030 is the greatest of the options presented, given the lower ZEV share in 2030.

Year	Target
2027	35%
2028	37%
2029	42%
2030	50%
2031	60%
2032	70%
2033	80%
2034	90%
2035	100%

Table 4. Alternative ZEV registration headline targets, showing 50% ZE car sales in 2030.

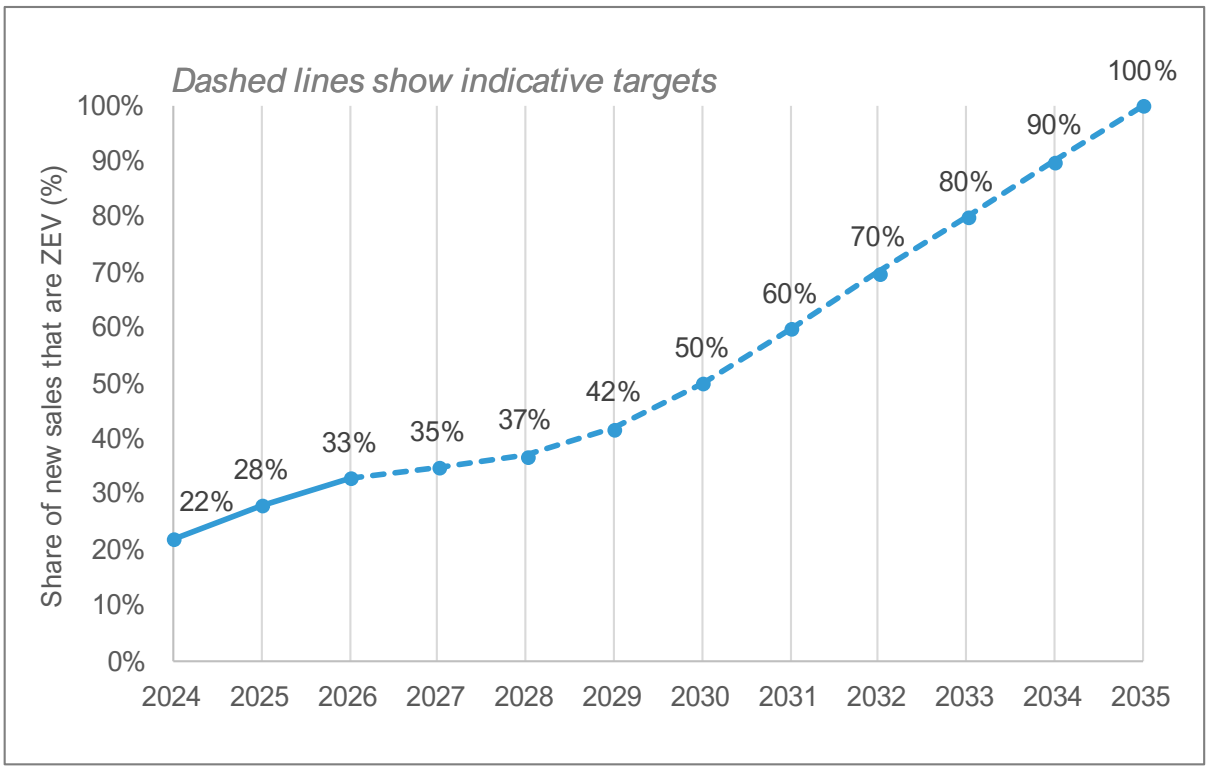

Figure 12. Legislated targets and indicative headline ZEV targets under option 3 from 2027 onward.

Option 4: 80% headline ZEV target by 2030, with extended flexibilities

166. This option retains the current annual ZE car targets, reaching 80% ZEV sales in 2030 and 100% ZEV sales in 2035, but extends key flexibilities such as borrowing, banking and CO_2 conversion to 2034.

167. By extending these key flexibilities, which currently end in 2029, this option maintains the headline targets but gives participants more flexibility to meet these. This means ZE car sales could continue to be below the headline targets from 2030, given participants will be able to comply with the VETS Order through both ZEV sales and the use of flexibilities.

Year	Target
2027	38%
2028	52%
2029	66%
2030	80%
2031	84%
2032	88%
2033	92%
2034	96%
2035	100%

Table 5. ZEV registration headline targets, showing 80% ZE car sales in 2030. Extended flexibilities are not shown in this table.

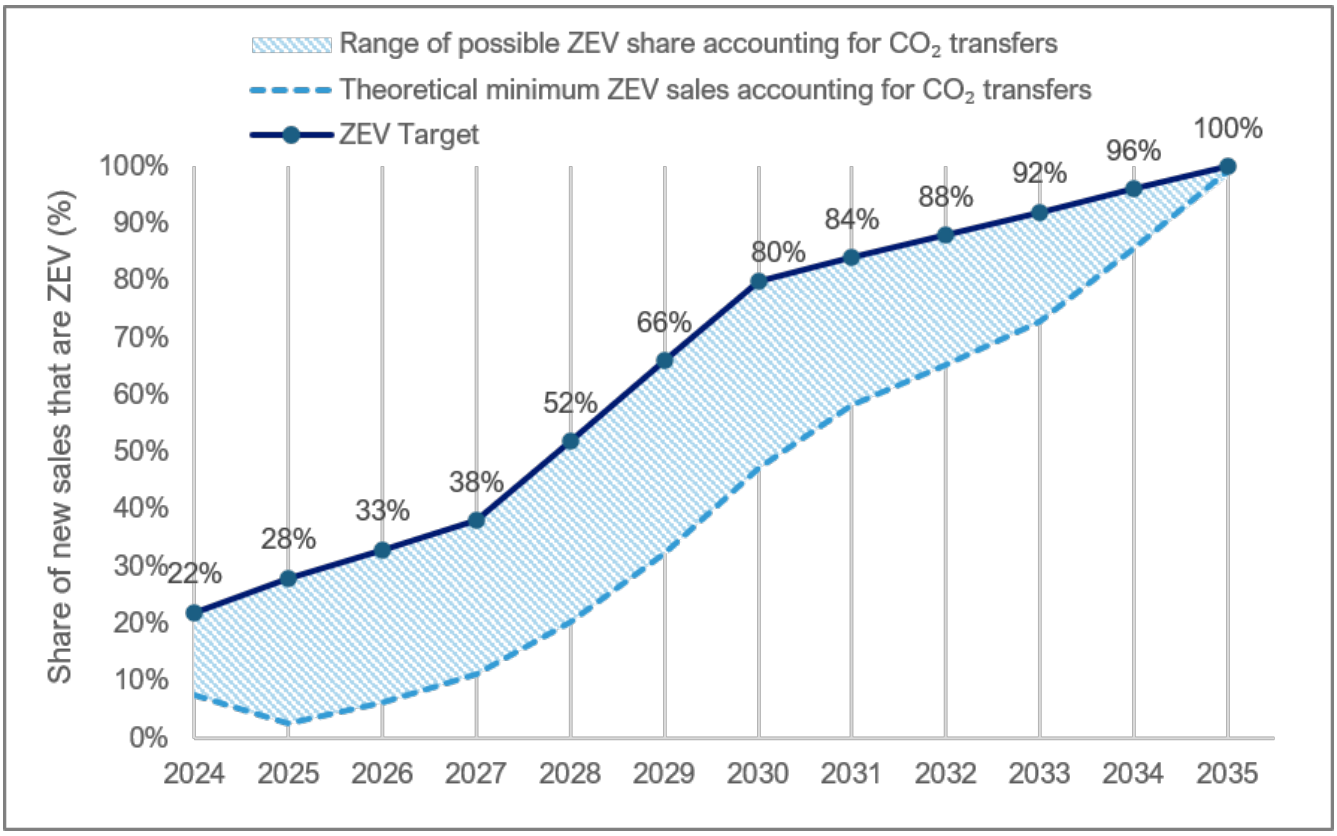

Figure 13. Current legislated and indicative headline ZEV targets from 2030 for cars, alongside theoretical minimum ZEV sales if use of CO_2 to ZEV transfer is fully utilised under option 4.

Summary of trajectory options

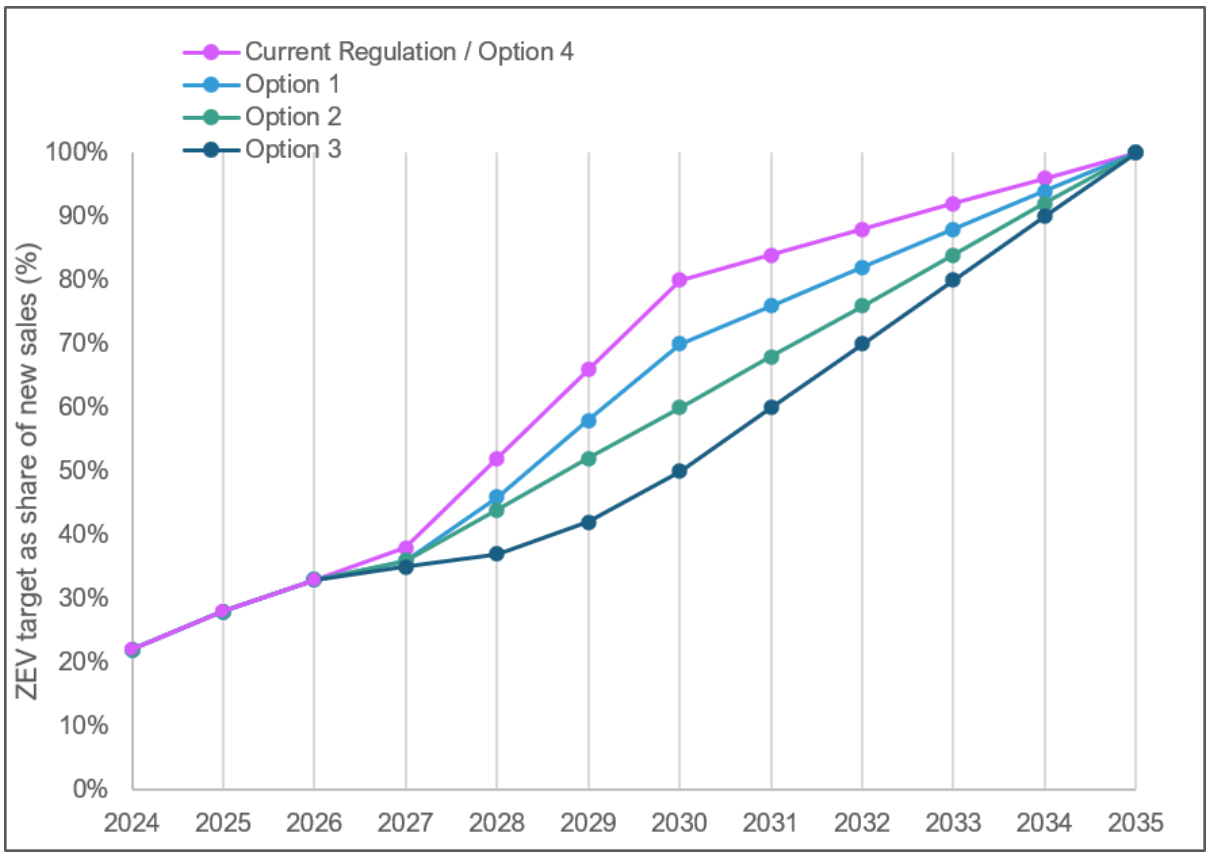

Figure 14. Current legislated ZEV headline targets for cars and four alternative options.

Question 2: What are your views on the current ZEV Mandate car trajectory, and the four alternative car trajectories presented? Which, if any, is your preference? Please explain your answer including any supporting evidence.

Question 3: What, if any, additional alternative car trajectories do you think should be considered? Please explain your answer including any supporting evidence.

Question 4: Do you have views on whether an extension of the current flexibilities beyond 2030 should accompany a change in the headline trajectory for cars? Please explain your answer including any supporting evidence.

Van trajectories

Current Mandate: 70% headline ZEV target by 2030

168. The existing legislative annual ZE van targets reach 70% ZEV sales in 2030, with an indicative direction to 100% ZEV sales in 2035, as per the October 2023 consultation

response.[75] This requires steeper annual growth in the years preceding 2030, and slower annual growth between 2030 and 2035. One option would be to maintain the current trajectory without change, although the UK and Devolved Governments recognise that not all UK based manufacturers can meet this trajectory.

Year	Target
2027	34%
2028	46%
2029	58%
2030	70%
2031	76%
2032	82%
2033	88%
2034	94%
2035	100%

Table 6. Existing ZEV registration headline targets, showing 70% ZE van sales in 2030.

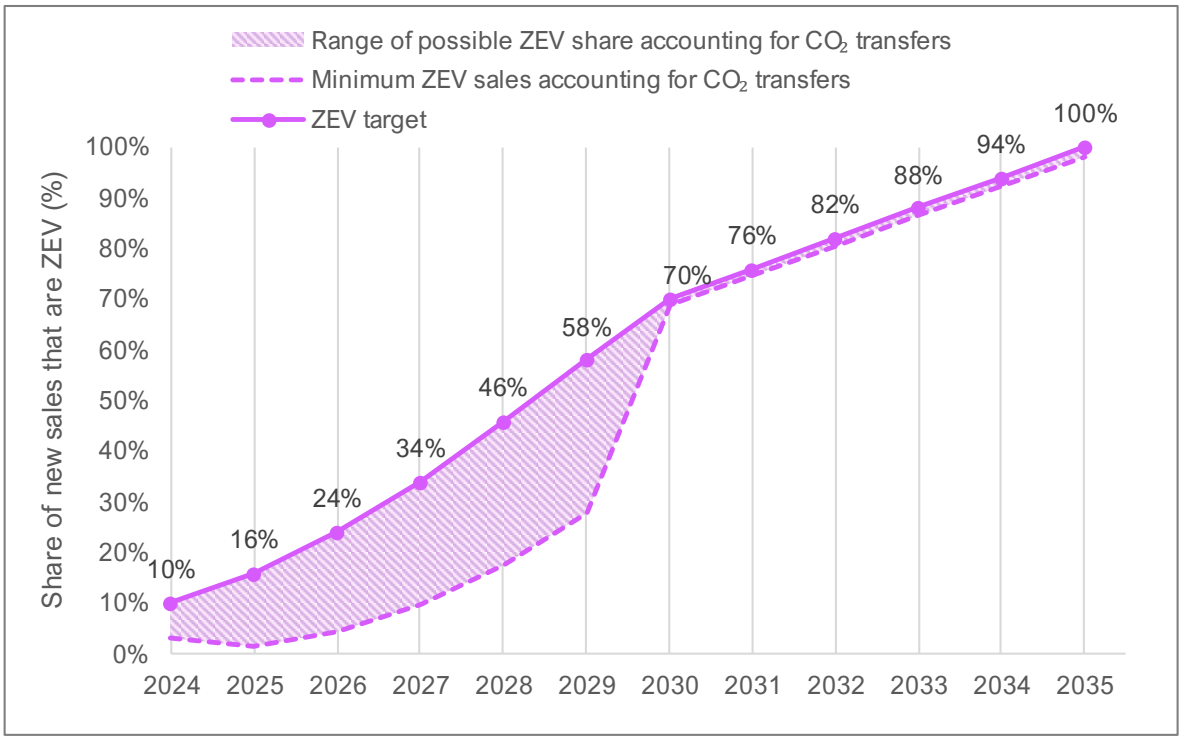

Figure 15. Current legislated and indicative headline ZEV targets from 2030 for vans, alongside theoretical minimum ZEV sales if use of CO_2 to ZEV transfer is fully utilised.

169. The light pink dashed line in Figure 15 represents the theoretical minimum ZEV sales manufacturers could deliver if they maximised use of the CO_2 conversion flexibility. This flexibility is currently permitted in the period 2024 to 2029 and allows manufacturers to convert overperformance against non-ZEV CO_2 targets to ZEV credits, which can be used to deliver against the ZEV headline target. Other flexibilities such as borrowing are available, though these are not included on the chart.

[75] Government consultation response, October 2023: Zero emission vehicle (ZEV) mandate consultation: summary of responses and joint government response - GOV.UK

170. In practice, most manufacturers are not expected to fully utilise this flexibility as doing so would require significant reliance on PHEVs to generate the necessary CO_2 savings, and not all manufacturers have sufficient PHEVs in their portfolio.

Question 5: Do you think any change is required to the current ZEV Mandate trajectory for vans? Please explain your answer including any supporting evidence.

Alternative options

Option 1: 60% headline ZEV target by 2030

171. This option reduces the annual ZE van targets from 2027, reaching 60% ZEV sales in 2030 and rising to 100% in 2035. The annual growth required from 2030 is slightly greater than under the current trajectory given the lower ZEV share in 2030.

Year	Target
2027	33%
2028	42%
2029	51%
2030	60%
2031	68%
2032	76%
2033	84%
2034	92%
2035	100%

Table 7. Alternative ZEV registration headline targets, showing 60% ZE van sales in 2030.

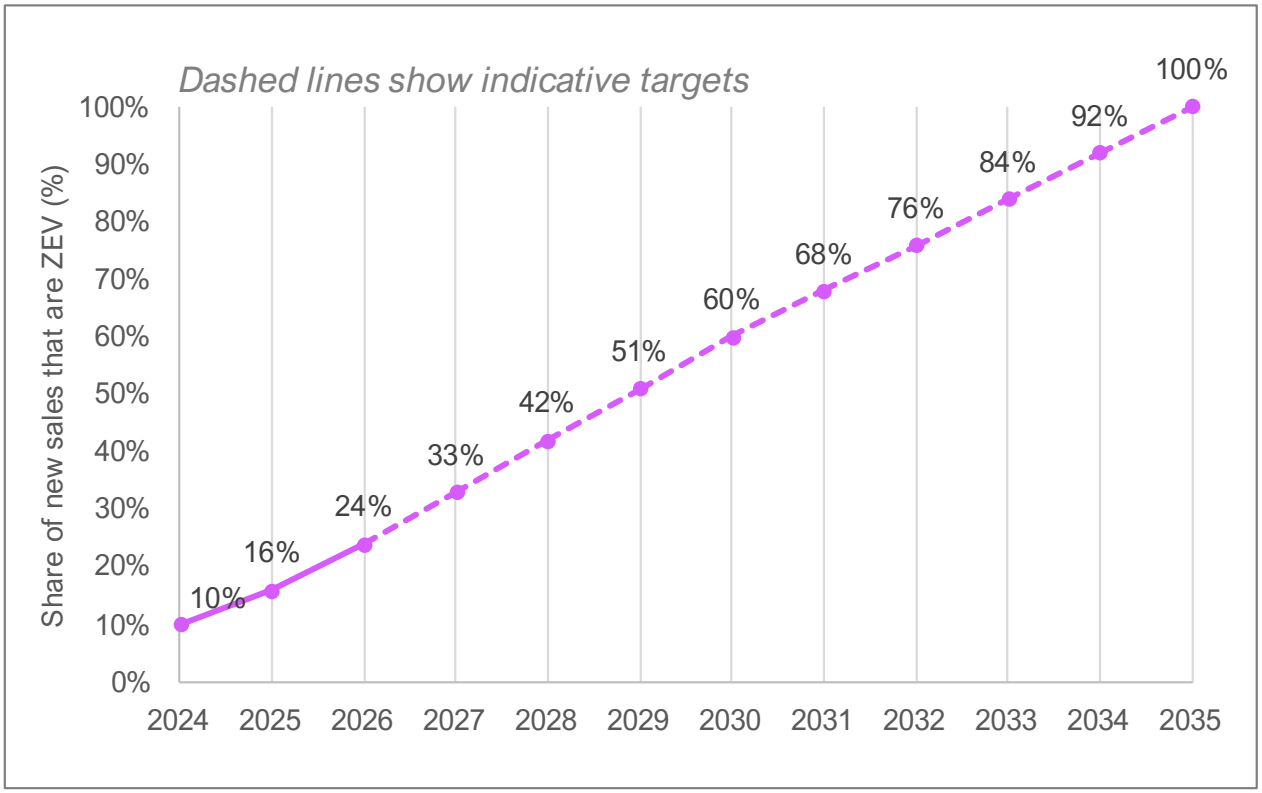

Figure 16. Legislated and indicative headline ZEV targets under option 1 from 2027 onwards for vans.

Option 2: 50% headline ZEV target by 2030

172. This option reduces the annual ZE van targets further from 2027, rising more slowly to reach 50% ZEV sales in 2030 and 100% ZEV sales in 2035. The annual growth required from 2030 is greater than under Option 1 given the lower ZEV share in 2030.

Year	Target
2027	31%
2028	37%
2029	44%
2030	50%
2031	60%
2032	70%
2033	80%
2034	90%
2035	100%

Table 8. Alternative ZEV registration headline targets, showing 50% ZE van sales in 2030.

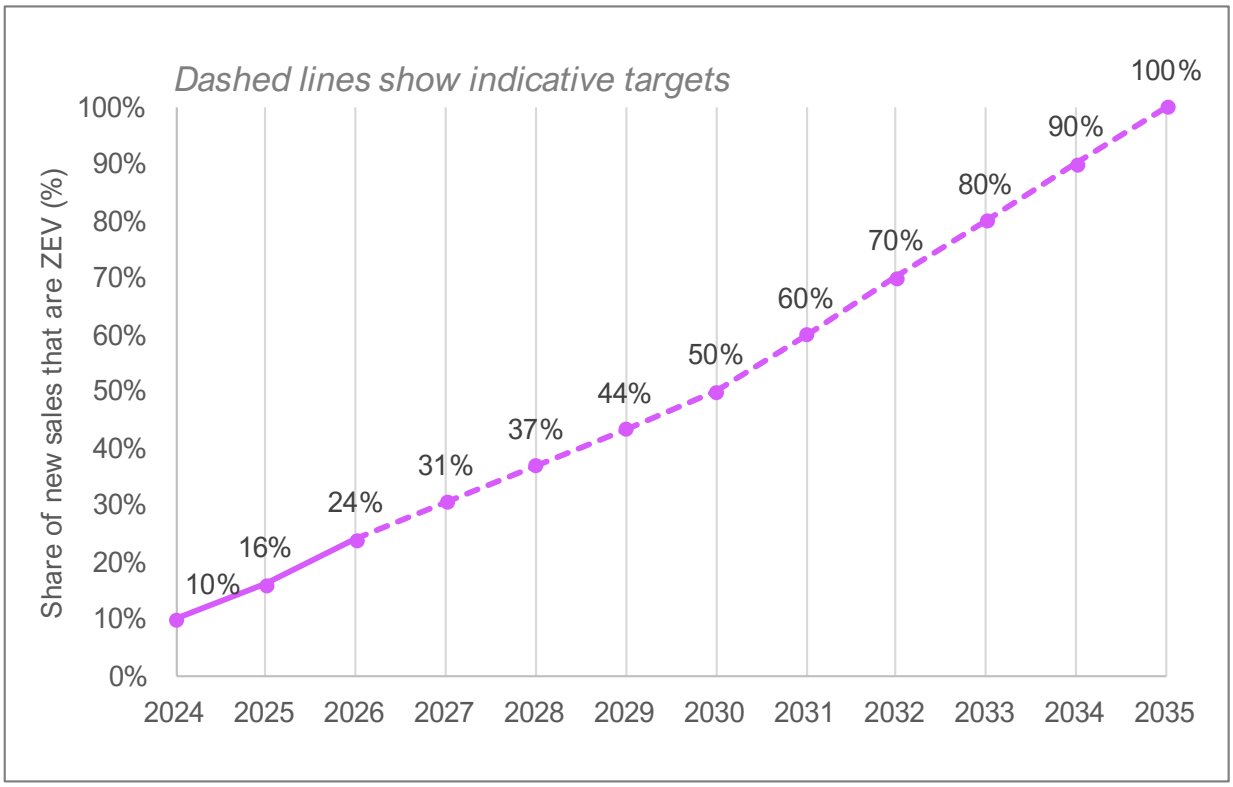

Figure 17. Legislated and indicative headline ZEV targets under option 2 from 2027 onwards for vans.

Option 3: 40% headline ZEV target by 2030

173. This option reduces the annual ZE van targets from 2027, rising even more slowly to reach 40% ZEV sales in 2030 and then rising more steeply to reach 100% ZEV sales in 2035. The annual growth required from 2030 is the greatest of the options presented, given the lower ZEV share in 2030.

Year	Target
2027	28%
2028	32%
2029	36%
2030	40%
2031	52%
2032	64%
2033	76%
2034	88%
2035	100%

Table 9. Alternative ZEV registration headline targets, showing 40% ZE van sales in 2030.

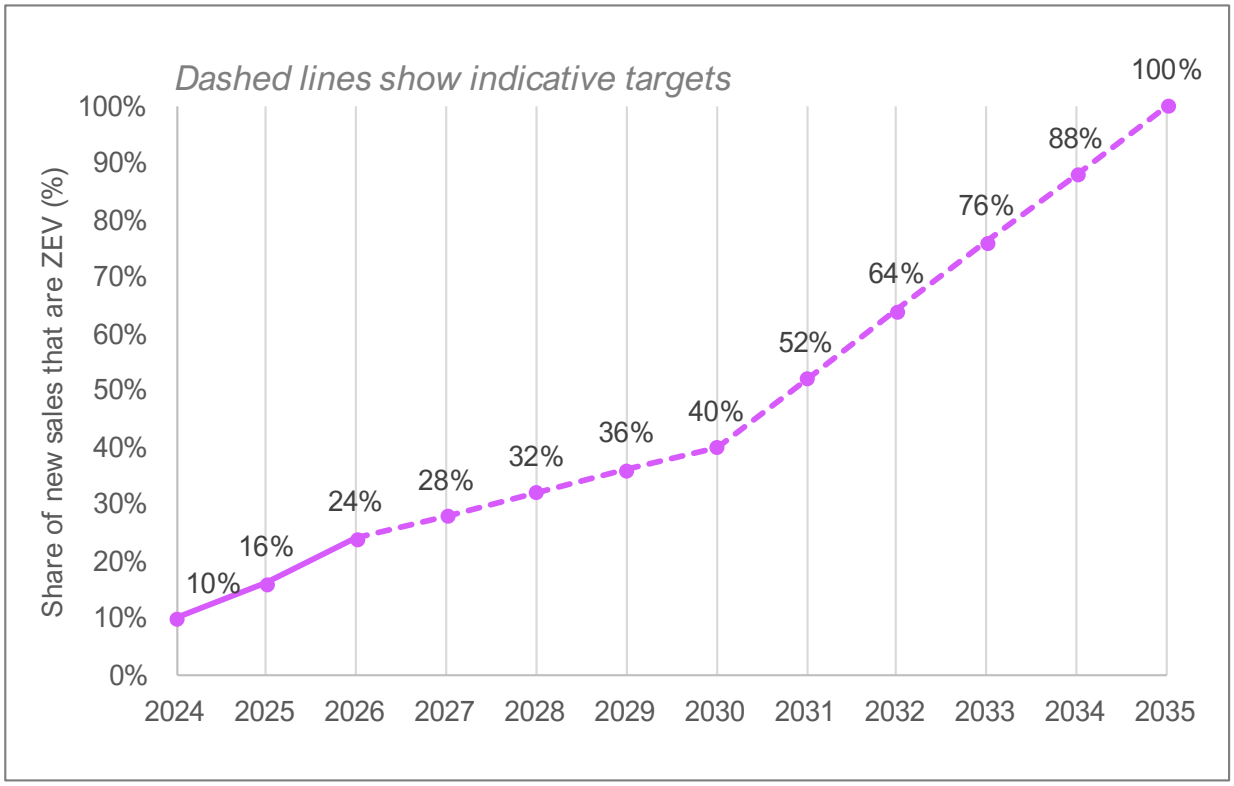

Figure 18. Legislated and indicative targets under option 3 from 2027 onward, for vans.

Option 4: 70% headline ZEV target by 2030 with extended flexibilities

174. This option retains the current annual ZE van targets, reaching 70% ZEV sales in 2030 and 100% ZEV sales in 2035, but extends key flexibilities such as borrowing, banking and CO_2 conversion to 2034.

175. By extending these key flexibilities, which currently end in 2029, this option maintains the headline targets but gives participants more flexibility to meet these. This means ZE van sales could continue to be below the headline targets from 2030, given participants will be able to comply with the VETS Order through both ZEV sales and the use of flexibilities.

Year	Target
2027	34%
2028	46%
2029	58%
2030	70%
2031	76%
2032	82%
2033	88%
2034	94%
2035	100%

Table 10. ZEV registration headline targets, showing 70% ZE van sales in 2030. Extended flexibilities are not shown in this table.

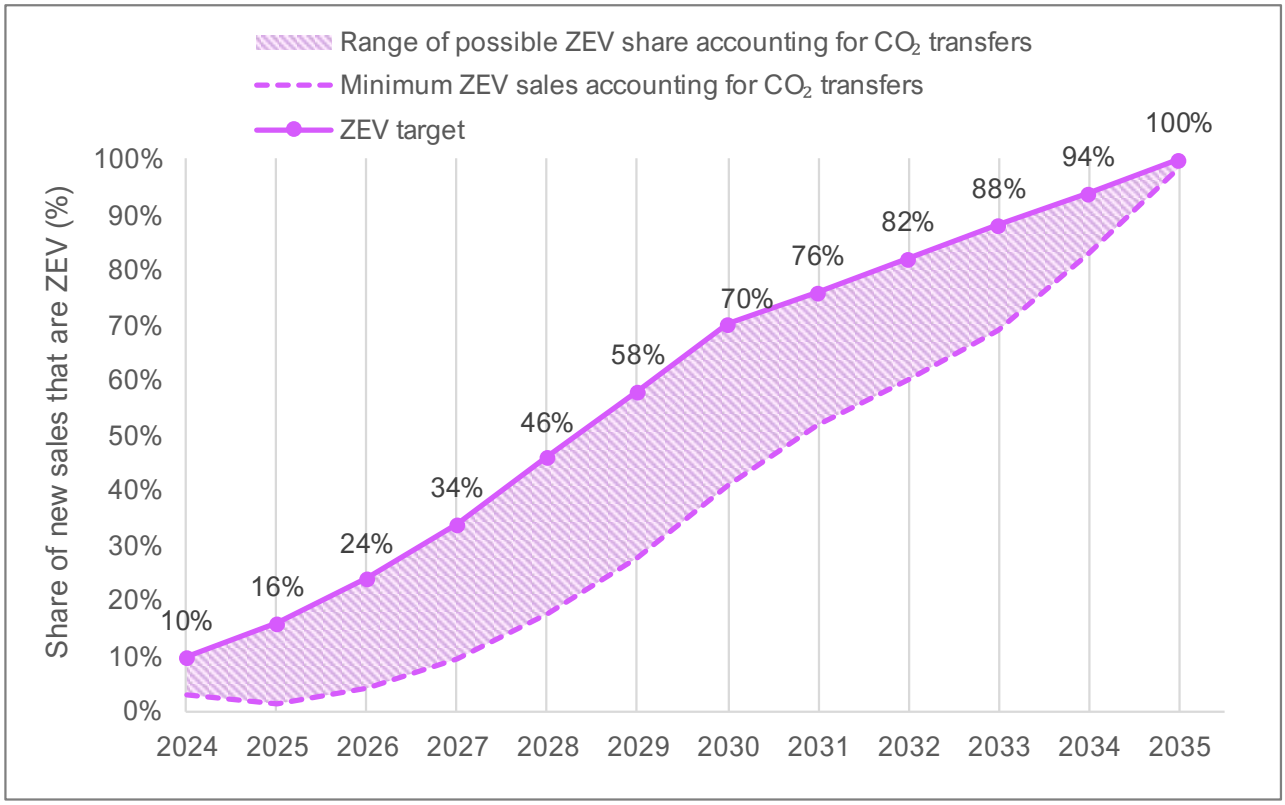

Figure 19. Legislated and indicative headline ZEV targets under option 4 from 2027 onwards for vans.

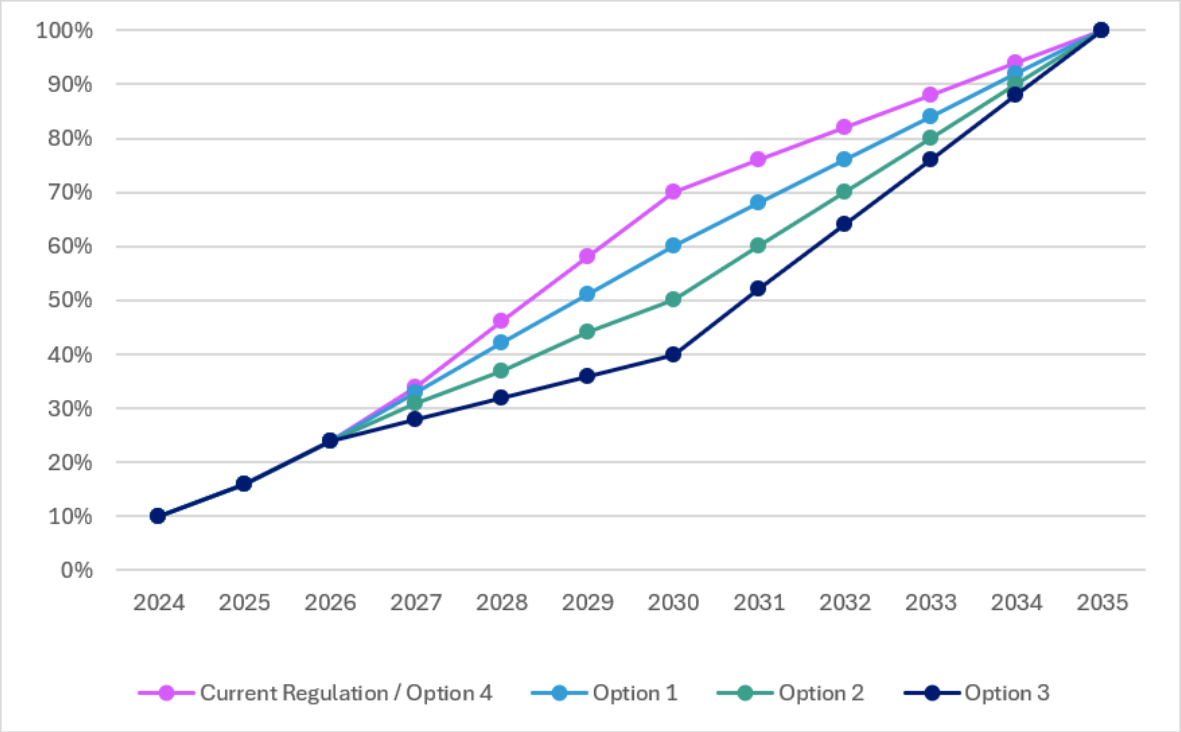

Figure 20. Current legislated ZEV headline targets for vans and four alternative options for change.

Question 6: What are your views on the current ZEV Mandate van trajectory, and the four alternative van trajectories presented? Which, if any, is your preference? Please explain your answer including any supporting evidence.

Question 7: What, if any, additional alternative van trajectories do you think should be considered? Please explain your answer including any supporting evidence.

Question 8: Do you have views on whether an extension of the current flexibilities beyond 2030 should accompany a change in the headline trajectory for vans? Please explain your answer including any supporting evidence.

3B. Flexibilities in the ZEV Mandate

CO_2 conversion

176. The CO_2 conversion flexibility was the most used flexibility supporting compliance for the VETS 2024 scheme year.[76] Car and van manufacturers used the CO_2 to ZEV conversion flexibility extensively to generate the equivalent of 4.7% and 5.3% additional ZEV registrations respectively. CO_2 conversion, combined

[76] Final compliance report and data for scheme year 2024, March 2026: https://www.gov.uk/government/publications/vehicle-emissions-trading-schemes-vets-final-compliance-information-2024

with ZEV sales, allowed the car and van markets to exceed their headline ZEV targets while saving carbon.

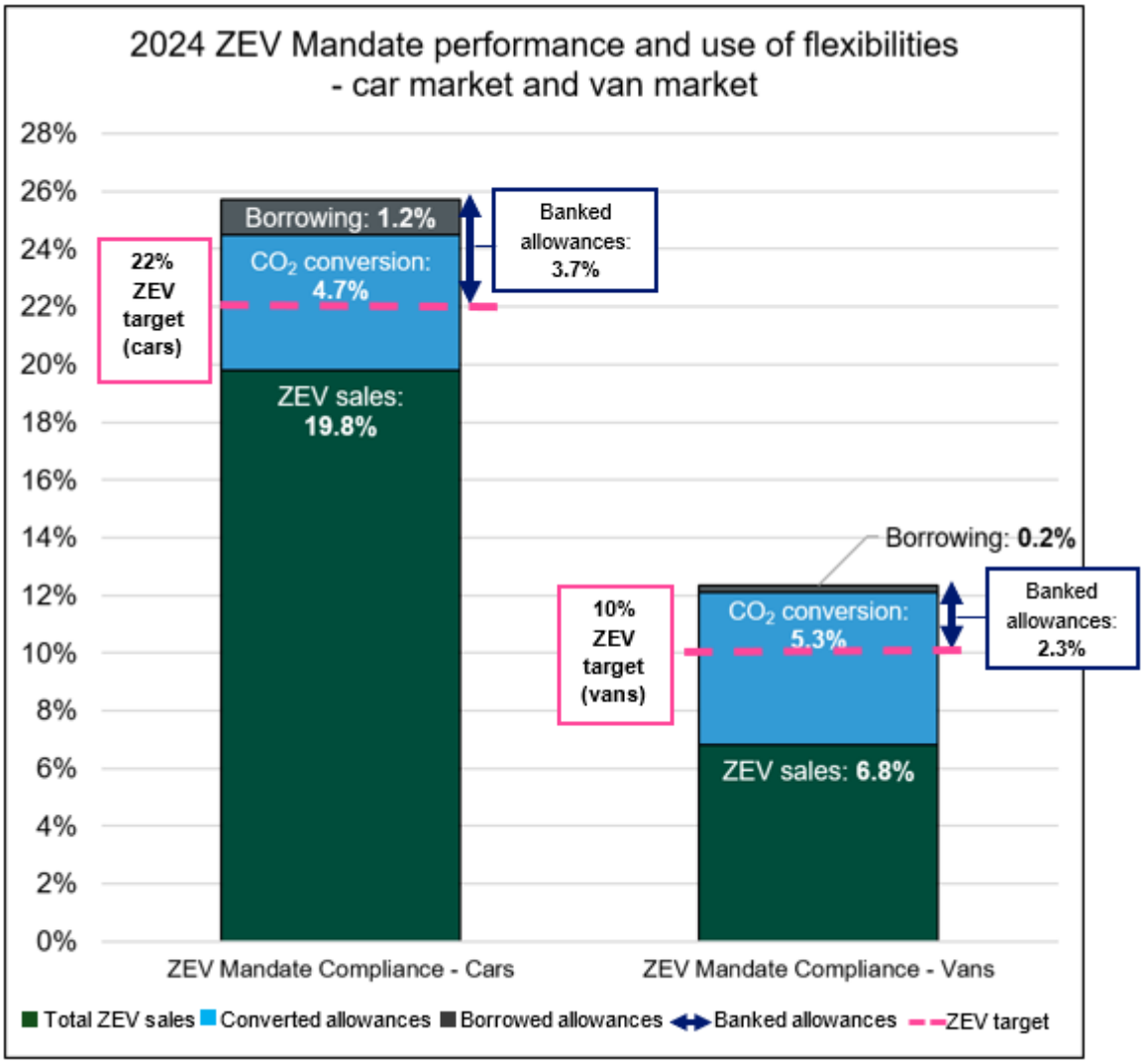

Figure 21. 2024 ZEV Mandate performance and use of flexibilities - car market and van market.

177. Preliminary data suggests the CO_2 conversion flexibility will remain the most used flexibility in the 2025 scheme year, confirming its importance in supporting compliance.

178. The CO_2 conversion flexibility is currently permitted until 2029. We are considering extending the availability of the CO_2 conversion flexibility to 2034. This would allow manufacturers to continue to benefit from reducing the emissions of their new non-ZEVs for longer and retain alternative pathways to compliance. This would enable them to continue meeting ZEV targets without relying solely on sales.

179. If extended, we envisage the flexibility would remain subject to annual caps to ensure continued increases in ZEV sales. The CO_2 conversion flexibility currently ends in 2029, capped at 50% of the ZEV target for cars and vans. The cap decreases by 10% annually from 2025.

	2024	2025	2026	2027	2028	2029	2030
Maximum percentage of trajectory permitted to be met by CO_2 conversion	65%	90%	80%	70%	60%	50%	0%

Table 11. Existing CO_2 conversion caps for cars and vans.

180. Subject to views in this consultation, we anticipate a similar approach could continue with an extended CO_2 conversion flexibility. The flexibility would remain subject to annual caps, which could reduce to reach 100% ZEV sales in 2035.

181. We are open to views on what these caps should be, with the general principle that these would be proportionate to any alternative trajectory adopted i.e. the lower the alternative trajectory, the tighter the CO_2 conversion cap.

182. In Part 4, we have modelled illustrative packages where flexibilities have been extended. The CO_2 conversion cap is defined as a percentage of the ZEV target. This means that either a reduction in the CO_2 conversion cap or a reduction in the ZEV target will reduce the maximum amount of CO_2 conversion (total CCTS or VCTS transfers).

183. For example, if the ZEV target was 80% in 2030 and the CO_2 transfer cap in 2030 was set at a rate of 40%, use of this flexibility could contribute up to 32 percentage points towards the ZEV target. If the ZEV target was 70% and the CO_2 transfer cap in 2030 was set at 40%, use of this flexibility would be more limited as it could contribute up to 28 percentage points towards the ZEV target. Alternatively, if we wanted to constrain use of the flexibility further, the CO_2 transfer cap could be set at 20%, which would mean this flexibility could contribute up to 16 percentage points towards the ZEV target in 2030.

184. More details of how this could work theoretically, aligned with the alternative car and van trajectories presented in Part 3A, is set out in 'Part 4: Carbon impacts of considered options', where a range of different caps were modelled as part of illustrative options.

185. As currently regulated, the VETS Order sets a trajectory to 2030. Although an indicative pathway for cars and vans consistent with the 2035 phase-out was published in October 2023 (see Table 1 in Part 3A), these targets are not yet enshrined in regulation. The questions in this consultation seek views on the path towards the UK government 2035 commitment to phase out of the sale of new petrol and diesel cars and vans. Subject to the outcome of the consultation and the evidence received, the UK and Devolved Governments would seek to implement

any resulting policy changes, including extending the ZEV Mandate beyond its current timeframe.

Question 9: What are your views on extending the CO_2 conversion flexibility to 2034? Please explain your answer including any supporting evidence.

Question 10: What are your views on whether the flexibility should remain capped? Please explain your answer including any supporting evidence.

Question 11: What are your views on what caps (if any) should apply from 2029-2034? Please explain your answer including any supporting evidence.

Question 12: Are there other amendments to the CO_2 conversion flexibility that the UK and Devolved Governments should consider? Please explain your answer including any supporting evidence.

Other flexibilities

186. To date, use of the borrowing and banking flexibilities within the VETS Order has varied. In 2024, the borrowing flexibility was used sparingly. It supported approximately 1.2% of the car sector's effective compliance with the ZEV target and 0.2% for the van sector.

187. In 2024, the banking flexibility was used moderately. Participants banked the equivalent of 3.7% of total car registrations, and the equivalent of 2.3% of total van registrations. Allowances banked in 2024 will remain available until 2027.

188. In addition to the flexibilities, participants can also trade. In 2024, manufacturers traded the equivalent of 2.1% effective compliance in the car market and 0.1% effective compliance in the van market. Not all traded allowances were used for 2024 compliance, and some were banked for use in future scheme years.

189. The bidirectional transfer flexibility, which enables transfers between car and van compliance, is available for the first time in the 2025 scheme year.

190. Based on provisional data for 2025, we expect both the car and van market to comply with the ZEV Mandate requirements through a combination of ZEV sales and use of the flexibilities. We anticipate manufacturers will make similar use of the flexibilities in the trading window for the 2025 scheme year.

	2025 headline ZEV target	2025 projected equivalent ZEV share (including flexibilities)
Car	28%	30.5%
Van	16%	16.9%

Table 12. Projected 2025 ZEV Mandate compliance by sector, based on provisional data.

191. Flexibilities are a key tool for ZEV Mandate compliance, accommodating diverse product portfolios by offering multiple pathways to comply. They enable manufacturers to align compliance strategies with their decarbonisation starting

points, investment plans and regulatory preferences. For example, those with strong EV offerings may over comply early and bank or sell credits, while others can rely on borrowing as they scale up. Crucially, these mechanisms preserve the policy's integrity through repayment conditions, time limits and CO_2-to-ZEV exchange rates. These ensure continued ZEV deployment and protect carbon savings.

192. Given growing concern manufacturers may face a compliance 'cliff edge' in 2030, when current flexibilities are due to expire, the UK and Devolved Governments are seeking views on whether these flexibilities are still fit for purpose, or whether further adjustments or extensions would support manufacturers to meet the ZEV trajectory and create a manageable pathway to 2035.

Question 13: What are your views on the effectiveness of the existing flexibilities, and how could the borrowing, banking and bidirectional transfer flexibilities post-2029 be designed to enable multiple compliance pathways? Please explain your answer including any supporting evidence.

Question 14: Should any further flexibilities be considered? Please explain your answer including any supporting evidence.

Eligibility criteria for certain flexibilities

193. Within the VETS Order, some conversion and trading flexibilities are subject to additional eligibility criteria. The eligibility criteria require a participant to have excess allowances in the trading scheme that it wishes to convert / trade from. The number of excess allowances is not specified.

194. The criteria function as a broad safeguard to ensure non-compliant participants are not able to convert / trade themselves into further deficit.

195. This additional eligibility criteria applies to the following conversion and bidirectional trading routes:

a. Conversion of CCTS allowances to CRTS credits (Article 23)[77]

b. Conversion of VCTS allowances to VRTS credits (Article 55)[78]

c. Conversion of VRTS allowances to VCTS credits (Article 67)[79]

d. Conversion of CRTS allowance to CCTS credits (Article 35)[80]

e. Bidirectional conversion of VRTS allowances to CRTS credits (for VRTS participants – Article 23A)[81]

[77] VETS Order, Article 23: https://www.legislation.gov.uk/uksi/2023/1394/article/23
[78] VETS Order, Article 55: https://www.legislation.gov.uk/uksi/2023/1394/article/55
[79] VETS Order, Article 67: https://www.legislation.gov.uk/uksi/2023/1394/article/67
[80] VETS Order, Article 35: https://www.legislation.gov.uk/uksi/2023/1394/article/35
[81] VETS Order, Article 23A: https://www.legislation.gov.uk/uksi/2023/1394/article/23A

f. Bidirectional conversion CRTS allowance to VRTS credits (for CRTS participants – Article 55A)[82]

g. Trading VRTS allowances with CRTS participants (Article 57A)[83]

h. Trading CRTS allowances with VRTS participants (Article 25A)[84]

196. The UK and Devolved Governments recognise some participants may prefer more options to manage their compliance. Amending the eligibility criteria for accessing the flexibilities listed above could support this.

197. This would mirror the approach in other parts of the VETS Order. For example, under Article 25[85] and Article 57[86] participants can buy or sell CRTS or VRTS allowances or credits without demonstrating their compliance position or that they are in a surplus.

198. The UK and Devolved Governments are open to views on whether the eligibility criteria for the conversion and bidirectional trading flexibilities set out above could be amended or simplified to support further compliance pathways.

Question 15: What are your views on whether the eligibility criteria for certain conversion and bidirectional trading flexibilities should be amended? Please explain your answer including any supporting evidence.

3C. Other VETS Provisions

Credits

199. Credits can reward manufacturers for investing specialist ZEV technology in difficult parts of the car and van market.

200. In 2024, most manufacturers met their obligations through ZEV sales and other flexibilities, with credits playing a limited role in compliance. In total, just over 100 credits were generated in the car market and only two credits were generated in the van market. Based on provisional data, similar usage of credits is projected for 2025, with credits expected to play a limited role in compliance.

[82] VETS Order, Article 55A: https://www.legislation.gov.uk/uksi/2023/1394/article/55A
[83] VETS Order, Article 57A: https://www.legislation.gov.uk/uksi/2023/1394/article/57A
[84] VETS Order, Article 25A: https://www.legislation.gov.uk/uksi/2023/1394/article/25A
[85] VETS Order, Article 25: https://www.legislation.gov.uk/uksi/2023/1394/article/25
[86] VETS Order, Article 57: https://www.legislation.gov.uk/uksi/2023/1394/article/57

Vehicle to grid credits

201. The joint government response to the December 2024 ZEV Mandate Consultation committed to consider extending credits to vehicles with bidirectional charging capabilities.[87]

202. In recognition of the benefits associated with smart, flexible energy use, this consultation seeks views on the potential benefit of a new credit for bidirectional vehicle-to-grid (V2G) and vehicle-to-home (V2H) capable cars and vans. This could incentivise technology delivering carbon reductions beyond the transport sector and encourage innovation. The UK and Devolved Governments are not minded to reward vehicle to load (V2L) capabilities.

203. We are considering a framework that awards a credit to vehicles meeting a series of technical criteria. These criteria would demonstrate V2G / V2H capability is meaningful and functional, can be robustly evidenced, and is accessible to drivers. This is important given the emerging nature of V2G / V2H technology and the current limitations around interoperability.

204. The UK and Devolved Governments are considering the following technical criteria:

Criteria	Rationale	Compliance check
V2G/V2H bidirectional capability is enabled in the UK model	Ensure capability is actively enabled at point of sale, not subscription-locked or future activated	Demonstrate via self-report or at least one functioning configuration G99 approved on Energy Network Association (ENA) type test register
Presence of an operational bidirectional on-board inverter required for AC V2G	Key minimum hardware requirement for AC V2G/V2H on vehicles	G99 approval on ENA type test register
Minimum power export capability	Ensure a minimum usable V2G output is achievable and to avoid gaming	Demonstrate via self-report or G99 approval on ENA type test register
Confirmation that V2G/V2H usage is not excluded in the EV's battery warranty	Warranties will be a key barrier for V2G usage if explicitly excluded. Ensure consistency with current ZEV warranty standards	Demonstrate via self-report and/or check warranty
At least one compatible EV charger with V2G/V2H capability exists in UK	Compatible chargers are needed to ensure vehicle V2G/V2H capability is not just theoretical	Demonstrate via self-report or approved charge point on ENA type test register (closed loop AC V2G/V2H or DC V2G/V2H)
Latest ISO15118-20 communications standard implemented in vehicle	Ensure EV to EV charger V2G/V2H interoperability, which is key to unlocking V2G/V2H benefits at scale	Demonstrate through vehicle type approval

[87] Government consultation outcome, April 2025: https://www.gov.uk/government/consultations/phasing-out-sales-of-new-petrol-and-diesel-cars-from-2030-and-supporting-the-zev-transition/outcome/phasing-out-sales-of-new-petrol-and-diesel-cars-from-2030-and-supporting-the-zev-transition-summary-of-responses-and-joint-government-response#part-2-vehicle-emissions-trading-schemes-updates

Live V2G/V2H propositions, bundles or tariffs exist for the vehicle	Even if V2G/V2H compatibility between ZEV and charge point is demonstrated, drivers may not be able to access or benefit from the functionality without commercial agreements being in place between vehicle manufactures and energy or flexibility providers, for example in the form of an enabling tariff, bundle or proposition (for example the Octopus Power Pack Bundle)[88]	Demonstrate live end-to-end proposition (vehicle + charger + tariff) and necessary commercial relationships via self-report
OEM commitment to maintain V2G capability for a minimum period post-sale	Consumer protection to ensure multi-year capability	Demonstrate via self-report
Vehicle must be G99 type test approved for AC V2G	Ensure vehicle conforms with G99 requirements and is approved to discharge to the grid	Future requirement when vehicle and EV charger approvals are split - G99 approval on Energy Network Association (ENA) type test register

Table 13. Technical criteria proposals for a V2G/V2H credit.

205. Given that any technical criteria for V2G/V2H will need to evolve over time, the UK and Devolved Governments are interested in views on how such criteria could be designed and implemented in a way that is proportionate, verifiable and resistant to unintended gaming. The criteria must also be deliverable in the near term.

206. We also welcome any assessments from vehicle manufacturers on which vehicles/models in market, or due to be in market over the next few years, could potentially be eligible for a V2G/V2H credit.

207. Additionally, views are welcomed on whether, and if so how, differences in alternating current (AC) or direct current (DC) approaches to V2G/V2H should be reflected in the design or valuation of a V2G/V2H credit. These systems can impact the design and cost of V2G/V2H capabilities. There may also be differences in V2G/V2H suitability across vehicle types, with some use cases, such as for vans, potentially more aligned with DC systems.

Question 16: What are your views on introducing a V2G/V2H credit, including the proposed approach to technical eligibility criteria, and any additional criteria (if any) the UK and Devolved Governments should consider? Please explain your answer including any supporting evidence.

Question 17: In your view, how should considerations such as cost, practicality, warranties, and the maturity of standards influence the design and timing of V2G/V2H credit requirements, including whether criteria should be phased over time? Please explain your answer including any supporting evidence.

[88] Octopus EV, https://octopusev.com/power-pack-bundle

Question 18: What are your views on whether a V2G/V2H credit should differ between AC and DC capable vehicles? Please explain your answer including any supporting evidence.

Other credits

208. The UK and Devolved Governments are also open to views on additional credits that could stimulate ZEV supply in ways that deliver wider social value, for example by supporting specific market segments or rewarding innovative technologies and production methods.

209. This could include credits for small (M1) ZEVs, zero emission M2 minibuses (<4.25t), sustainable supply chains, zero emission specialist fleet vehicles or ZEVs used in private hire. These options are not exhaustive.

Question 19: Are there additional credits that should be considered within VETS for cars and vans? Please explain your answer.

Compliance payments

210. Manufacturers who do not meet their targets after they have exhausted flexibilities and routes to compliance must make a compliance payment. These compliance payments are valued at £12,000 per car and £15,000 per van, comparable to the equivalent payments in the EU.

211. Compliance payments are an essential part of the ZEV Mandate regulation. They incentivise manufacturers to sell ZEVs because, generally, selling ZEVs is a cheaper than paying fines. Selling ZEVs also frees up allowances that, when traded, could exceed the vehicle's cost of production. Using data from ZEV Mandate, we estimate the average cost of trading ZEV allowances was approximately £4,000 per ZE car allowance in 2024, significantly cheaper than the fines.

212. In 2024, industry as a whole exceeded the ZEV Mandate headline targets by selling EVs and using in-built flexibilities. Final information regarding the 2025 ZEV Mandate scheme year is not yet available, with the corresponding trading window due to begin later this year.

213. Given their importance in the ZEV Mandate ecosystem, the UK and Devolved Governments are not proposing to remove compliance payments.

214. However, we are open to views on whether compliance payments could be further adjusted to support the ZEV transition. The UK and Devolved Governments are aware that compliance payments can create uncertain liabilities for manufacturers that need to be accounted for within their financial planning.

Question 20: What are your views, if any, on whether compliance payments should remain at current levels? Please explain your answer including any supporting evidence.

Non-ZEV CO_2 baselines

215. Manufacturers' non-ZEV CO_2 baseline targets are determined in accordance with Schedule 1 of the VETS Order.[89] Manufacturers must keep their average non-ZEV CO_2 emissions below their baseline target to remain compliant.

216. Manufacturers who registered non-ZEVs in the UK prior to 2021 received a CO_2 baseline target based on their 2021 emissions performance.

217. Manufacturers entering the UK market from 2022 onwards receive a CO_2 baseline target based on a different year:

218. Manufacturers who entered in 2022 or 2023 received a baseline target equivalent to their average emissions in the first year they registered non-ZEVs in the UK.

219. Manufacturers that enter in or after 2024 receive a baseline target equal to the industry average non-ZEV emissions in the year prior to their participation.

220. As part of this review, the UK and Devolved Governments are seeking views on whether to amend how baseline targets are determined for manufacturers who enter the UK market in or after 2027.

221. For example, rather than receiving a baseline target equal to the non-ZEV industry average emissions in the year prior to their participation, baseline targets could be set a percentage below this (for example 2%, 5%, 10% below etcetera). This could tighten baselines to account for the recent growth in PHEVs sales, as set out in the PHEVs section of this consultation, and encourage new entrants to focus on selling ZEVs.

Question 21: What are your views on whether and how to amend the way baselines are determined for manufacturers who enter the UK market in or after 2027? Please explain your answer including any supporting evidence.

Question 22: Please set out any further adjustments (if any) to baseline targets you think could be necessary. Please explain your answer including any supporting evidence.

[89] VETS Order, Schedule 1: https://www.legislation.gov.uk/uksi/2023/1394/schedule/1

3D. Alternative policy solutions

PHEVs

222. As detailed in Part 2, the UK has seen strong growth in PHEVs which risks eroding the ZEV Mandate's expected carbon savings and air-quality benefits. UK and Devolved Governments are therefore seeking views on how to respond to this emerging issue and encourage EV driving and charging, with the following options under consideration.

Option 1: applying Euro 7 CO_2 values from 2030

223. Ending the PHEV alternative CO_2 flexibility from 2030, and applying updated Euro 6e-equivalent or, subject to consultation outcomes, Euro 7 CO_2 values over the 2030–2034 period. Under this approach, PHEVs would no longer benefit from lower, legacy Euro 6d-based emissions values, and would instead be assessed using more representative, up-to-date CO_2 figures. This would significantly reduce the compliance advantage associated with PHEVs and further incentivise manufacturers to sell ZEVs.

Option 2: extending the PHEV CO_2 flexibility conditional on demonstrated EV driving

224. Extending the existing PHEV alternative CO_2 flexibility beyond its current end date through to 2034, conditional on demonstrated real-world EV driving. Under this approach, manufacturers would be able to continue to apply for the lower Euro 6d-based CO_2 values if they can demonstrate EV usage through robust real-world data. Manufacturers that provide comprehensive and verifiable data would be eligible for revised CO_2 values, otherwise vehicles would be assigned higher CO_2 values by default. This approach would encourage manufacturers to support and promote EV driving and improve alignment between regulatory outcomes and real-world emissions.

Option 3: extending the PHEV CO_2 flexibility conditional on demonstrated charging behaviour

225. Extending the existing PHEV alternative CO_2 flexibility beyond its current end date through to 2034, conditional on demonstrated real-world charging behaviour. Under this approach, manufacturers would be able to continue to apply for the lower Euro 6d-based CO_2 values if they can provide robust evidence their vehicles are regularly charged. This evidence could include, for example, sample data from

On-Board Fuel Consumption Monitors or other verified data sources demonstrating sustained patterns of electric operation. In addition, consideration could be given to software-based requirements designed to encourage or prompt more frequent charging behaviour. Where such evidence is not provided, vehicles would be assigned higher CO_2 values by default. This approach would encourage manufacturers to support and promote charging behaviour and improve alignment between regulatory outcomes and real-world emissions.

226. Government is also seeking views on the impact of removing the PHEV alternative CO_2 flexibility before 2030 and applying updated Euro 6e-equivalent or, subject to consultation outcomes, Euro 7 CO_2 values from an earlier date through to 2034. Under this approach, PHEVs would transition away from lower, legacy Euro 6d-based emissions values ahead of 2030 and be assessed using more representative, up-to-date CO_2 figures over a longer period.

227. However, government does not believe this reversal would have a material impact on real-world CO_2 savings due to delays between changes to the UF in type-approval and when vehicles enter the market. Vehicles type-approved with the updated 2025 6e-bis UF are not expected to enter the UK market significantly until 2026. Vehicles type-approved under the 6e-bis-FCM UF are unlikely to be sold in significant numbers until 2029.

228. Given that revoking this flexibility before 2030 is unlikely to deliver meaningful emissions reductions, while undermining our previous commitment, we are not minded to progress this option but are interested in views through this consultation.

Question 23: How can the UK and Devolved Governments encourage EV driving among PHEV users and support charging behaviours? Please explain your answer including any supporting evidence.

Question 24: What more can the UK and Devolved Governments do regarding the consideration of PHEVs in the VETS Order?

Question 25: What are your views on the alternative PHEV CO_2 flexibility, whether this should continue beyond 2030 and with what caveats? Please explain your answer including any supporting evidence.

Question 26: Do you agree with our view that alternative PHEV CO_2 flexibility arrangements should be maintained until 2030? Please explain your answer including any supporting evidence.

Made in Europe

229. The UK government is committed to its international commitments under the World Trade Organisation and relevant bilateral trade agreements, and is working with the EU on its proposals to ensure UK industry is not unfairly disadvantaged.

230. To help address the concerns raised, this consultation is inviting views on potential avenues for responding to the EU's Industrial Accelerator Act proposal.

Question 27: How could the UK government respond to the Industrial Accelerator Act provisions relating to EVs? Please explain your answer including any supporting evidence.

Demand

231. Strong demand for ZEVs is crucial to drive uptake and sustain a thriving consumer market. Government already provides a range of measures to support ZEV uptake. For more detail on these, see 'Government support for ZEVs' in Part 1 of this document.

Question 28: What are your views on the effectiveness of current measures to support EV uptake? What additional measures, if any, should be introduced to support more rapid EV uptake? Please explain your answer including any supporting evidence.

Air Quality

232. While the ZEV Mandate is primarily aimed at reducing GHG emissions, it is also expected to deliver significant air quality benefits. Zero emission vehicles by definition do not produce harmful exhaust emissions and therefore can help reduce concentration of harmful pollutants such as nitrogen oxides (NOx) and fine particulate matter (PM2.5). Electric vehicles also typically rely heavily on regenerative braking, reducing particulate (PM2.5/PM10) emissions from brake wear. Conversely, there is a risk that EVs, which tend to be heavier, generate more particulate emissions from tyre and road wear; but the overall effect of ZEVs is expected to be positive for air quality, as the elimination of tailpipe emissions and reduction in brake wear emissions is estimated to outweigh the impact of increased tyre and road wear.

Question 29: Please provide any evidence on the air quality impacts from the transition to electrified road transport, including health, environmental and cost impacts.

3E. Other Legislative Amends to the VETS Order

233. While this consultation primarily invites views on whether key features of the VETS Order remain effective, it provides an opportunity to gather feedback on

more routine amendments to ensure its effective operation. These targeted operational improvements could support the day-to-day administration of the scheme and reduce administrative burdens for industry and the UK government that administers the VETS Order on behalf of Devolved Governments.

Requirements for alternative PHEV CO_2 values applications

234. The UK and Devolved Governments are considering amendments to Schedule 3A[90] to simplify and clarify application process for alternative PHEV CO_2 values applications whilst retaining accuracy. This may include changes to:

a. Specify the test report data values that will be taken for the equivalent vehicle (as part of Condition A of Schedule 3A). While the relevant test report data values for the equivalent vehicle can be derived through cross-referencing to other existing legislative provisions, it may improve transparency and ease of interpretation to list these in the VETS Order.

b. Remove the reference to "equivalent vehicle CoCs" (in Condition A) as, in practice, these documents have limited evidential value for assessing applications.

c. Add an explicit requirement for vehicle manufacturers to submit "subject vehicle CoCs" as part of Condition A for clarity;

d. Amend Schedule 3A to allow the VETS Administrator greater discretion in requesting Certificates of Conformity (CoCs). This could involve removing the current requirement in sub-paragraph (a) under each condition and replacing it with a provision that allows the Administrator to request the production of example CoCs, alongside relevant test reports or type approval certificates, as part of assessing applications. In practice, this could mean requiring one test report or emissions type approval certificate per interpolation family, with CoCs requested on a more targeted basis (for example, through spot checks against individual VINs). This change would be intended to provide a more proportionate and flexible approach to evidence requirements, while maintaining appropriate assurance.

e. Amend Schedule 3A to revise the approach to determining the alternative specific emissions of CO_2 for plug-in hybrid electric vehicles to reduce the number of data points and documents required. This change would be intended to enable a less administratively burdensome determination of the alternative specific emissions of CO_2 for eligible vehicles.

[90] VETS Order, Schedule 3A: https://www.legislation.gov.uk/uksi/2023/1394/schedule/3A

Question 30: What are your views on proposed changes to Schedule 3A to improve efficiency of administration while maintaining assurance? Do you agree that fewer CoCs should be requested? Please explain your answer including any supporting evidence.

Question 31: What other approaches to determining the alternative specific emissions of CO_2 for plug-in hybrid electric vehicles could be applied? Please explain your answer including any supporting evidence.

Question 32: What other changes to Schedule 3A, if any, do you think should be considered? Please explain your answer including any supporting evidence.

Operational timeframes

235. We are also interested in views on the potential merits of making adjustments to operational timeframes, such as the timing of the trading window, and whether shifting this window could ease pressures over the December holiday period and improve participation. The trading window is the period where manufacturers must report their decisions with respect of trading, banking, borrowing, and conversions. It is currently open from 1 November until 31 December each year.

Question 33: Would are your views, if any, on the current timing of the trading window? What, if any, changes do you think could improve this? Please explain your answer including any supporting evidence.

Surrender of VRTS and CRTS allowances and credits

236. Under the current legislation, the VETS Order requires manufacturers to surrender VRTS and CRTS allowances / credits under Article 27[91] and Article 59[92] to account for their activity. The unit of measurement of that activity is the registration of one NZE car or van. There is a set order to the surrender of credits and allowances:

a. Credits

b. Allowances for the scheme year being assessed, including traded allowances

c. Borrowed allowances (the manufacturer must inform the administrator if it intends to borrow allowances).

d. Banked allowances.

[91] VETS Order, Article 27: https://www.legislation.gov.uk/uksi/2023/1394/article/27
[92] VETS Order, Article 59: https://www.legislation.gov.uk/uksi/2023/1394/article/59

237. The current order of surrender means participants need to use their most recent allowances first, increasing the risk that older banked allowances expire. Therefore, we are seeking views on the order of surrender of allowances / credits, and whether amending the order could better support compliance. For example, if banked allowances were promoted further up the order of surrender, manufacturers would be better positioned to use these allowances before they expire, maximising the benefits associated with over complying with their ZEV targets.

Question 34: What are your views on the current order of surrender for CRTS and VRTS allowances / credits? Please explain your answer including any supporting evidence.

Treatment of ZEVs failing warranty requirements

238. Under Article 3,[93] ZEVs failing the warranty requirement are treated as non-ZEVs. This means these vehicles are captured under the CO_2 schemes instead of the ZEV schemes. In limited scenarios, this can result in disproportionate CO_2 allowance gains. Therefore, it may be beneficial to create a bespoke classification/treatment for such zero emission vehicles (that fail the warranty requirement) or to introduce restriction on CO_2 to ZEV conversion flexibility for such vehicles.

Question 35: What, if any, are your views on the current treatment of ZEVs failing warranty requirements?

Pool baselines

239. Under the current legislation for pooled applicants under Schedule 1, a pool's CO_2 baseline target is calculated by taking each pool member's individual emissions baseline and calculating a weighted average using each member's registrations in 2021 or the first year they became a CCTS/VCTS participant, as per paragraphs 20 and 40 of Schedule 1.[94] The methodology means that pool baselines are weighted based on historical registrations rather than registrations in the scheme year for which the pool is formed. It may be preferable to weight pool baselines based on registrations in the scheme year for which the pool is formed, which would effectively make the pool's compliance (in terms of CCTS/VCTS allowances and activity) the sum of the individual pool members' compliance for that year. Reweighting the baseline using contemporary registrations might better align the target with the pool's current structure and activity.

[93] VETS Order, Article 3: https://www.legislation.gov.uk/uksi/2023/1394/article/3
[94] VETS Order, Schedule 1: https://www.legislation.gov.uk/uksi/2023/1394/schedule/1

Question 36: What are your views, if any, on the way baseline targets are currently calculated for pooled applications? Please explain your answer including any supporting evidence.

Question 37: What are your views, if any, on whether it would be preferable to weight pool baselines based on registrations in the scheme year for which the pool is formed? Please explain your answer including any supporting evidence.

Car Club Credits

240. The current legislation allows manufacturers to gain a car club credit for eligible ZE vehicles as per articles 20,[95] 22,[96] 52,[97] and 54.[98] In 2024, very few car club credits were awarded (only 11 credits).[99] The Department recognises that the car club credit involves a relatively high level of administration when compared to its uptake and impact to date, this includes interaction with third-party car club operators.

241. Therefore, it may be helpful to review the effectiveness and design of the credit, including whether administrative responsibilities could be shifted to manufacturers or whether the eligibility criteria could be simplified, to ensure the approach remains proportionate and practical.

Question 38: What are your views, if any, on the current design of the car club credit? Please explain your answer including any supporting evidence.

Definitions for low volume participants

242. Under the existing legislation, Schedule 4[100] sets out the eligibility requirements to be treated as a "low volume participant" (i.e. derogated from ZEV requirements) for the ZEV Mandate. However, wording in paragraph 1(c) may benefit from clarification, particularly terms such as “exclusive use”, “manufacturing or assembly plant” and “design centre”, to support more consistent administration and assessment of these applications.

[95] VETS Order, Article 20: https://www.legislation.gov.uk/uksi/2023/1394/article/20
[96] VETS Order, Article 22: https://www.legislation.gov.uk/uksi/2023/1394/article/22
[97] VETS Order, Article 52: https://www.legislation.gov.uk/uksi/2023/1394/article/52
[98] VETS Order, Article 54: https://www.legislation.gov.uk/uksi/2023/1394/article/54
[99] Final compliance report and data for scheme year 2024, March 2026: https://www.gov.uk/government/publications/vehicle-emissions-trading-schemes-vets-final-compliance-information-2024
[100] VETS Order, Schedule 4: https://www.legislation.gov.uk/uksi/2023/1394/schedule/4

243. Overall, these amendments could ensure the VETS framework remains practical, proportionate and aligned with wider regulatory developments, while continuing to deliver policy objectives.

Question 39: What are your views, if any, on whether the wording around low volume participants should be changed to support more consistent administration and assessment? Please explain your answer including any supporting evidence.

Question 40: What, if any, additional routine or technical changes that should be considered to support the ongoing operation of the schemes? Please explain your answer.

Part 4: Carbon impacts of considered options

Summary

244. To assess the carbon impacts of the alternative trajectories discussed in section 3A. ZEV uptake trajectories, DfT has modelled four illustrative scenarios that align with those alternatives. These are compared to the current legislated form of VETS, which represents the baseline.

245. All four illustrative options include the continuation of various flexibilities beyond 2029. These have not been assessed separately, as this would introduce significant numbers of scenarios to analyse given the multiple ways each flexibility could be adjusted.

246. The options are illustrative given the number of ways the Mandate can be adjusted, with outcomes contingent on feedback received through this consultation.

Illustrative options

247. The flexibilities assessed in the four alternative options for change are laid out in Table 14. As set out, these options are illustrative and are intended to compare how the flexibilities set out in the current legislation could be adjusted, within modelling constraints.

248. See Annex A for more detailed information on the modelling conducted to support this consultation.

249. At a high level, key flexibilities which are due to end in 2029 are extended in all four alternative options. Table 14 sets out the assumptions made when extending these flexibilities, for example whether elements like caps, time limits, interest or exchange rates were adjusted (which largely they were not).

250. The primary adjustment relates to how the CO_2 to ZEV conversion is extended. In the options where trajectories are reduced (options 1, 2 and 3), the flexibilities modelled after 2030 are lower compared to option 4, where the headline trajectories remain the same. There are a number of ways of lowering flexibilities

which could include: lowering the CO_2 conversion cap, changing the utility factor adjustment for PHEVs, or changing the period over which credits can be banked or borrowed. For these illustrative scenarios, this was modelled by lowering the conversion caps from 2030 relative to caps the under Option 4. This is intended to protect carbon savings by limiting the amount participants can convert CO_2 savings to ZEVs.

ZEV Mandate Flexibility	Emissions baseline (current Mandate)	Alternative option 1 (cars 70%, vans 60% headline target in 2030 with extended flexibilities)	Alternative option 2 (cars 60%, vans 50% headline target in 2030 with extended flexibilities)	Alternative option 3 (cars 50%, vans 40% headline target in 2030 with extended flexibilities)	Alternative option 4 (cars 80%, vans 70% headline target in 2030 with extended flexibilities)
CO_2 to ZEV transfer (CRTS to CCTS and VRTS to VCTS)	Ends in 2029	Continues from 2029 before ending in 2034, following the trajectory between 2025 and 2029. Modelled caps are the same as current legislated policy out to 2030.	Same as option 1	Same as option 1	Continues out to 2034 but caps are more generous than in options 1 to 3)
ZEV to CO_2 transfer (CCTS to CRTS and VCTS to VRTS)	Continues in perpetuity	Continues out to 2034. No change compared to baseline (no limit to transfer)	Same as option 1	Same as option 1	Continues out to 2034. No change compared to baseline (no limit to transfer)
Car to Van ZEV transfer (CRTS to VRTS and VRTS to CRTS)	Ends in 2029	Continues out to 2034. No change to exchange rate.	Same as option 1	Same as option 1	Continues out to 2034. No change to exchange rate.
Banking of ZEV credits	Ends in 2029	Permitted out to 2034, no change to time limits.	Same as option 1	Same as option 1	Permitted out to 2034, no change to time limits.
Borrowing of ZEV credits	Ends in 2029	Permitted out to 2034, no change to interest rate.	Same as option 1	Same as option 1	Permitted out to 2034, no change to interest rate.
Utility Factor flexibility for PHEVs	Ends in 2029	Permitted out to 2034, no change to design.	Same as option 1	Same as option 1	Permitted out to 2034, no change to design.

Table 14. Flexibilities across modelled options.

251. The qualitative impact of extending these flexibilities on carbon emissions is set out in the table below.

ZEV Mandate Flexibility	Effect on ZEV sales	Effect on emissions
ZEV to CO_2 transfer (CCTS to CRTS and VCTS to VRTS)	This leads to an increase or no change – it allows manufacturers to transfer ZEV credits towards meeting non-ZEV CO_2 targets.	This leads to reduction or no change – the exchange rates mean ZEV sales required more than offset non-ZEV emissions.
Car to Van transfer (CRTS to VRTS and	This impact depends on the direction of transfer car to van or van to car – this could reduce overall ZEV sales if transfers are predominantly from car to van (due to the	This is expected to have no effect – the car to van exchange rates have been designed to offset the carbon impact of any foregone sales in either market.

VRTS to CRTS)	transfer rate) and increase ZEV sales if transfers are predominantly van to car. However, this compliance mechanism is not projected to be heavily utilised.	
Banking of ZEV credits	This leads to no effect on aggregate – the flexibility permits meeting ZEV target over multi-year period by banking ZEV credits.	The impact is minimal – it will transfer carbon savings between years, as it can result in increased ZEV sales in early years offset by reduced ZEV sales in later years. There is expected to be minimal impact on overall carbon emissions as banked credits are expected to be used in full.
Borrowing of ZEV credits	This leads to a small increase in ZEV sales in aggregate – when used, this reduces ZEV sales in earlier years but increases ZEV sales in later years. Overall, it results in slightly higher total ZEV sales due to interest rates applied to borrowed credits.	This leads to a small decrease – it is expected to result in slightly higher ZEV sales and therefore lower emissions in total.
Utility Factor flexibility for PHEVs	This leads to a reduction – the lower PHEV CO_2 value enables greater use of the CO_2 to ZEV transfer flexibility over ZEV sales, which is expected to reduce ZEV sales.	This results in an increase - the real-world emissions gap is not closed for PHEVs under this flexibility. This results in large reductions in emissions from PHEVs in the scheme, which would not be realised in the real-world. This may lower the sales of ZEVs relative to recognising the updated WLTP CO_2 values of PHEVs.

Table 15. Impacts of flexibilities.

Carbon impacts

252. The illustrative alternative options were modelled in DfT's established road transport emissions modelling suite, as described in Annex A – Approach to ZEV Mandate compliance and carbon modelling.

253. The carbon impacts of the alternative options are estimated relative to the latest emissions modelled under the current legislation (see Table 14 for modelling assumptions). The section on carbon savings in Part 1 of this document sets out the carbon savings from the current ZEV Mandate across carbon budgets including CB6. In the same way the alternative options are illustrative, the carbon savings modelled against each alternative are illustrative given the complex interactions between the flexibilities and the headline ZEV targets, the multiple ways these can be adjusted, and the incentives they could introduce.

254. Alternative option 1 reduces carbon savings compared to the baseline. For cars, this equates to an average reduction of 2.4 $MtCO_2e$ p.a. in CB6 and 1.8 $MtCO_2e$ p.a. in Carbon Budget 7 (CB7). For vans, the impact is smaller, with average reductions of 0.7 $MtCO_2e$ p.a. in CB6 and 0.5 $MtCO_2e$ p.a. in CB7. In CB6, this equates to a loss of 2% of the economy-wide savings expected in the Carbon Budget and Growth Delivery Plan (CBGDP).

255. Alternative option 2 reduces carbon savings further compared to the baseline. For cars, savings are reduced by 4.2 $MtCO_2e$ p.a. in CB6 and 3.1 $MtCO_2e$ p.a. in CB7. The van impacts increase relative to Option 2, with a 1.4 $MtCO_2e$ reduction p.a. in CB6 and

0.9 $MtCO_2e$ reduction p.a. in CB7. In CB6, this equates to a loss of 4% of the economy-wide savings expected in the CBGDP.

256. Alternative option 3 results in the largest reduction in carbon savings for cars compared to the baseline. For cars, savings are reduced by 6.4 $MtCO_2e$ p.a. in CB6 and 4.7 $MtCO_2e$ p.a. in CB7. As with the other options, the impact on vans remains smaller, at a 2.0 $MtCO_2e$ reduction p.a. in CB6 and a 1.2 $MtCO_2e$ reduction p.a. in CB7. In CB6, this equates to a loss of 6% of the economy-wide savings expected in the CBGDP.

257. Alternative option 4 results in the lowest carbon savings compared to the baseline. For cars, savings are reduced by 0.3 $MtCO_2e$ per annum (p.a.) in CB6 and 0.2 $MtCO_2e$ p.a. in CB7. The van impacts are a 0.1 $MtCO_2e$ reduction p.a. in CB6 and 0.1 $MtCO_2e$ p.a. in CB7. In CB6, this equates to a loss of 0.3% of the economy-wide savings expected in the GBGDP.[101]

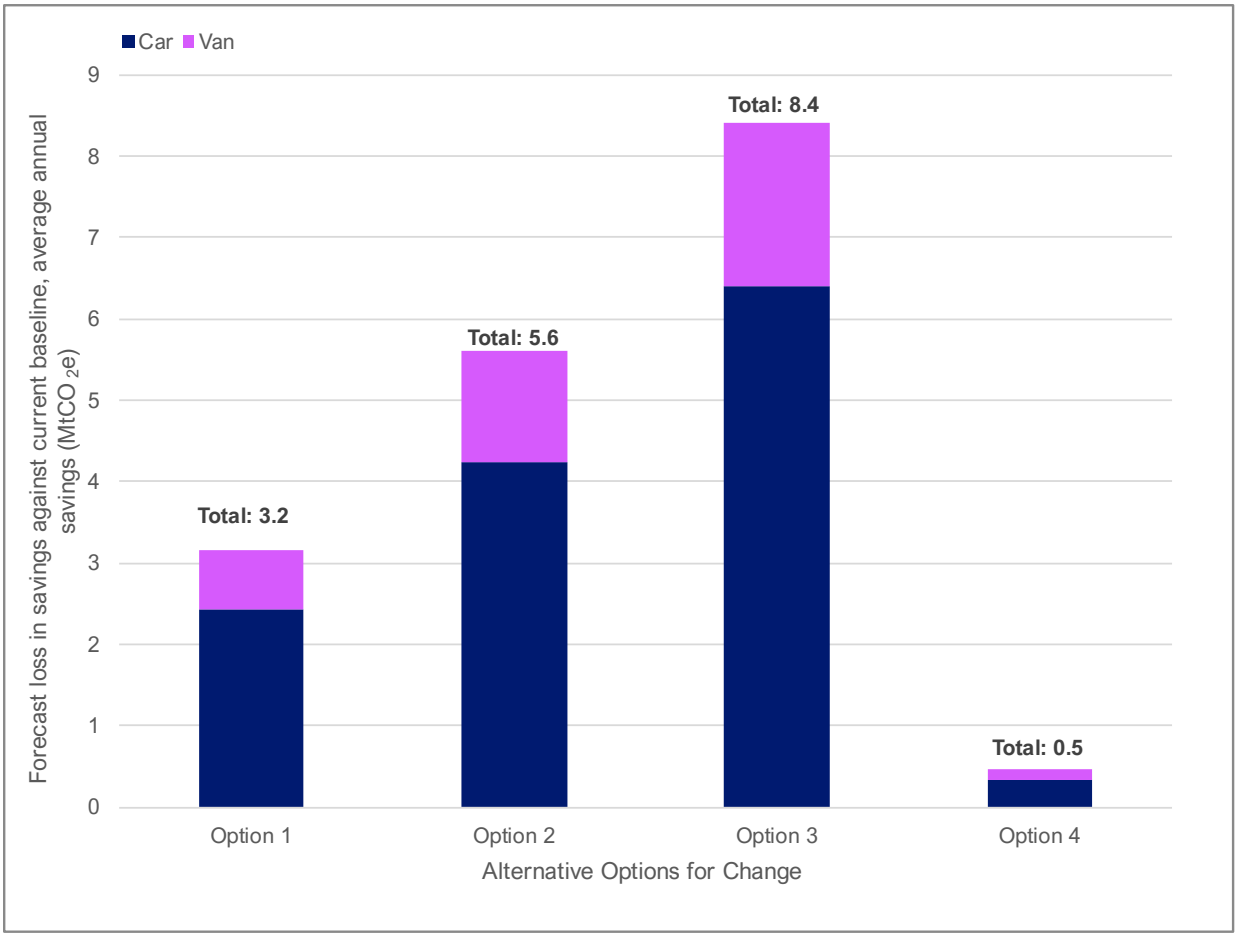

Figure 22. Impact of the alternative illustrative options on lost carbon savings. under the 4 illustrative options, represented as annual average losses in Carbon Budget 6 ($MtCO_2e$). Lost savings are presented as positive values and are rounded to 1 decimal place.

[101] Carbon budget and growth delivery plan, https://www.gov.uk/government/publications/carbon-budget-and-growth-delivery-plan. Note that the savings from cars and vans do not add up to those presented in Figure 22 due to rounding.

258. Across all the alternative options, the figures above represent annual average carbon impacts over each carbon budget period The table below provides annual carbon impacts.

		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Option 1	Car	0.1	0.5	0.7	1.4	2.0	2.4	2.5	2.6	2.5	2.3	2.2	2.0	1.9	1.8	1.6	1.5	1.3	1.2	1.0	0.8	0.6	0.5	0.3	0.2
	Van	0.0	0.1	0.2	0.5	0.7	0.8	0.8	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.1	0.1	0.1
	Total	0.1	0.6	0.9	1.9	2.7	3.2	3.4	3.5	3.2	3.0	2.8	2.6	2.4	2.2	2.1	1.9	1.7	1.5	1.2	1.0	0.8	0.6	0.5	0.3
Option 2	Car	0.1	0.6	1.2	2.5	3.5	4.1	4.4	4.6	4.3	4.0	3.8	3.6	3.3	3.1	2.9	2.7	2.4	2.1	1.8	1.5	1.2	0.9	0.7	0.5
	Van	0.1	0.3	0.5	1.0	1.3	1.5	1.6	1.6	1.4	1.2	1.1	1.0	0.9	0.8	0.8	0.7	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2
	Total	0.2	0.9	1.7	3.5	4.8	5.7	6.0	6.1	5.7	5.3	4.9	4.6	4.3	4.0	3.7	3.3	3.0	2.6	2.2	1.9	1.5	1.2	0.9	0.7
Option 3	Car	0.2	1.1	2.3	4.1	5.5	6.4	6.8	6.9	6.5	6.1	5.7	5.4	5.0	4.7	4.4	4.0	3.6	3.1	2.7	2.2	1.8	1.4	1.1	0.8
	Van	0.1	0.4	0.9	1.5	2.0	2.2	2.3	2.3	2.0	1.8	1.6	1.5	1.4	1.2	1.1	1.0	0.9	0.8	0.7	0.6	0.5	0.4	0.3	0.3
	Total	0.3	1.5	3.1	5.6	7.5	8.6	9.1	9.2	8.5	7.9	7.4	6.9	6.4	6.0	5.5	5.0	4.5	3.9	3.3	2.8	2.3	1.8	1.4	1.1
Option 4	Car	0.0	0.0	-0.3	-0.1	0.1	0.2	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0
	Van	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
	Total	0.0	0.0	-0.3	0.0	0.2	0.3	0.4	0.6	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.0	0.0	0.0

Table 16. Annual changes to carbon emissions, MtCO2e, under four alternative illustrative options against the current baseline.

Department for Transport

Part 5: Defining the 2030 phase out of the sale of new petrol and diesel cars

Introduction

259. The UK government remains committed to ending the sale of new cars that rely entirely on internal combustion engines by 2030.[102] Given the clear advantages of zero and low emission vehicles, it is important we decarbonise and modernise the vehicle fleet so a growing number of people can benefit from them.

260. In 2025, the UK government consulted on the design of this phase-out, asking questions on the definitions that could be used to implement it, and where any thresholds should sit for inclusion or otherwise of specific vehicle specifications.

261. Following consultation, the UK government confirmed we will set a phase-out definition based on the technology of the vehicle, specifically that new cars would need to be at least hybridised in some manner from 2030.[103] To be clear, if running on a drivetrain that involves the combustion of fossil fuel, the car will need to be at least a 'full hybrid electric vehicle (HEV)' from 2030. Cars running solely on petrol or diesel, and those classed as mild hybrid electric vehicles (MHEV) will not meet the definition.

262. Following that consultation, the UK government committed to providing further information on the approach for requirements post-2030. This section of the consultation focuses on this objective, seeking views on our preferred technological definition to deliver the 2030 phase out of new cars relying solely on internal combustion engines, and alternative options that have been considered.

263. This section of the consultation is reserved to the jurisdiction of the UK Parliament and, as a result, the UK Government alone is consulting on this area.

Technological Definition

264. In April 2025, the UK government confirmed the phase out of the sale of new purely petrol and diesel cars by 2030 would be implemented through a technological definition. For the avoidance of doubt, this phase out will also include MHEVs, as they are not capable of sustained zero emission propulsion and instead rely on their internal combustion engine to propel the vehicle.

Technology	Legal Classification	Definition
Mild hybrid electric vehicle (MHEV)	Not Off Vehicle Charging Hybrid Electric Vehicle (NOVC-HEV)	MHEVs are conventional petrol or diesel vehicles with a small electric propulsion system that can provide greater fuel economy. They have electric motors that support the engine only during acceleration and cruising. They have no plug to take power from an external source.

[102] Note this differs from the Scottish Government policy to phase out the need for new petrol and diesel cars and vans by 2030.

[103] Government consultation outcome, April 2025: https://www.gov.uk/government/consultations/phasing-out-sales-of-new-petrol-and-diesel-cars-from-2030-and-supporting-the-zev-transition/outcome/phasing-out-sales-of-new-petrol-and-diesel-cars-from-2030-and-supporting-the-zev-transition-summary-of-responses-and-joint-government-response#next-steps

Full hybrid electric vehicle (HEV)		HEVs are conventional petrol or diesel vehicles with an electric propulsion system. When battery charge and driving conditions allow, the engine can switch off, and the vehicle can be propelled by the electric motor alone. They cannot be plugged in to take power from an external source so are charged from braking or energy recovery on board.
Plug-in hybrid electric vehicle (PHEV)		PHEVs have a battery that can be plugged in and recharged, and an electric motor to deliver continuous zero emission mileage, as well as a conventional petrol or diesel engine to power the vehicle.
Range extended electric vehicle (REEV or REX)	Off Vehicle Charging Hybrid Electric Vehicle (OVC-HEV)	REEVs are a form of PHEV permanently driven using a battery and electric motor but also have a small auxiliary power unit. This is usually a petrol or diesel engine (but could be gas or hydrogen), that powers an electric generator to charge the battery or provide power to the motor. For the purpose of this consultation, they are not differentiated from PHEVs.

Table 17. Different hybrid technologies.

265. In order to implement this definition, the technological definition must therefore be capable of distinguishing between a mild hybrid electric vehicle and a full hybrid electric hybrid vehicle. However, as both are legally classed as NOVC-HEVs (despite MHEVs being functionally no different to petrol or diesel vehicles), we must find an alternative parameter to differentiate MHEVs from HEVs.

Euro 7

266. In the European Union, with effect in Northern Ireland via the Windsor Framework, as well as in countries that are members of the United Nations Economic Commission for Europe (UNECE), which includes the entirety of the UK, rules will shortly be changing regarding the minimum emission standards for new road vehicles. This piece of legislation is known as Euro 7.

267. The Euro 7 framework introduces a revised and expanded set of internationally harmonised definitions and test procedures for road vehicles. It includes test methodologies developed at UNECE level, for example differentiating between levels of vehicle electrification for the purposes of emissions measurements in the brake wear regulation. These definitions are being developed and agreed through the UNECE, under the auspices of the World Forum for Harmonization of Vehicle Regulations (WP.29), of which the United Kingdom is a Contracting Party.

268. As part of this work, the UNECE has identified the need to better differentiate between categories of NOVC-HEVs, to reflect the wide range of non-plug-in technologies that exist today. These range from vehicles that are only marginally electrified, and incapable of meaningful zero emission propulsion, through to vehicles that are capable of sustained electric-only driving across real-world world conditions.

269. The UK government considers these revised definitions present an opportunity to anchor the 2030 phase out in a way that is technically robust, aligned with international standards and minimally administratively burdensome for industry.

270. In April 2026, the UK government consulted separately on whether, and how, to update the UK's domestic minimum emission standards for new road vehicles, including whether to introduce the Euro 7 standard in Great Britain.[104] That consultation is distinct from the questions considered here and relates specifically to environmental performance requirements for new vehicles.

271. The proposals set out in this section, including any reference to evolving UNECE technical definitions, do not presuppose or anticipate any decision on the adoption of Euro 7 within the UK's domestic emissions approval framework. Rather, they are intended solely to inform how the existing and confirmed 2030 phase out policy could be defined in law, irrespective of that consultation outcome.

Option 1 (government's preferred approach): NOVC-HEV Category 2

272. The UK government's preferred approach is to define the technical requirements for non-plug-in hybrid cars and the 2030 definition by requiring that such vehicles meet the NOVC-HEV Category 2 definition, as set out in UNECE legislation, specifically paragraph 3.7.8.3. of UN Regulation No. 179 on the Laboratory Measurement of Brake Emissions for Light-Duty Vehicles.[105]

273. Under this approach, only NOVC-HEVs that fall within Category 2 (defined as vehicles equipped with a traction rechargeable energy storage system (REESS) with a nominal voltage higher than 60V and which cannot be charged from an external source) would meet the definition for not being phased out from 2030. Vehicles that fall within Category 0 or Category 1 would not meet the phase-out definition and would therefore be treated in the same way as petrol or diesel vehicles for the purposes of the 2030 restriction.

274. In broad terms, NOVC-HEV Category 2 vehicles are distinguished by their higher-voltage traction REESS and associated electrical architectures. Vehicles in this category are typically associated with a greater degree of electrification within the powertrain.

275. By contrast:

a. Category 0 vehicles include those with very limited electric functionality (with a traction REESS nominal voltage between 12 and 20V), where electrical systems cannot meaningfully contribute to propulsion.

b. Category 1 vehicles include vehicles with some electrification benefits (with a traction REESS nominal voltage between 20 and 60V), but where the electrical system is not capable of delivering sustained electric propulsion in real world driving.

[104] Government consultation, https://www.gov.uk/government/consultations/updating-the-minimum-emission-standard-for-new-road-vehicles/updating-the-minimum-emission-standard-for-new-road-vehicles
[105] UNECE, March 2026: https://unece.org/sites/default/files/2026-03/ECE-TRANS-WP.29-2026-36e.pdf

276. The UK government considers that Category 2 is the lowest category that can credibly be described as a full hybrid electric vehicle for the purposes of the 2030 phase out, and therefore best aligns with the policy intent to end the sale of new cars that rely entirely on internal combustion engines by 2030.

277. The UK government's preference for NOVC-HEV Category 2 is based on three principal considerations.

a. Firstly, vehicles with higher traction REESS voltages are materially more likely to be capable of propelling themselves solely using recovered electrical energy, without reliance on the internal combustion engine. This capability is fundamental to the distinction between mild hybrids and full hybrids, and directly supports the objective of ensuring that vehicles sold from 2030 deliver a meaningful step change in emissions performance.

b. Secondly, adopting an internationally agreed UNECE definition provides significant advantages over developing a bespoke UK specific standard. These include:

   i. Legal robustness and clarity

   ii. Reduced risk of divergence from international vehicle markets

   iii. Easier interpretation by manufacturers, regulators, and enforcement bodies

   iv. Greater longevity as technology evolves

c. Thirdly, this approach minimises administrative burden. Manufacturers will already be required to test and classify vehicles according to the UNECE NOVC-HEV categories for type approval purposes in Northern Ireland, when utilising UNECE emissions approval routes, and potentially for approval in Great Britain, pending the outcome of the Euro 7 consultation. Using this same categorisation for the 2030 phase out therefore avoids the need for additional UK specific testing, reporting, or certification processes.

278. Taken together, the UK government considers this approach delivers the clearest, fairest, and most enforceable means of implementing the phase out definition in law, while remaining proportionate for industry.

Option 2: Use of Certificate of Conformity (CoC) metrics

279. One alternative considered was to use data fields already present on a vehicle's Certificate of Conformity, specifically:

a. Field 27.3: Maximum Net Power

b. Field 27.4: Maximum Net Power (30 minutes)

280. Analysis suggests that higher values in these fields may correlate with a greater ability for a vehicle to utilise electrical energy for propulsion.

281. However, the UK government does not consider this approach suitable for defining the 2030 phase-out, primarily because it would require setting a minimum threshold that is not internationally standardised. Any such threshold would risk arbitrariness, could be subject to gaming, and would likely require periodic revision as vehicle technology evolves.

282. By contrast, the UNECE NOVC-HEV categories are specifically designed to classify hybrid vehicles based on their functional electrical capability, following extensive international technical scrutiny.

Option 3: Manufacturer self-declaration

283. Another alternative was to allow manufacturers to self-declare whether a vehicle should be treated as a mild hybrid or full hybrid for the purposes of the phase-out, supported by due diligence and audit activity.

284. The UK government has concluded this approach would be unduly burdensome and impractical. It would require manufacturers to declare that, for each NOVC-HEV, the individual vehicle meets the objectives of the UK government's preferred objective, and the enforcement body would need to assess and verify declarations for each vehicle type, creating significant administrative overhead and potential inconsistency.

285. The UK government also considers this approach would provide less legal certainty than an objective, standards-based definition.

Option 4: Vehicle Certification Agency (VCA) Fuel Consumption Database

286. The VCA Fuel Consumption Database already includes information on whether vehicles are classified as 'mild' or 'full' hybrids.

287. However, provision of this information is currently voluntary, and not all manufacturers supply it consistently. As such, it cannot be relied upon as a legally binding or comprehensive basis for determining compliance with the 2030 phase-out.

288. The UK government therefore considers that this approach would not provide sufficient certainty or enforceability.

Question 41: Do you agree or disagree with the proposal to require all new non-plug-in hybrid cars sold from 2030 meet the UNECE NOVC-HEV Category 2 definition? Please explain your answer including any supporting evidence.

Question 42: Do you consider any of the alternative approaches outlined above, or any other approach, to be preferable to the proposed approach? If yes, please explain your answer including any supporting evidence.

Treatment of Micro Volume and Small Volume Manufacturers post-2030

289. Micro volume manufacturers (MVMs), registering fewer than 1,000 vehicles annually, and small volume manufacturers (SVMs), registering between 1,000 and 2,499 new vehicles annually, typically find decarbonising more challenging than major volume manufacturers do. This is due to reduced financial and/or technical capabilities to develop new decarbonised technologies and fewer model runs through which to incrementally improve.

290. Given these challenges, the UK government response to Part 1 of the December 2024 'Phasing out sales of new petrol and diesel cars from 2030 and supporting the ZEV transition' consultation confirmed that MVMs and SVMs will be exempt from the 2030 phase-out of new cars relying solely on internal combustion engines that will apply to major volume car manufacturers (see Part 1, UK government response to questions 9, 10, 11 and 12).[106]

Post-2030 CO_2 reduction requirement for SVMs that produce cars

291. Instead, in recognition that many SVMs already offer hybrid cars, and intend to do so in future, we committed to bring forward a new post-2030 CO_2 reduction requirement for SVMs that produce cars. This will ensure SVMs that produce cars are taking steps to reduce emissions on the pathway to full zero emission fleets by 2035. No post-2030 CO_2 reduction requirement is proposed for MVMs.

292. Our starting position is that SVMs should be subject to the same non-ZEV fleet-wide average CO_2 reduction for new cars sold post-2030, with a 10% improvement required against the 2021 baseline and no vehicle level cap, as applies to major volume manufacturers. We propose that the emissions baseline is calculated in line with Schedule 4 of the VETS Order.[107]

293. As also set out in the response to the December 2024 consultation, the proposed 10% CO_2 reduction for SVMs will be subject to a bespoke derogation issued on a case-by-case basis. This will ensure that carbon emissions are reduced without excessively burdening SVMs.

294. This consultation seeks views on whether this reduction target is appropriate, and how this bespoke derogation should be implemented.

[106] Government consultation outcome, April 2026: https://www.gov.uk/government/consultations/phasing-out-sales-of-new-petrol-and-diesel-cars-from-2030-and-supporting-the-zev-transition/outcome/phasing-out-sales-of-new-petrol-and-diesel-cars-from-2030-and-supporting-the-zev-transition-summary-of-responses-and-joint-government-response#part-2-vehicle-emissions-trading-schemes-updates

[107] VETS Order, Schedule 4: https://www.legislation.gov.uk/uksi/2023/1394/schedule/4

Bespoke derogation for SVMs that produce cars

295. We are considering an approach to derogation-setting that would permit SVMs that produce cars to propose a specific emissions target for assessment post-2030.

296. Manufacturers would need to submit supporting evidence, including that which demonstrates:

a. consistency between the proposed target and the manufacturer's CO_2 reduction potential, including the economic and technological potential to reduce its specific CO_2 emissions; and

b. that the characteristics of the market for the type of car manufactured have been taken into account.

297. This approach is similar to that taken when setting derogations for manufacturers under assimilated EU emissions regulations for scheme years preceding the implementation of the ZEV Mandate.

Question 43: Do you agree or disagree with the proposed non-ZEV fleet-wide average CO_2 reduction requirement for SVMs post-2030? This would see a 10% reduction compared to their baseline. Please explain your answer including any supporting evidence.

Question 44: Do you agree or disagree with the proposed approach to setting derogations for SVMs that produce cars post-2030? Please explain your answer including any supporting evidence.

Question 45: What, if any, alternative approaches to setting or approving derogations for SVMs that produce cars post-2030 should be considered? Please explain your answer including any supporting evidence.

Questions

Question 1: Do you think any change is required to the current ZEV Mandate trajectory for cars? Please explain your answer including any supporting evidence.

Question 2: What are your views on the current ZEV Mandate car trajectory, and the four alternative car trajectories presented? Which, if any, is your preference? Please explain your answer including any supporting evidence.

Question 3: What, if any, additional alternative car trajectories do you think should be considered? Please explain your answer including any supporting evidence.

Question 4: Do you have views on whether an extension of the current flexibilities beyond 2030 should accompany a change in the headline trajectory for cars? Please explain your answer including any supporting evidence.

Question 5: Do you think any change is required to the current ZEV Mandate trajectory for vans? Please explain your answer including any supporting evidence.

Question 6: What are your views on the current ZEV Mandate van trajectory, and the four alternative van trajectories presented? Which, if any, is your preference? Please explain your answer including any supporting evidence.

Question 7: What, if any, additional alternative van trajectories do you think should be considered? Please explain your answer including any supporting evidence.

Question 8: Do you have views on whether an extension of the current flexibilities beyond 2030 should accompany a change in the headline trajectory for vans? Please explain your answer including any supporting evidence.

Question 9: What are your views on extending the CO_2 conversion flexibility to 2034? Please explain your answer including any supporting evidence.

Question 10: What are your views on whether the flexibility should remain capped? Please explain your answer including any supporting evidence.

Question 11: What are your views on what caps (if any) should apply from 2029-2034? Please explain your answer including any supporting evidence.

Question 12: Are there other amendments to the CO_2 conversion flexibility the UK and Devolved Governments should consider? Please explain your answer including any supporting evidence.

Question 13: What are your views on the effectiveness of the existing flexibilities, and how could the borrowing, banking and bidirectional transfer flexibilities post-2029 be designed to enable multiple compliance pathways? Please explain your answer including any supporting evidence.

Question 14: Should any further flexibilities be considered? Please explain your answer including any supporting evidence.

Question 15: What are your views on whether the eligibility criteria for certain conversion and bidirectional trading flexibilities should be amended? Please explain your answer including any supporting evidence.

Question 16: What are your views on introducing a V2G/V2H credit, including the proposed approach to technical eligibility criteria, and any additional criteria (if any) the UK and Devolved Governments should consider? Please explain your answer including any supporting evidence.

Question 17: In your view, how should considerations such as cost, practicality, warranties, and the maturity of standards influence the design and timing of V2G/V2H credit requirements, including whether criteria should be phased over time? Please explain your answer including any supporting evidence.

Question 18: What are your views on whether a V2G/V2H credit should differ between AC and DC capable vehicles? Please explain your answer including any supporting evidence.

Question 19: Are there additional credits that should be considered within VETS for cars and vans? Please explain your answer.

Question 20: What are your views, if any, on whether compliance payments should remain at current levels? Please explain your answer including any supporting evidence.

Question 21: What are your views on whether and how to amend the way baselines are determined for manufacturers who enter the UK market in or after 2027? Please explain your answer including any supporting evidence.

Question 22: Please set out any further adjustments (if any) to baseline targets you think could be necessary. Please explain your answer including any supporting evidence.

Question 23: How can the UK and Devolved Governments encourage EV driving among PHEV users and support charging behaviours? Please explain your answer including any supporting evidence.

Question 24: What more can the UK and Devolved Governments do regarding the consideration of PHEVs in the VETS Order?

Question 25: What are your views on the alternative PHEV CO_2 flexibility, whether this should continue beyond 2030 and with what caveats? Please explain your answer including any supporting evidence.

Question 26: Do you agree with our view that alternative PHEV CO_2 flexibility arrangements should be maintained until 2030? Please explain your answer including any supporting evidence.

Question 27: How could the UK government respond to the Industrial Accelerator Act provisions relating to EVs? Please explain your answer including any supporting evidence.

Question 28: What are your views on the effectiveness of current measures to support EV uptake? What if any additional measures should be introduced to support more rapid EV uptake? Please explain your answer including any supporting evidence.

Question 29: Please provide any evidence on the air quality impacts from the transition to electrified road transport, including health, environmental and cost impacts.

Question 30: What are your views on proposed changes to Schedule 3A to improve efficiency of administration while maintaining assurance? Do you agree that fewer CoCs should be requested? Please explain your answer including any supporting evidence.

Question 31: What other approaches to determining the alternative specific emissions of CO_2 for plug-in hybrid electric vehicles could be applied? Please explain your answer including any supporting evidence.

Question 32: What other changes to Schedule 3A, if any, do you think should be considered? Please explain your answer including any supporting evidence.

Question 33: Would are your views, if any, on the current timing of the trading window? What, if any, changes do you think could improve this? Please explain your answer including any supporting evidence.

Question 34: What are your views on the current order of surrender for CRTS and VRTS allowances / credits? Please explain your answer including any supporting evidence.

Question 35: What, if any, are your views on the current treatment of ZEVs failing warranty requirements?

Question 36: What are your views, if any, on the way baseline targets are currently calculated for pooled applications? Please explain your answer including any supporting evidence.

Question 37: What are your views, if any, on whether it would be preferable to weight pool baselines based on registrations in the scheme year for which the pool is formed? Please explain your answer including any supporting evidence.

Question 38: What are your views, if any, on the current design of the car club credit? Please explain your answer including any supporting evidence.

Question 39: What are your views, if any, on whether the wording around low volume participants should be changed to support more consistent administration and assessment? Please explain your answer including any supporting evidence.

Question 40: What, if any, additional routine or technical changes that should be considered to support the ongoing operation of the schemes? Please explain your answer.

Question 41: Do you agree or disagree with the proposal to require all new non-plug-in hybrid cars sold from 2030 meet the UNECE NOVC-HEV Category 2 definition? Please explain your answer including any supporting evidence.

Question 42: Do you consider any of the alternative approaches outlined above, or any other approach, to be preferable to the proposed approach? If yes, please explain your answer including any supporting evidence.

Question 43: Do you agree or disagree with the proposed non-ZEV fleet-wide average CO_2 reduction requirement for SVMs post-2030? This would see a 10% reduction compared to their baseline. Please explain your answer including any supporting evidence.

Question 44: Do you agree or disagree with the proposed approach to setting derogations for SVMs that produce cars post-2030? Please explain your answer including any supporting evidence.

Question 45: What, if any, alternative approaches to setting or approving derogations for SVMs that produce cars post-2030 should be considered? Please explain your answer including any supporting evidence.

Annex A: Approach to ZEV Mandate compliance and carbon modelling

1. This annex explains how the analysis conducted to support this consultation estimates compliance with the ZEV Mandate and translates that into carbon impacts. It summarises the main assumptions, the role of flexibilities, and how changes in vehicle sales affect the fleet and emissions over time.

Overview of the modelling approach

2. The analysis uses the same modelling suite as the final ZEV Mandate cost-benefit analysis**Error! Bookmark not defined.** with further model development to reflect likely market behaviour under the regulation, drawing on compliance data from VETS in 2024 and 2025 to inform assumptions.

The Road Carbon Fuel Fleet Model (RoCaFF)

3. Vehicle fleet, fuel use and CO_2 impacts are estimated using DfT's RoCaFF. This model is updated annually and includes assumptions on fuel and electricity efficiency, fleet turnover, vehicle activity, and real-world adjustments.

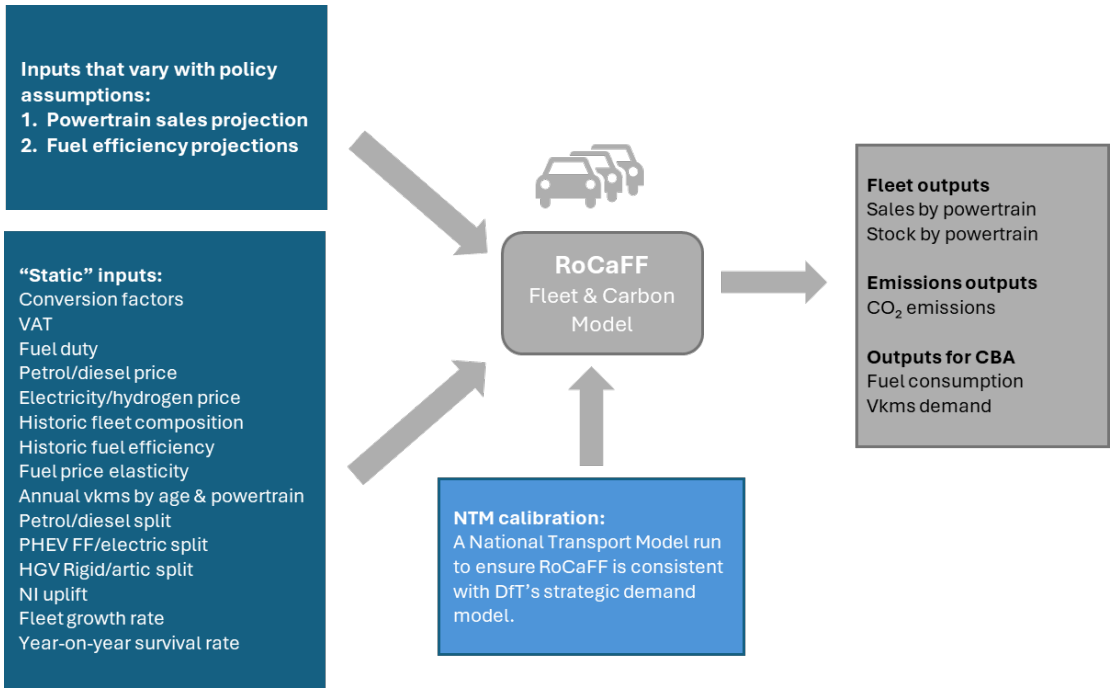

Figure A1. RoCaFF model inputs and outputs overview.

Regulatory compliance modelling and assumptions

4. DfT modelling assumes the market complies with the regulation each scheme year, with coordination and strategic behaviour both within and across years. Manufacturers are expected to adjust their sales mix and use available flexibilities to achieve overall compliance. This approach is consistent with the cost-benefit analysis published alongside the 2025 VETS amendments.[108]

5. All scenarios modelled include assumptions on the continuation of flexibilities. The generosity of these flexibilities is assumed fixed, excluding the CO_2 transfer flexibility, which is assumed to reduce in line with lowered trajectory ambition. The flexibilities around the transfer of credits from the car scheme to van scheme (CRTS to VRTS and vice versa), the utility factor flexibility (disapplication of Euro 6e-bis and Euro 6e-bis-FCM), and banking and borrowing are assumed to remain in place for the duration of the regulation.

6. For compliance modelling, the two most important changes in the amendments to the regulation in 2025 were the expansion of CO_2 transfers from non-ZEV performance and the utility factor flexibility. Together with banked credits, derogations and exemptions, these factors are represented as inputs to DfT modelling which produces a 'compliance pathway' below the headline ZEV target, where the market meets the regulation. Banked credits are carried forward for the period allowed by the regulations and assumed to be paid back towards their expiry date.

[108] Cost-benefit analysis, following VETS Order amendments: https://www.legislation.gov.uk/uksi/2025/1101/pdfs/uksiod_20251101_en_001.pdf

7. Minimising the number of ZEVs manufacturers need to sell (excluding a portion of the market which is assumed to sell only ZEVs) is assumed to be the primary strategy. CO_2 improvements for non-ZEVs are assumed to increase across the period the regulation is in force. This assumption is based on observed behaviour across 2024 to 2026. This enables fewer ZEV sales relative to fixed non-ZEV CO_2.

8. Borrowing is assumed to be used only where needed and repaid as late as possible within the rules. Excess compliance generated by some manufacturers is assumed. Assumptions on the use of these flexibilities reflects evidence from 2024 and provisional data for the 2025 scheme year.

9. The model then accounts for other flexibilities, including banked allowances, before estimating the remaining ZEV share needed for compliance. This is deliberately conservative as competition between firms provides an incentive to produce more ZEVs as opposed to trading which, in some cases, could lead to higher outturn ZEV sales.

10. We primarily assume the delivery of non-ZEV CO_2 improvements is through higher sales of PHEVs. This is substantiated through evidence in 2024 and 2025, and 2026 data from the SMMT. Compared to analysis for the amendments to VETS in 2025, DfT now assumes that greater reductions in non-ZEV emissions will be delivered through higher PHEV sales in future. Importantly, we do not assume that the strategy around the sale of PHEVs responds to the different options modelled, only that this is reduced by the share of non-ZEVs sold overall and whether CO_2 transfer caps limit this.

Carbon modelling methods and assumptions

11. Once a compliant sales mix and combined market non-ZEV efficiency have been calculated, these are modelled in RoCaFF which estimates the fleet and carbon impacts. Lower ZEV sales mean vehicles which would have been replaced with ZEVs are instead replaced with new ICE vehicles. Lower ZEV uptake in the late 2020s and early 2030s therefore continues to affect emissions across Carbon Budget 6 and beyond.

12. The sale of PHEVs results in higher carbon emissions because of their large-real world emissions gap. Analysis assumes they continue to receive VETS type-approval values similar to current levels and to show the same gap between type-approval and real-world emissions beyond 2030.

13. This is because the exchange rate used for the CO_2 to ZEV transfer (CCTS/VCTS to CRTS/VRTS) flexibility is expected to capture fully real-world emissions from ICE and Hybrid Electric Vehicle (HEV) vehicles, but not for PHEVs.

14. All modelled scenarios assume the VETS scheme maintains the flexibility for manufacturers to receive CO_2 values for PHEVs equivalent to those under Euro 6d, and models that their real-world emissions are equivalent to those that would be expected under Euro-6e-bis-FCM.

Limitations and uncertainties

15. There are key uncertainties about DfT's estimates of future sales relating to the delivery of future non-ZEV CO_2 improvements, PHEV market share, the timing of the use of banked credits, the repayment of borrowed credits, the market shares of different manufacturers and general manufacturer compliance strategies.

16. There are wider uncertainties and limitations which impact the estimation of carbon impacts. In particular, these relate to the evolution of real-world emissions from PHEVs, the pace of fleet turnover and total sales volumes. Modelling of carbon emissions is calibrated to national statistics to improve accuracy but is nevertheless subject to uncertainty.

Background data

17. The country of manufacture for newly registered cars and vans in 2025 is shown in the table below. This table was produced from Department for Transport vehicle licensing statistics.

Country of manufacture	Number	%
UK	205,657	9%
Europe	1,539,967	64%
Asia	479,162	20%
Other	149,356	6%
Unknown	27,089	1%
Total	2,401,231	

Table A1. Cars and light goods vehicles (LGVs) registered for the first time in the UK in 2025 by country of manufacture. Source: DfT Vehicle licensing statistics