
STATUTORY INSTRUMENTS

2023 No. 1394

The Vehicle Emissions Trading Schemes Order 2023

Part 3

The Trading Schemes

Chapter 2

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

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

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

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

Participants in the CCTS

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

(2) Where two or more manufacturers are collectively the manufacturers of more than 999 NZE cars which are registered during a scheme year, those manufacturers are a pool CCTS participant for that scheme year if the administrator has granted an application made by those manufacturers under [Schedule 5](#) (application by two or more manufacturers to be a pool participant in the Trading Schemes) for that scheme year which relates to the CCTS.

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

CCTS allowances

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

Allocation of CCTS allowances

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

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

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

Conversion of unused CRTS allowances into CCTS allowances

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

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

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

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

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

Measuring activity in the CCTS

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

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

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

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

- (a) the Secretary of State has given a notice to the administrator in accordance with Article 12(2)(b) of [Regulation \(EU\) 725/2011\(1\)](#) which relates to that eco-innovation; and
- (b) the notice was given during the scheme year which immediately preceded the scheme year for which a CCTS participant’s number of units of activity in the CCTS is measured.

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

Trading CCTS allowances

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

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

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

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

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

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

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

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

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

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

Accounting for activity in the CCTS

38.—(1) For each scheme year, and no later than 31st December of the year following a scheme year, a CCTS participant must account for each unit of its activity during the scheme year, measured in accordance with [article 36](#), by surrendering a CCTS allowance.

(2) The administrator must update the registry to record the surrender of CCTS allowances.

Payments: CCTS

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

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

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

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

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

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

- (e) information about rights of appeal.
- (6) A CCTS participant which receives a payment notice under this article must make the payment in accordance with the notice.
- (7) The administrator must pay any payment received under this article into the consolidated fund.

Expiry of CCTS allowances

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

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