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STATUTORY INSTRUMENTS

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**2023 No. 1394**

**The Vehicle Emissions Trading Schemes Order 2023**

**Part 3**

**The Trading Schemes**

**Chapter 1**

**The Non-Zero-Emission Car Registration Trading Scheme (CRTS)**

**Interpretation of Chapter 1**

**9.** In this Chapter—

- (a) the retention by a CRTS participant of a CRTS allowance for use for a scheme year later than the scheme year of allocation in accordance with [article 14\(1\)](#) is referred to as “banking” the CRTS allowance;
- (b) a CRTS allowance which is retained for use for a scheme year later than the scheme year of allocation is referred to as a “banked” CRTS allowance;
- (c) the surrender by a CRTS participant, in accordance with [article 15](#), of a CRTS allowance which is due to be allocated to the participant for a future scheme year is referred to as “borrowing” the CRTS allowance;
- (d) a CRTS allowance which is surrendered as described in [paragraph \(c\)](#) is referred to as a “borrowed” CRTS allowance;
- (e) “scheme year of pooling” means a scheme year for which a group of two or more manufacturers is a pool CRTS participant;
- (f) “banked pool allowances” means CRTS allowances which were banked by a pool CRTS participant for a scheme year of pooling and which remain available for use in accordance with [article 14\(1\)](#) for one or more of the scheme years which follow a scheme year of pooling;
- (g) “borrowed pool allowances” means CRTS allowances which were borrowed by a pool CRTS participant for a scheme year of pooling but which were not accounted for in accordance with [article 15](#) for a scheme year of pooling;
- (h) “departing member” means a manufacturer which ceases to be a member of a pool CRTS participant part-way through the trading period;
- (i) “joining manufacturer” means a manufacturer which becomes a member of a pool CRTS participant part-way through the trading period;
- (j) “in-year banked allowances”, in relation to a scheme year of pooling, means CRTS allowances which were available to a pool CRTS participant to account for its activity in the CRTS in accordance with [article 27](#) for that scheme year of pooling, but which were not required by it in order to do so;

- (k) “in-year borrowed allowances”, in relation to a scheme year of pooling, means CRTS allowances which were borrowed by a pool CRTS participant in order to account for its activity in the CRTS for that scheme year of pooling.

### **Activity to which the CRTS applies and unit of measurement of activity**

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

- (2) The unit of measurement of that activity is the registration of one NZE car.

### **Participants in the CRTS**

**11.**—(1) The manufacturer of a car which is registered during a scheme year is a CRTS participant for that scheme year, subject to paragraph (2).

(2) Two or more manufacturers of a car which is registered during a scheme year are a pool CRTS participant for that scheme year, where 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 CRTS.

(3) A CRTS participant is a low-volume CRTS participant for a scheme year where that participant meets the criteria to be treated as a low-volume CRTS participant in accordance with [Schedule 4](#).

(4) 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 CRTS participant in relation to the registration of that car.

### **CRTS allowances and limits on CRTS allowances and CRTS activity**

**12.**—(1) A CRTS allowance is an allowance for the registration of one NZE car.

(2) The total amount of CRTS allowances which may be allocated for the trading period is limited in accordance with [article 13](#).

(3) The total number of units of activity in the CRTS which may be accounted for by the surrender of a CRTS allowance or a CRTS credit in accordance with [article 27](#) for the trading period is limited to the number which results from the following calculation.

#### *Step 1*

Calculate the “relevant percentage” for each scheme year which is—

- (a) for the 2024 scheme year, 100%
- (b) for the 2025 scheme year and the 2026 scheme year, the sum of—
  - (i) the percentage shown in column 2 of the Table in Part 1 of [Schedule 6](#) (percentage of car registrations for calculating CRTS allowances) for that scheme year;
  - (ii) the percentage shown in [article 15\(2\)](#) (limits on borrowed CRTS allowances) for that scheme year; and
  - (iii) the percentage shown in [article 23\(3\) to \(5\)](#) (limits on conversion of unused CCTS allowances into CRTS credits) for that scheme year; and
- (c) for the 2027 scheme year, the 2028 scheme year, the 2029 scheme year and the 2030 scheme year, the percentage shown in column 2 of the Table in Part 1 of [Schedule 6](#) for that scheme year.

#### *Step 2*

Calculate the number of cars registered during the trading period by a low-volume CRTS participant or by a CRTS participant described in [article 13\(4\)](#) or [\(6\)](#).

*Step 3*

Calculate the total number of cars registered during the trading period, subtract from that number the number obtained at Step 2, and multiply the resulting number by the average of the relevant percentages obtained at Step 1.

*Step 4*

Calculate the number which is equal to 2.5% of all the cars, vans and SPVs which are registered during the trading period.

*Step 5*

Calculate the number of ZE SPVs of category M1 of which an SPV car manufacturer is the manufacturer, which were to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date the SPV was registered and which were registered during the trading period, and multiply that number by 0.5.

*Step 6*

Calculate the number of ZE SPVs of category M1 which are registered during the trading period.

*Step 7*

Calculate the number of ZE wheelchair accessible SPVs which are registered during the trading period and multiply that number by 0.5.

*Step 8*

Add together the numbers which result from Steps 2 to 7.

### **Allocation of CRTS allowances**

**13.**—(1) The administrator must allocate CRTS allowances in accordance with [paragraphs \(2\)](#) to [\(7\)](#), and subject to [paragraph \(8\)](#).

(2) Except where a CRTS participant falls within [paragraph \(3\)](#), or where [paragraph \(5\)](#) or [\(7\)](#) applies, the administrator must allocate to a CRTS participant for each scheme year a number of CRTS allowances which is equal to P multiplied by T, where—

- (a) P is the percentage shown in column 2 of the Table in Part 1 of [Schedule 6](#) for that scheme year; and
- (b) T is the total number of cars of which the CRTS participant is the manufacturer and which were registered during that scheme year.

(3) The administrator must allocate to a low-volume CRTS participant a number of CRTS allowances for a scheme year which is equal to the number of cars of which the low-volume CRTS participant is the manufacturer and which are registered during that scheme year, subject to a maximum of 2,499 CRTS allowances.

(4) [Paragraph \(5\)](#) applies for the purpose of calculating the number of CRTS allowances to be allocated to a CRTS participant where—

- (a) the CRTS participant is not a low-volume CRTS participant for the scheme year for which the calculation is made (referred to in this paragraph and in [paragraph \(5\)](#) as “the transition year”);
- (b) the CRTS participant was a low-volume CRTS participant for the scheme year immediately preceding the transition year; and
- (c) the transition year is not the 2030 scheme year.

(5) Where [this paragraph](#) applies, the administrator must allocate to the CRTS participant a number of CRTS allowances for the transition year which is equal to the higher of—

- (a) the number of cars of which the CRTS participant is the manufacturer and which were registered during the transition year, subject to a maximum of 2,499 CRTS allowances; or
- (b) the number which results from the application of the formula in [paragraph \(2\)](#) for the transition year.

(6) [Paragraph \(7\)](#) applies for the purpose of calculating the number of CRTS allowances to be allocated to a CRTS participant which—

- (a) was a low-volume CRTS participant by virtue of [Part 2](#) of [Schedule 4](#) for the 2029 scheme year; and
- (b) is the manufacturer of fewer than 2,500 cars, but more than 999 cars, which were registered during the 2030 scheme year.

(7) Where this paragraph applies, the administrator must allocate to the CRTS participant a number of CRTS allowances for the 2030 scheme year which is equal to the higher of—

- (a) the number of cars of which the CRTS participant is the manufacturer and which were registered during the 2030 scheme year, subject to a maximum of 2,499 CRTS allowances; or
- (b) the number which results from the application of the formula in [paragraph \(2\)](#) for the 2030 scheme year.

(8) The allocation of allowances in accordance with this article may not result in the allocation of part of a CRTS allowance which is smaller than one tenth of a CRTS allowance, and a CRTS participant's allocation of CRTS allowances must, where necessary, be rounded to the nearest decimal place accordingly.

### **Banking CRTS allowances**

**14.**—(1) A CRTS allowance which is allocated to a CRTS participant in accordance with [article 13](#) for a scheme year (referred to in this article as “the scheme year of allocation”) may be—

- (a) surrendered in accordance with [article 27](#) by that CRTS participant, or by a CRTS participant which acquires the CRTS allowance through trading in accordance with [article 25](#), for the scheme year of allocation or for any of the three subsequent scheme years;
- (b) traded in accordance with [article 25](#) during the trading window following the scheme year of allocation, or the trading window following any of the three subsequent scheme years, by that CRTS participant or by a CRTS participant which acquires the CRTS allowance through trading in accordance with [article 25](#);
- (c) exchanged for CCTS allowances in accordance with [article 35](#) for the scheme year of allocation or for any of the three subsequent scheme years.

(2) A CRTS participant may bank parts of CRTS allowances, but may not bank a part smaller than one tenth of a CRTS allowance.

### **Borrowing CRTS allowances**

**15.**—(1) Subject to the following provisions of this article, a CRTS participant may, for the 2024 scheme year, the 2025 scheme year or the 2026 scheme year, surrender in accordance with [article 27](#) a number of CRTS allowances which are due to be allocated to it for later scheme years.

(2) A CRTS participant may borrow CRTS allowances provided—

- (a) the number of CRTS allowances which the CRTS participant borrows to surrender for the 2024 scheme year does not exceed 16.5% of the total number of cars of which the participant is manufacturer and which are registered during the 2024 scheme year;
  - (b) the number of CRTS allowances which the CRTS participant borrows to surrender for the 2025 scheme year does not exceed 14% of the total number of cars of which the participant is manufacturer and which are registered during the 2025 scheme year; and
  - (c) the number of CRTS allowances which the CRTS participant borrows to surrender for the 2026 scheme year does not exceed 8.25% of the total number of cars of which the participant is manufacturer and which are registered during the 2026 scheme year.
- (3) The total number of cars of which a CRTS participant is the manufacturer and which are registered during a scheme year is the number notified to the participant by the administrator under article 79.
- (4) A CRTS participant may borrow parts of CRTS allowances, but may not borrow a part smaller than one tenth of a CRTS allowance.
- (5) Where a CRTS participant intends to borrow CRTS allowances in accordance with this article for use for a scheme year—
  - (a) the CRTS participant must notify the administrator of that intention, and of the intended number of borrowed CRTS allowances, before the end of the trading window which follows that scheme year; and
  - (b) the administrator must decide whether or not the intended number of borrowed CRTS allowances is appropriate and notify the CRTS participant in writing of that decision.
- (6) A CRTS participant may borrow CRTS allowances which are due to be allocated to it for the 2025 scheme year, the 2026 scheme year or the 2027 scheme year and must account for any borrowed allowances in accordance with the following paragraphs of this article.
- (7) Where a CRTS participant borrows a number of CRTS allowances to surrender for a scheme year, the participant must account for the borrowed allowances by surrendering an equivalent number of CRTS allowances or CRTS credits for the following scheme year or a subsequent scheme year, together with an additional number of CRTS allowances or CRTS credits, calculated in accordance with paragraphs (8) to (11).
- (8) If the CRTS participant accounts for the borrowed allowances for the scheme year which follows immediately after the scheme year for which the borrowed allowances were surrendered, the CRTS participant must surrender—
  - (a) a number of CRTS allowances or CRTS credits which is equal to the number of borrowed allowances; and
  - (b) an additional number of CRTS allowances or CRTS credits which amounts to 3.5% of the number of borrowed allowances.
- (9) If the CRTS participant accounts for the borrowed allowances for a scheme year which begins one year after the end of the scheme year for which the borrowed allowances were surrendered, the CRTS participant must surrender—
  - (a) a number of CRTS allowances or CRTS credits which is equal to the number of borrowed allowances; and
  - (b) an additional number of CRTS allowances or CRTS credits which amounts to 7.12% of the number of borrowed allowances.
- (10) If the CRTS participant accounts for the borrowed allowances for a scheme year which begins two years after the end of the scheme year for which the borrowed allowances were surrendered, the CRTS participant must surrender—

- (a) a number of CRTS allowances or CRTS credits which is equal to the number of borrowed allowances; and
- (b) an additional number of CRTS allowances or CRTS credits which amounts to 10.87% of the number of borrowed allowances.

(11) Where the number of additional CRTS allowances or CRTS credits which is to be surrendered in accordance with [paragraph \(8\)\(b\)](#), [\(9\)\(b\)](#) or [\(10\)\(b\)](#) is not a whole number, the number is to be rounded up to the nearest whole number of allowances or credits.

(12) A CRTS participant must account for a borrowed CRTS allowance for a scheme year no later than the 2027 scheme year.

(13) Where a CRTS participant decides to account for borrowed CRTS allowances for a scheme year earlier than the 2027 scheme year, that participant must notify the administrator of its decision, before the end of the trading window which follows the scheme year for which the participant intends to account for the allowances.

(14) Where a decision by a CRTS participant not to account for borrowed CRTS allowances for a scheme year would result in the participant having banked CRTS allowances standing in its name in the registry for the following scheme year, the CRTS participant must give a notification under [paragraph \(13\)](#) which relates to the number of borrowed CRTS allowances which would prevent that outcome.

(15) A borrowed CRTS allowance may not be traded under [article 25](#).

### **Banked allowances: pool CRTS participants**

**16.**—(1) The administrator must transfer to a departing member its share of any banked pool allowances, calculated in accordance with [paragraphs \(2\)](#) and [\(3\)](#).

(2) The departing member’s share of banked pool allowances is the number which results from adding together the departing member’s share of the in-year banked allowances for each of the scheme years of pooling during which it was a member of the pool CRTS participant, calculated in accordance with [paragraph \(3\)](#).

(3) The departing member’s share of the in-year banked allowances for a scheme year of pooling is calculated as follows.

#### *Step 1*

Calculate “PZE”, which is the number of ZE cars of which the pool CRTS participant is treated as being the manufacturer in accordance with [article 8\(3\)](#) and which were registered during the scheme year of pooling.

#### *Step 2*

Calculate “MZE”, which is the number of ZE cars of which the departing member is the manufacturer and which were registered during the scheme year of pooling.

#### *Step 3*

Divide MZE by PZE.

#### *Step 4*

The departing member’s share of the in-year banked allowances for a scheme year of pooling is the number of those allowances multiplied by the number obtained at step 3.

(4) A departing member may use its share of the banked pool allowances in accordance with [article 14](#), as if those allowances had been allocated to it for the scheme year of pooling for which they were allocated to the pool CRTS participant.

(5) Any banked CRTS allowances which remain available for use in accordance with [article 14](#) by a joining manufacturer may be used by the pool CRTS participant in accordance with [article 14](#)

during the scheme years of pooling, as if those allowances had been allocated to the pool CRTS participant for the scheme year for which they were allocated to the joining manufacturer.

(6) The administrator must update the registry to reflect the apportionment of banked pool allowances in accordance with this article.

### **Borrowed allowances: pool CRTS participants**

**17.**—(1) A departing member’s share of the borrowed pool allowances is the number of CRTS allowances which results from adding together the departing member’s share of the in-year borrowed allowances for each of the scheme years of pooling during which it was a member of the pool CRTS participant, calculated in accordance with paragraph (2).

(2) The departing member’s share of the in-year borrowed allowances for a scheme year of pooling is calculated as follows.

*Step 1*

Calculate “PNZE”, which is the number of NZE cars of which the pool CRTS participant is treated as being the manufacturer in accordance with [article 8\(3\)](#) and which were registered during the scheme year of pooling.

*Step 2*

Calculate “MNZE”, which is the number of NZE cars of which the departing member is the manufacturer and which were registered during the scheme year of pooling.

*Step 3*

Divide MNZE by PNZE.

*Step 4*

The departing member’s share of the in-year borrowed allowances for a scheme year of pooling is the number of those allowances multiplied by the number obtained at step 3.

(3) A departing member must account for its share of the borrowed pool allowances in accordance with [article 15\(7\)](#), as if those allowances had been borrowed by the departing member for the scheme year of pooling for which they were borrowed by the pool CRTS participant.

(4) Any borrowed CRTS allowances which have not been accounted for by a joining manufacturer in accordance with [article 15\(7\)](#) must be so accounted for by the pool CRTS participant for the scheme years of pooling, as if those allowances had been borrowed by the pool CRTS participant for the scheme year for which they were borrowed by the joining manufacturer.

(5) The administrator must update the registry to reflect the apportionment of borrowed CRTS allowances in accordance with this article.

### **CRTS credits: general**

**18.**—(1) A CRTS participant may acquire a CRTS credit in accordance with articles [19](#), [20](#) and [23](#).

(2) Where it acquires a CRTS credit for a scheme year, a CRTS participant may—

(a) surrender that CRTS credit for that scheme year in accordance with [article 27](#); or

(b) trade the credit in accordance with [article 25](#) during the trading window following that scheme year.

(3) An SPV car manufacturer may acquire a CRTS credit in accordance with [article 21](#) or [22](#).

(4) An SPV car manufacturer may trade a credit acquired for a scheme year in accordance with [article 26](#) during the trading window following that scheme year.

(5) Where a CRTS participant or an SPV car manufacturer acquires a CRTS credit in accordance with [articles 19](#) to [23](#), the administrator must update the registry accordingly.

### **CRTS credits: registration of ZE SPVs (CRTS participants)**

**19.**—(1) Subject to paragraph (3), a CRTS participant acquires a CRTS credit for a scheme year for each ZE SPV of which it is the manufacturer and which—

- (a) is registered during the scheme year;
- (b) is a vehicle of category M1; and
- (c) is not a ZE wheelchair accessible SPV.

(2) Subject to paragraph (3), a CRTS participant acquires one and a half CRTS credits for a scheme year for each ZE wheelchair accessible SPV of which it is the manufacturer and which is registered during the scheme year.

(3) A CRTS participant may not acquire a number of CRTS credits in accordance with this article for a scheme year which exceeds the number which is the greater of—

- (a) the number of CRTS allowances allocated to that participant in accordance with [article 13](#) for the scheme year; or
- (b) the number of units of activity in the CRTS which that participant has for the scheme year, measured in accordance with [article 24](#).

### **CRTS credits: car clubs (CRTS participants)**

**20.**—(1) Subject to paragraph (6), a CRTS participant acquires half a CRTS credit for a scheme year (in addition to any CRTS credit acquired under [article 19](#) where applicable) for each ZE car or ZE SPV of category M1—

- (a) of which it is the manufacturer and which is registered during the scheme year; and
- (b) which is to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date it is registered.

(2) The administrator must record in the registry the expiry of a half CRTS credit acquired by a CRTS participant under paragraph (1) if—

- (a) the administrator gives written notice to the CRTS participant that it is satisfied that a ZE car or ZE SPV of category M1 mentioned in [paragraph \(1\)\(a\)](#) is not being, or has not been, used in accordance with [paragraph \(1\)\(b\)](#); and
- (b) the CRTS participant has not traded that half CRTS credit in accordance with [article 25](#) nor surrendered it in accordance with [article 27](#).

(3) Where a CRTS participant receives, before 1st November 2031, a notice from the administrator in accordance with [paragraph \(2\)\(a\)](#) and it has traded in accordance with [article 25](#), or surrendered in accordance with [article 27](#), a half CRTS credit acquired under [paragraph \(1\)](#) to which that notice applies, that participant must account for each such half CRTS credit in accordance with [article 27\(1\)\(b\)](#).

(4) A CRTS participant must comply with the obligation in paragraph (3)—

- (a) for the scheme year for which the administrator is satisfied that a ZE car or ZE SPV of category M1 is not being, or has not been, used in accordance with [paragraph \(1\)\(b\)](#); or
- (b) for the 2030 scheme year, where the administrator is so satisfied after the end of 2030 scheme year but before 1st November 2031.

(5) The administrator may not give a notice in accordance with [paragraph \(2\)\(a\)](#) where—

- (a) a car club has ceased to use a ZE car or ZE SPV for the purposes of offering a car club service because the vehicle has sustained damage; and



(b) the Secretary of State has been notified of that in accordance with paragraph 1 or 2 of Schedule 3A to the Road Vehicles (Registration and Licensing) Regulations 2002(1).

(6) A CRTS participant may not acquire a number of CRTS credits for a scheme year in accordance with this article which exceeds 2.5% of the number of cars, vans and SPVs of which that participant is the manufacturer and which were registered during the scheme year.

#### **CRTS credits: registration of ZE SPVs (SPV car manufacturers)**

**21.**—(1) An SPV car manufacturer acquires a CRTS credit for a scheme year for each ZE SPV of which it is the manufacturer and which—

- (a) is registered during the scheme year;
- (b) is a vehicle of category M1; and
- (c) is not a ZE wheelchair accessible SPV.

(2) An SPV car manufacturer acquires one and a half CRTS credits for a scheme year for each ZE wheelchair accessible SPV of which it is the manufacturer and which is registered during a scheme year.

#### **CRTS credits: car clubs (SPV car manufacturers)**

**22.**—(1) Subject to paragraph (3), an SPV car manufacturer acquires half a CRTS credit for a scheme year (in addition to any CRTS credit acquired under [article 21](#) where applicable) for each ZE SPV of category M1—

- (a) of which it is the manufacturer and which is registered during the scheme year; and
- (b) which is to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date it is registered.

(2) The administrator must record in the registry the expiry of a half CRTS credit acquired by an SPV car manufacturer under [paragraph \(1\)](#) if—

- (a) the administrator gives written notice to the SPV car manufacturer that it is satisfied that a ZE SPV mentioned in [paragraph \(1\)\(a\)](#) is not being, or has not been, used in accordance with [paragraph \(1\)\(b\)](#); and
- (b) the SPV car manufacturer has not traded that half CRTS credit in accordance with [article 26](#).

(3) Where an SPV car manufacturer receives, before 1st November 2031, a notice from the administrator in accordance with [paragraph \(2\)\(a\)](#) and it has traded in accordance with [article 26](#) a half CRTS credit acquired under [paragraph \(1\)](#) to which that notice applies, the SPV car manufacturer must forfeit a half CRTS credit to which it becomes entitled under [paragraph \(1\)](#) for each half CRTS credit to which the notice relates.

(4) The administrator may not give a notice in accordance with [paragraph \(2\)\(a\)](#) where—

- (a) a car club has ceased to use a ZE SPV for the purposes of offering a car club service because the vehicle has sustained damage; and
- (b) the Secretary of State has been notified of that in accordance with paragraph 1 or 2 of Schedule 3A to the Road Vehicles (Registration and Licensing) Regulations 2002.

#### **CRTS credits: conversion of unused CCTS allowances**

**23.**—(1) A CRTS participant may acquire one CRTS credit in exchange for 167 unused CCTS allowances by making a request to the administrator if—

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(1) [S.I. 2002/2742](#). Schedule 3A was inserted by [S.I. 2015/1657](#).

- (a) the CRTS participant's number of units of activity in the CCTS in a scheme year does not exceed the number of CCTS allowances which were allocated to it in accordance with [article 34](#) for that year;
  - (b) the CRTS participant has more CCTS allowances than it requires in order to comply with [article 38\(1\)](#) (accounting for activity in the CCTS) for that scheme year (referred to in this article as "unused CCTS allowances"); and
  - (c) the unused CCTS allowances were allocated by the administrator for the 2024 scheme year, the 2025 scheme year or the 2026 scheme year.
- (2) A request under [paragraph \(1\)](#)—
- (a) must be made during the trading window following the scheme year for which the unused CCTS allowances were allocated; and
  - (b) must be for a whole number of CRTS credits.
- (3) A request under [paragraph \(1\)](#) to exchange unused CCTS allowances allocated for the 2024 scheme year is limited to a number of CRTS credits which does not exceed 14.3% of the number of CRTS allowances allocated to the CRTS participant for that scheme year.
- (4) A request under [paragraph \(1\)](#) to exchange unused CCTS allowances allocated for the 2025 scheme year is limited to a number of CRTS credits which does not exceed 12.6% of the number of CRTS allowances allocated to the CRTS participant for that scheme year.
- (5) A request under [paragraph \(1\)](#) to exchange unused CCTS allowances allocated for the 2026 scheme year is limited to a number of CRTS credits which does not exceed 8.25% of the number of CRTS allowances allocated to the CRTS participant for that scheme year.
- (6) A CRTS credit acquired in accordance with this article may not be traded under [article 25](#).

### Measuring activity in the CRTS

**24.** A CRTS participant's number of units of activity in the CRTS during a scheme year is the number of NZE cars of which the participant is the manufacturer and which are registered during that scheme year, as notified to the participant by the administrator in accordance with [article 79](#).

### Trading CRTS allowances and credits: CRTS participants

**25.—(1)** During a trading window, a CRTS participant may trade any CRTS allowances or CRTS credits with another CRTS participant, but may not trade—

- (a) a CRTS allowance which was borrowed in accordance with [article 15](#); or
- (b) a CRTS credit which was acquired in accordance with [article 23](#) (conversion of unused CCTS allowances).

(2) A CRTS participant may trade parts of CRTS allowances or CRTS credits, but may not trade a part smaller than one tenth of a CRTS allowance or CRTS credit.

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

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

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

(5) Where a CRTS participant is a pool CRTS participant, a reference in this article to a CRTS 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.

### **Trading CRTS credits: SPV car manufacturers**

**26.**—(1) An SPV car manufacturer may trade CRTS credits acquired by it under [article 21](#) or [22](#) in accordance with [paragraphs \(2\) and \(3\)](#).

(2) During the trading window following the scheme year for which a CRTS credit was acquired by an SPV car manufacturer, the SPV car manufacturer may trade the CRTS credit by way of disposing of it to a CRTS participant.

(3) A trade under [paragraph \(2\)](#) must comply with [paragraphs \(2\) to \(5\) of article 25](#), as if references to a CRTS participant in those paragraphs (except for the reference in [paragraph \(3\)\(b\)](#)) include an SPV car manufacturer.

(4) Where a trade is notified in accordance with [article 25\(3\)](#), the administrator must update the registry and notify the parties to the trade accordingly.

(5) 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 CRTS**

**27.**—(1) For each scheme year, and no later than 31st December of the year following a scheme year, a CRTS participant must account for—

- (a) each unit of its activity in the CRTS, measured in accordance with [article 24](#), by surrendering a CRTS allowance or a CRTS credit;
- (b) each half CRTS credit which the participant must account for in accordance with [article 20\(3\)](#) (car clubs), by surrendering a half CRTS allowance or a half CRTS credit; and
- (c) any additional CRTS allowances or CRTS credits which the participant must surrender, or which it chooses to surrender, for that scheme year in accordance with [article 15\(7\)](#) (accounting for borrowed CRTS allowances).

(2) A CRTS participant must surrender in accordance with [paragraph \(1\)](#) CRTS allowances and CRTS credits which are recorded in its name in the registry, including any CRTS allowances or CRTS credits acquired through trading in accordance with [article 25](#) or [26](#), in the following order of priority—

- (a) CRTS credits;
- (b) CRTS allowances which were allocated by the administrator for the scheme year for which the surrender is made;
- (c) borrowed CRTS allowances;

(d) banked CRTS allowances.

(3) The administrator must update the registry to record the surrender of CRTS allowances and CRTS credits.

### **Payments: CRTS**

**28.**—(1) Where a CRTS participant has insufficient CRTS allowances or CRTS credits to account for the matters in [article 27\(1\)](#) for a scheme year, it must make a payment to the administrator.

(2) The payment amount is £15,000 for—

- (a) each unit of the CRTS participant’s activity in the CRTS during the scheme year, measured in accordance with [article 24](#), which the participant does not account for by surrendering a CRTS allowance or a CRTS credit to the administrator on or before the 31st December of the year following that scheme year;
- (b) each CRTS credit which the CRTS participant must account for in accordance with [article 20\(3\)](#) (car clubs) for the scheme year, and which the participant does not account for by surrendering a CRTS allowance or a CRTS credit to the administrator on or before the 31st December of the year following that scheme year; and
- (c) each additional CRTS allowance which the CRTS participant must account for in accordance with [article 15\(7\)](#) (borrowed CRTS allowances) for the scheme year and which the participant does not account for by surrendering a CRTS allowance or CRTS credit to the administrator on or before the 31st December of the year following that scheme year.

(3) The administrator must give a CRTS participant notice of a requirement to make a payment in accordance with this article (referred to in this article as a “payment notice”).

(4) 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.

(5) A CRTS participant which receives a payment notice under this article must make the payment in accordance with the notice.

(6) The administrator must pay any payment received under this article into the consolidated fund.

### **Banked or borrowed CRTS allowances of former CRTS participants**

**29.**—(1) This article applies to a person who—

- (a) was a CRTS participant, or a member of a pool CRTS participant, for a scheme year;
- (b) is no longer a CRTS participant or a member of a pool CRTS participant for the subsequent scheme year; and
- (c) has banked CRTS allowances standing in their name in the registry or has not yet accounted for borrowed CRTS allowances in accordance with [article 15](#).

(2) In this article, a person described in paragraph (1) is referred to as a “former CRTS participant”, and the first scheme year for which the person no longer participates in the CRTS, as described in paragraph (1)(b), is referred to as the “first non-participation scheme year”.

(3) A former CRTS participant may dispose of a banked CRTS allowance referred to in [paragraph \(1\)\(c\)](#) through trading in accordance with [article 25](#) during the trading window which

follows the first non-participation scheme year, as if references in that article to a CRTS participant (except for the reference in [paragraph \(3\)\(b\)](#)) include the former CRTS participant.

(4) A former CRTS participant must account for a borrowed CRTS allowance referred to in [paragraph \(1\)\(c\)](#) in accordance with [article 15](#) before the end of the trading window which follows the first non-participation scheme year.

(5) A former CRTS participant may comply with the obligation in [paragraph \(4\)](#) by—

- (a) surrendering a banked CRTS allowance;
- (b) acquiring a CRTS allowance or CRTS credit during the trading window which follows the first non-participation scheme year through trading in accordance with [article 25](#) or [26](#), as if references in those articles to a CRTS participant include the former CRTS participant, and surrendering that allowance or credit; or
- (c) making a payment in accordance with [article 28](#).

### **Expiry of CRTS allowances and CRTS credits**

**30.**—(1) The administrator must record in the registry the expiry of a CRTS allowance, including a CRTS allowance which has been traded in accordance with [article 25](#), which is—

- (a) surrendered by a CRTS participant in accordance with [article 27](#);
- (b) not surrendered by a CRTS participant for—
  - (i) the scheme year for which it was allocated;
  - (ii) any of the three subsequent scheme years; or
  - (iii) a scheme year earlier than the scheme year for which it was due to be allocated, in accordance with [article 15](#) (borrowing CRTS allowances);
- (c) not surrendered by a former CRTS participant in accordance with [article 29\(5\)\(a\)](#); or
- (d) converted into CCTS allowances in accordance with [article 35](#).

(2) The administrator must record in the registry the expiry of a CRTS credit, including a CRTS credit which has been traded in accordance with [article 25](#) or [26](#), which is—

- (a) surrendered by a CRTS participant in accordance with [article 27](#); or
- (b) not surrendered by a CRTS participant for the scheme year for which the credit was acquired.

## **Chapter 2**

### **The Non-Zero-Emission Car CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> per kilometre emitted by an NZE car is the number specified in that car’s specific emissions of CO<sub>2</sub>, 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 CO<sub>2</sub> emission and fuel consumption values).
- (3) An NZE car's specific emissions of CO<sub>2</sub> are reduced by the number of grams of CO<sub>2</sub> per kilometre specified in the car's certificate of conformity as CO<sub>2</sub> 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\(2\)](#) 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.

(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.

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

### 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](#).

## Chapter 3

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

#### Interpretation of Chapter 3

**41.** In this Chapter—

- (a) the retention by a VRTS participant of a VRTS allowance for use for a scheme year later than the scheme year of allocation in accordance with [article 46\(1\)](#) is referred to as “banking” the VRTS allowance;
- (b) a VRTS allowance which is retained for use for a scheme year later than the scheme year of allocation is referred to as a “banked” VRTS allowance;
- (c) the surrender by a VRTS participant, in accordance with [article 47](#), of a VRTS allowance which is due to be allocated to the participant for a future scheme year is referred to as “borrowing” the VRTS allowance;



- (d) a VRTS allowance which is surrendered as described in [paragraph \(c\)](#) is referred to as a “borrowed” VRTS allowance;
- (e) “scheme year of pooling” means a scheme year for which a group of two or more manufacturers is a pool VRTS participant;
- (f) “banked pool allowances” means VRTS allowances which were banked by a pool VRTS participant for a scheme year of pooling and which remain available for use in accordance with [article 46\(1\)](#) for one or more of the scheme years which follow a scheme year of pooling;
- (g) “borrowed pool allowances” means VRTS allowances which were borrowed by a pool VRTS participant for a scheme year of pooling but which were not accounted for in accordance with [article 47](#) for a scheme year of pooling;
- (h) “departing member” means a manufacturer which ceases to be a member of a pool VRTS participant part-way through the trading period;
- (i) “joining manufacturer” means a manufacturer which becomes a member of a pool VRTS participant part-way through the trading period;
- (j) “in-year banked allowances”, in relation to a scheme year of pooling, means VRTS allowances which were available to a pool VRTS participant to account for its activity in the VRTS in accordance with [article 59](#) for that scheme year of pooling, but which were not required by it in order to do so;
- (k) “in-year borrowed allowances” means VRTS allowances which were borrowed by a pool VRTS participant in order to account for its activity in the VRTS for a particular scheme year of pooling.

#### **Activity to which the VRTS applies and unit of measurement of activity**

**42.—**(1) The activity to which the VRTS applies is the registration of an NZE van during the trading period.

(2) The unit of measurement of that activity is the registration of one NZE van.

#### **Participants in the VRTS**

**43.—**(1) The manufacturer of a van which is registered during a scheme year is a VRTS participant for that year, subject to [paragraph \(2\)](#).

(2) Two or more manufacturers of a van which is registered during a scheme year are a pool VRTS participant for that scheme year, where 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 VRTS.

(3) A VRTS participant is a low-volume VRTS participant for a scheme year where that participant meets the criteria to be treated as a low-volume VRTS participant in accordance with [Schedule 4](#).

(4) Where there is any doubt as to the identification of the manufacturer of a van in accordance with paragraphs (a) to (e) of the definition of “manufacturer” in [article 3\(1\)](#), the administrator may identify the VRTS participant in relation to the registration of that van.

#### **VRTS allowances and limits on VRTS allowances and VRTS activity**

**44.—**(1) A VRTS allowance is an allowance for the registration of one NZE van.

(2) The total amount of VRTS allowances which may be allocated for the trading period is limited in accordance with [article 45](#).

(3) The total number of units of activity in the VRTS which may be accounted for by the surrender of a VRTS allowance or a VRTS credit in accordance with [article 59](#) for the trading period is limited to the number which results from the following calculation.

*Step 1*

Calculate the “relevant percentage” for each scheme year which is—

- (a) for the 2024 scheme year and the 2025 scheme year, 100%;
- (b) for the 2026 scheme year, the sum of—
  - (i) the percentage shown in column 2 of the Table in Part 2 of [Schedule 6](#) (percentage of van registrations for calculating VRTS allowances) for that scheme year;
  - (ii) the percentage shown in [article 47\(2\)](#) (limits on borrowed VRTS allowances) for that scheme year; and
  - (iii) the percentage shown in [article 55\(3\) to \(5\)](#) (limits on conversion of unused VCTS allowances into VRTS credits) for that scheme year; and
- (c) for the 2027 scheme year, the 2028 scheme year, the 2029 scheme year and the 2030 scheme year, the percentage shown in column 2 of the Table in Part 2 of [Schedule 6](#) for that scheme year.

*Step 2*

Calculate the number of vans registered during the trading period by a low-volume VRTS participant or by a VRTS participant described in [article 45\(4\)](#) or [\(6\)](#).

*Step 3*

Calculate the total number of vans registered during the trading period, subtract from that number the number obtained at Step 2, and multiply the resulting number by the average of the relevant percentages obtained at Step 1.

*Step 4*

Calculate the number which is equal to 2.5% of all the cars, vans and SPVs which are registered during the trading period.

*Step 5*

Calculate the number of ZE SPVs of category N1, and ZE SPVs of category N2 which are within the description in paragraph (c) of the definition of “van” in [article 3\(1\)](#), of which an SPV van manufacturer is the manufacturer, which were to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date the SPV was registered and which were registered during the trading period, and multiply that number by 0.5.

*Step 6*

Calculate the number of ZE SPVs of category N1, or of category N2 which fall within the description in paragraph (c) of the definition of “van” in [article 3\(1\)](#), which are registered during the trading period.

*Step 7*

Add together the numbers which result from Steps 2 to 6.

### **Allocation of VRTS allowances**

**45.—**(1) The administrator must allocate VRTS allowances in accordance with [paragraphs \(2\) to \(7\)](#) and subject to [paragraph \(8\)](#).

(2) Except where a VRTS participant falls within paragraph (3), or where paragraph (5) or (7) applies, the administrator must allocate to a VRTS participant for each scheme year a number of VRTS allowances which is equal to P multiplied by T, where—

- (a) P is the percentage shown in column 2 of the Table in Part 2 of [Schedule 6](#) for that scheme year; and
- (b) T is the total number of vans of which the VRTS participant is the manufacturer and which were registered during that scheme year.

(3) The administrator must allocate to a low-volume VRTS participant a number of VRTS allowances for a scheme year which is equal to the number of vans of which the low-volume VRTS participant is the manufacturer and which were registered during that scheme year, subject to a maximum of 2,499 VRTS allowances.

(4) [Paragraph \(5\)](#) applies for the purpose of calculating the number of VRTS allowances to be allocated to a VRTS participant where—

- (a) the VRTS participant is not a low-volume VRTS participant for the scheme year for which the calculation is made (referred to in this paragraph and in [paragraph \(5\)](#) as “the transition year”);
- (b) the VRTS participant was a low-volume VRTS participant for the scheme year immediately preceding the transition year; and
- (c) the transition year is not the 2030 scheme year.

(5) Where [this paragraph](#) applies, the administrator must allocate to the VRTS participant a number of VRTS allowances for the transition year which is equal to the higher of—

- (a) the number of vans of which the low-volume VRTS participant is the manufacturer and which were registered during the transition year, subject to a maximum of 2,499 VRTS allowances; or
- (b) the number which results from the application of the formula in [paragraph \(2\)](#) for the transition year.

(6) [Paragraph \(7\)](#) applies for the purpose of calculating the number of VRTS allowances to be allocated to a VRTS participant which—

- (a) was a low-volume VRTS participant by virtue of [Part 2 of Schedule 4](#) for the 2029 scheme year; and
- (b) is the manufacturer of fewer than 2,500 vans, but more than 999 vans, which were registered during the 2030 scheme year.

(7) Where [this paragraph](#) applies, the administrator must allocate to the VRTS participant a number of VRTS allowances for the 2030 scheme year which is equal to the higher of—

- (a) the number of vans of which the low-volume VRTS participant is the manufacturer and which were registered during the 2030 scheme year, subject to a maximum of 2,499 VRTS allowances; or
- (b) the number which results from the application of the formula in [paragraph \(2\)](#) for the 2030 scheme year.

(8) The allocation of allowances in accordance with this article may not result in the allocation of part of a VRTS allowance which is smaller than one tenth of a VRTS allowance, and a VRTS participant’s allocation of VRTS allowances must, where necessary, be rounded to the nearest decimal place accordingly.

### Banking VRTS allowances

**46.**—(1) A VRTS allowance which is allocated to a VRTS participant in accordance with [article 45](#) for a scheme year (referred to in this article as “the scheme year of allocation”) may be—

- (a) surrendered in accordance with [article 59](#) by that VRTS participant, or by a VRTS participant which acquires the VRTS allowance through trading in accordance with [article 57](#), for the scheme year of allocation, or for any of the three subsequent scheme years;
- (b) traded in accordance with [article 57](#) during the trading window following the scheme year of allocation or the trading window following any of the three subsequent scheme years, by that participant or by a VRTS participant which acquires the VRTS allowance through trading in accordance with [article 57](#);
- (c) exchanged for VCTS allowances in accordance with [article 67](#) for the scheme year of allocation or for any of the three subsequent scheme years.

(2) A VRTS participant may bank parts of VRTS allowances, but may not bank a part smaller than one tenth of a VRTS allowance.

### Borrowing VRTS allowances

**47.**—(1) Subject to the following provisions of this article, a VRTS participant may, for the 2024 scheme year, the 2025 scheme year or the 2026 scheme year, surrender in accordance with [article 59](#) a number of VRTS allowances which are due to be allocated to it for later scheme years.

(2) A VRTS participant may borrow VRTS allowances provided—

- (a) the number of VRTS allowances which the VRTS participant borrows to surrender for the 2024 scheme year does not exceed 9% of the total number of vans of which the participant is manufacturer and which are registered during the 2024 scheme year;
- (b) the number of VRTS allowances which the VRTS participant borrows to surrender for the 2025 scheme year does not exceed 8% of the total number of vans of which the participant is manufacturer and which are registered during the 2025 scheme year; and
- (c) the number of VRTS allowances which the VRTS participant borrows to surrender for the 2026 scheme year does not exceed 6% of the total number of vans of which the participant is manufacturer and which are registered during the 2026 scheme year.

(3) The total number of vans of which a VRTS participant is the manufacturer and which are registered during a scheme year is the number notified to the participant by the administrator under [article 79](#).

(4) A VRTS participant may borrow parts of VRTS allowances, but may not borrow a part smaller than one tenth of a VRTS allowance.

(5) Where a VRTS participant intends to borrow VRTS allowances in accordance with this article for use for a scheme year—

- (a) the VRTS participant must notify the administrator of that intention, and of the intended number of borrowed VRTS allowances, before the end of the trading window which follows that scheme year; and
- (b) the administrator must decide whether or not the intended number of borrowed VRTS allowances is appropriate and notify the VRTS participant in writing of that decision.

(6) A VRTS participant may borrow VRTS allowances which are due to be allocated to it for the 2025 scheme year, the 2026 scheme year or the 2027 scheme year and must account for any borrowed allowances in accordance with the following paragraphs of this article.

(7) Where a VRTS participant borrows a number of VRTS allowances to surrender for a scheme year, the participant must surrender an equivalent number of VRTS allowances or VRTS credits

for the following scheme year or a subsequent scheme year, together with an additional number of VRTS allowances or VRTS credits, calculated in accordance with paragraphs (8) to (11).

(8) If the VRTS participant accounts for the borrowed allowances for the scheme year which follows immediately after the scheme year for which the borrowed allowances were surrendered, the VRTS participant must surrender—

- (a) a number of VRTS allowances or VRTS credits which is equal to the number of borrowed allowances; and
- (b) an additional number of VRTS allowances or VRTS credits which amounts to 3.5% of the number of borrowed allowances.

(9) If the VRTS participant accounts for the borrowed allowances for a scheme year which begins one year after the end of the scheme year for which the borrowed allowances were surrendered, the VRTS participant must surrender—

- (a) a number of VRTS allowances or VRTS credits which is equal to the number of borrowed allowances; and
- (b) an additional number of VRTS allowances or VRTS credits which amounts to 7.12% of the number of borrowed allowances.

(10) If the VRTS participant accounts for the borrowed allowances for a scheme year which begins two years after the end of the scheme year for which the borrowed allowances were surrendered, the VRTS participant must surrender—

- (a) a number of VRTS allowances or VRTS credits which is equal to the number of borrowed allowances; and
- (b) an additional number of VRTS allowances or VRTS credits which amounts to 10.87% of the number of borrowed allowances.

(11) Where the number of additional VRTS allowances or VRTS credits which is to be surrendered in accordance with paragraph (8)(b), (9)(b) or (10)(b) is not a whole number, the number is to be rounded up to the nearest whole number of allowances or credits.

(12) A VRTS participant must account for a borrowed VRTS allowance for a scheme year no later than the 2027 scheme year.

(13) Where a VRTS participant decides to account for borrowed VRTS allowances for a scheme year earlier than the 2027 scheme year, that participant must notify the administrator of its decision, before the end of the trading window which follows the scheme year for which the participant intends to account for the allowances.

(14) Where a decision by a VRTS participant not to account for borrowed VRTS allowances for a scheme year would result in the participant having banked VRTS allowances standing in its name in the registry for the following scheme year, the VRTS participant must give a notification under paragraph (13) which relates to the number of borrowed VRTS allowances which would prevent that outcome.

(15) A borrowed VRTS allowance may not be traded under [article 57](#).

### **Banked allowances: pool VRTS participants**

**48.—**(1) The administrator must transfer to a departing member its share of any banked pool allowances, calculated in accordance with paragraphs (2) and (3).

(2) The departing member's share of the banked pool allowances is the number which results from adding together the departing member's share of the in-year banked allowances for each of the scheme years of pooling during which it was a member of the pool VRTS participant, calculated in accordance with paragraph (3).

(3) The departing member's share of the in-year banked allowances for a scheme year of pooling is calculated as follows.

*Step 1*

Calculate "PZE", which is the number of ZE vans of which the pool VRTS participant is treated as being the manufacturer in accordance with article 8(3) and which were registered during the scheme year of pooling.

*Step 2*

Calculate "MZE", which is the number of ZE vans of which the departing member is the manufacturer and which were registered during the scheme year of pooling.

*Step 3*

Divide MZE by PZE.

*Step 4*

The departing member's share of the in-year banked allowances for a scheme year of pooling is the number of those allowances multiplied by the number obtained at step 3.

(4) A departing member may use its share of the banked pool allowances in accordance with article 46, as if those allowances had been allocated to it for the scheme year of pooling for which they were allocated to the pool VRTS participant.

(5) Any banked VRTS allowances which remain available for use in accordance with article 46 by a joining manufacturer may be used by the pool VRTS participant in accordance with article 46 for the scheme years of pooling, as if those allowances had been allocated to the pool VRTS participant for the scheme year for which they were allocated to the joining manufacturer.

(6) The administrator must update the registry to reflect the apportionment of banked pool allowances in accordance with this article.

### **Borrowed allowances: pool VRTS participants**

49.—(1) A departing member's share of the borrowed pool allowances is the number of VRTS allowances which results from adding together the departing member's share of the in-year borrowed allowances for each of the scheme years of pooling during which it was a member of the pool VRTS participant, calculated in accordance with paragraph (2).

(2) The departing member's share of the in-year borrowed allowances for a scheme year of pooling is calculated as follows.

*Step 1*

Calculate "PNZE", which is the number of NZE vans of which the pool VRTS participant is treated as being the manufacturer in accordance with article 8(3) and which were registered during the scheme year of pooling.

*Step 2*

Calculate "MNZE", which is the number of NZE vans of which the departing member is the manufacturer and which were registered during the scheme year of pooling.

*Step 3*

Divide MNZE by PNZE.

*Step 4*

The departing member's share of the in-year borrowed allowances for a scheme year of pooling is the number of those allowances multiplied by the number obtained at step 3.

(3) A departing member must account for its share of the borrowed pool allowances in accordance with [article 47\(7\)](#), as if those allowances had been borrowed by it for the scheme year of pooling for which they were borrowed by the pool VRTS participant.

(4) Any borrowed VRTS allowances which have not been accounted for by a joining manufacturer in accordance with [article 47\(7\)](#) must be so accounted for by the pool VRTS participant for the scheme years of pooling, as if those allowances had been borrowed by the pool VRTS participant for the scheme year for which they were borrowed by the joining manufacturer.

(5) The administrator must update the registry to reflect the apportionment of borrowed VRTS allowances in accordance with this article.

### **VRTS credits: general**

**50.**—(1) A VRTS participant may acquire a VRTS credit in accordance with articles [51](#), [52](#) and [55](#).

(2) Where it acquires a VRTS credit for a scheme year, a VRTS participant may—

- (a) surrender that VRTS credit for that scheme year in accordance with [article 59](#); or
- (b) trade that credit in accordance with [article 57](#) during the trading window following that scheme year.

(3) An SPV van manufacturer may acquire a VRTS credit in accordance with [article 53](#) or [54](#).

(4) An SPV van manufacturer may trade a credit acquired for a scheme year in accordance with [article 58](#) during the trading window following that scheme year.

(5) Where a VRTS participant or an SPV van manufacturer acquires a VRTS credit in accordance with articles [51](#) to [55](#), the administrator must update the registry accordingly.

### **VRTS credits: registration of ZE SPVs (VRTS participants)**

**51.**—(1) Subject to paragraph (2), a VRTS participant acquires a VRTS credit for a scheme year for each ZE SPV of which it is the manufacturer and—

- (a) which is registered during a scheme year; and
- (b) which is a vehicle of category N1 or a vehicle of category N2 which falls within the description in paragraph (c) of the definition of “van” in [article 3\(1\)](#).

(2) A VRTS participant may not acquire a number of VRTS credits for a scheme year in accordance with [paragraph \(1\)](#) which exceeds the number which is the greater of—

- (a) the number of VRTS allowances allocated to that participant in accordance with [article 45](#) for the scheme year; or
- (b) the number of units of activity in the VRTS which that participant has for the scheme year, measured in accordance with [article 56](#).

### **VRTS credits: car clubs (VRTS participants)**

**52.**—(1) Subject to [paragraph \(6\)](#), a VRTS participant acquires half a VRTS credit for a scheme year (in addition to any VRTS credit acquired under [article 51](#) where applicable) for each ZE van, ZE SPV of category N1, or ZE SPV of category N2 which falls within the description in paragraph (c) of the definition of “van” in [article 3\(1\)](#)—

- (a) of which it is the manufacturer and which is registered during the scheme year; and
- (b) which is to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date it is registered.

(2) The administrator must record in the registry the expiry of a half VRTS credit acquired by a VRTS participant under paragraph (1) if—

- (a) the administrator gives written notice to the VRTS participant that it is satisfied that a ZE van or ZE SPV mentioned in paragraph (1)(a) is not being, or has not been, used in accordance with paragraph (1)(b); and
- (b) the VRTS participant has not traded that half VRTS credit in accordance with article 57 nor surrendered it in accordance with article 59.

(3) Where a VRTS participant receives, before 1st November 2031, a notice from the administrator in accordance with paragraph (2)(a) and it has traded in accordance with article 57, or surrendered in accordance with article 59, a half VRTS credit acquired under paragraph (1) to which that notice applies, that participant must account for each such half VRTS credit in accordance with article 59(1)(b).

(4) A VRTS participant must comply with the obligation in paragraph (3)—

- (a) for the scheme year for which the administrator is satisfied that a ZE van or ZE SPV mentioned in paragraph (1)(a) is not being, or has not been, used in accordance with paragraph (1)(b); or
- (b) for the 2030 scheme year, where the administrator is so satisfied after the end of the 2030 scheme year but before 1st November 2031.

(5) The administrator may not give a notice in accordance with paragraph (2)(a) where—

- (a) the car club has ceased to use a ZE van or ZE SPV for the purposes of offering a car club service because the vehicle has sustained damage; and
- (b) the Secretary of State has been notified of that in accordance with paragraph 1 or 2 of Schedule 3A to the Road Vehicles (Registration and Licensing) Regulations 2002.

(6) A VRTS participant may not acquire a number of VRTS credits for a scheme year in accordance with this article which exceeds 2.5% of the number of cars, vans and SPVs of which that participant is the manufacturer and which were registered during the scheme year.

#### **VRTS credits: registration of ZE SPVs (SPV van manufacturers)**

**53.** An SPV van manufacturer acquires a VRTS credit for a scheme year in respect of each ZE SPV of which it is the manufacturer and which—

- (a) is registered during the scheme year; and
- (b) is a vehicle of category N1 or a vehicle of category N2 which falls within the description in paragraph (c) of the definition of “van” in article 3(1).

#### **VRTS credits: car clubs (SPV van manufacturers)**

**54.—**(1) Subject to paragraph (3), an SPV van manufacturer acquires half a VRTS credit for a scheme year (in addition to any VRTS credit acquired under article 53 where applicable) for each ZE SPV of category N1 or ZE SPV of category N2 which falls within the description in paragraph (c) of the definition of “van” in article 3(1)—

- (a) of which it is the manufacturer and which is registered during the scheme year; and
- (b) which is to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date it is registered.

(2) The administrator must record in the registry the expiry of a half CRTS credit acquired by an SPV van manufacturer under paragraph (1) if—



- (a) the administrator gives written notice to the SPV van manufacturer that it is satisfied that a ZE SPV mentioned in paragraph (1)(a) is not being, or has not been, used in accordance with paragraph (1)(b); and
- (b) the SPV van manufacturer has not traded that half VRTS credit in accordance with article 58.

(3) Where an SPV van manufacturer receives, before 1st November 2031, a notice from the administrator in accordance with paragraph (2)(a) and it has traded in accordance with article 58 a half VRTS credit acquired under paragraph (1) to which that notice applies, the SPV van manufacturer must forfeit a half VRTS credit to which it becomes entitled under paragraph (1) for each half VRTS credit to which the notice relates.

- (4) The administrator may not give a notice in accordance with paragraph (2)(a) where—
  - (a) the car club has ceased to use the ZE SPV for the purposes of offering a car club service because the vehicle has sustained damage; and
  - (b) the Secretary of State has been notified of that in accordance with paragraph 1 or 2 of Schedule 3A to the Road Vehicles (Registration and Licensing) Regulations 2002.

#### **VRTS credits: conversion of unused VCTS allowances**

**55.**—(1) A VRTS participant may acquire one VRTS credit in exchange for 216 unused VCTS allowances by making a request to the administrator if—

- (a) the VRTS participant’s number of units of activity in the VCTS in a scheme year does not exceed the number of VCTS allowances which were allocated to it in accordance with article 66 for that year;
- (b) the VRTS participant has more VCTS allowances than it requires in order to comply with article 70 (accounting for activity in the VCTS) for that scheme year (referred to in this article as “unused VCTS allowances”); and
- (c) the unused VCTS allowances were allocated by the administrator for the 2024 scheme year, the 2025 scheme year or the 2026 scheme year.

(2) A request under paragraph (1)—

- (a) must be made during the trading window following the scheme year for which the unused VCTS allowances were allocated; and
- (b) must be for a whole number of VRTS credits.

(3) A request under paragraph (1) to exchange unused VCTS allowances allocated for the 2024 scheme year is limited to a number of VRTS credits which does not exceed 6.5% of the number of VRTS allowances allocated to the VRTS participant for that scheme year.

(4) A request under paragraph (1) to exchange unused VCTS allowances allocated for the 2025 scheme year is limited to a number of VRTS credits which does not exceed 7.2% of the number of VRTS allowances allocated to the VRTS participant for that scheme year.

(5) A request under paragraph (1) to exchange unused VCTS allowances allocated for the 2026 scheme year is limited to a number of VRTS credits which does not exceed 6% of the number of VRTS allowances allocated to the VRTS participant for that scheme year.

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

#### **Measuring activity in the VRTS**

**56.** A VRTS participant’s number of units of activity in the VRTS during a scheme year is the number of NZE vans of which the participant is the manufacturer and which are registered during that scheme year, as notified to the participant by the administrator in accordance with article 79.

### **Trading VRTS allowances and credits: VRTS participants**

**57.**—(1) During a trading window, a VRTS participant may trade any VRTS allowances or VRTS credits with another VRTS participant, but may not trade—

- (a) a VRTS allowance which was borrowed in accordance with [article 47](#); or
- (b) a VRTS credit which was acquired in accordance with [article 55](#) (conversion of unused VCTS allowances).

(2) A VRTS participant may trade parts of VRTS allowances or VRTS credits, but may not trade a part smaller than one tenth of a VRTS allowance or VRTS credit.

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

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

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

(5) Where a VRTS participant is a pool VRTS participant, a reference in this article to a VRTS 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.

### **Trading VRTS credits: SPV van manufacturers**

**58.**—(1) An SPV van manufacturer may trade VRTS credits acquired by it under [article 53](#) or [54](#) in accordance with [paragraphs \(2\) and \(3\)](#).

(2) During the trading window following the scheme year for which a VRTS credit was acquired by an SPV van manufacturer, the SPV van manufacturer may trade the VRTS credit by way of disposing of it to a VRTS participant.

(3) A trade under [paragraph \(2\)](#) must comply with [paragraphs \(2\) to \(5\) of article 57](#), as if the references to a VRTS participant in those paragraphs (with the exception of the reference in [paragraph \(3\)\(b\)](#)) include an SPV van manufacturer.

(4) Where a trade is notified in accordance with [article 57\(3\)](#), the administrator must update the registry and notify the parties to the trade accordingly.

(5) 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 VRTS

**59.**—(1) For each scheme year, and no later than 31st December of the year following a scheme year, a VRTS participant must account for—

- (a) each unit of its activity in the VRTS, measured in accordance with [article 56](#), by surrendering a VRTS allowance or a VRTS credit;
- (b) each half VRTS credit which the participant must account for in accordance with [article 52\(3\)](#) (car clubs), by surrendering a half VRTS allowance or a half VRTS credit; and
- (c) any additional VRTS allowances or VRTS credits which the participant must surrender, or which it chooses to surrender, for that scheme year in accordance with [article 47\(7\)](#) (accounting for borrowed VRTS allowances).

(2) A VRTS participant must surrender in accordance with [paragraph \(1\)](#) VRTS allowances and VRTS credits which are recorded in its name in the registry, including any VRTS allowances or VRTS credits acquired through trading in accordance with [article 57](#) or [58](#), in the following order of priority—

- (a) VRTS credits;
- (b) VRTS allowances which were allocated by the administrator for the scheme year for which the surrender is made;
- (c) borrowed VRTS allowances;
- (d) banked VRTS allowances.

(3) The administrator must update the registry to record the surrender of VRTS allowances and VRTS credits.

### Payments: VRTS

**60.**—(1) Where a VRTS participant has insufficient VRTS allowances or VRTS credits to account for the matters in [article 59\(1\)](#) for a scheme year, it must make a payment to the administrator.

(2) Subject to [paragraph \(3\)](#), the payment amount is £18,000 for—

- (a) each unit of the VRTS participant’s activity in the VRTS during the scheme year, measured in accordance with [article 56](#), which the participant does not account for by surrendering a VRTS allowance or a VRTS credit to the administrator on or before the 31st December of the year following that scheme year;
- (b) each VRTS credit which the VRTS participant must account for in accordance with [article 52\(3\)](#) (car clubs) for the scheme year, and which the participant does not account for by surrendering a VRTS allowance or a VRTS credit to the administrator on or before the 31st December of the year following that scheme year; and
- (c) each additional VRTS allowance which the VRTS participant must account for in accordance with [article 47\(7\)](#) (borrowed VRTS allowances) for the scheme year and which the participant does not account for by surrendering a VRTS allowance or VRTS credit to the administrator on or before the 31st December of the year following that scheme year.

(3) For the 2024 scheme year, the payment amount in respect of each of the matters mentioned in [paragraph \(2\)\(a\)](#) or [\(b\)](#) is £9,000.

(4) The administrator must give a VRTS 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 VRTS 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.

### **Banked or borrowed VRTS allowances of former VRTS participants**

**61.**—(1) This article applies to a person who—

- (a) was a VRTS participant, or a member of a pool VRTS participant, for a scheme year;
- (b) is no longer a VRTS participant or a member of a pool VRTS participant for the subsequent scheme year; and
- (c) has banked VRTS allowances standing in their name in the registry or has not yet accounted for borrowed VRTS allowances in accordance with [article 47](#).

(2) In this article, a person described in paragraph (1) is referred to as a “former VRTS participant”, and the first scheme year for which the person no longer participates in the VRTS, as described in paragraph (1)(b), is referred to as the “first non-participation scheme year”.

(3) A former VRTS participant may dispose of a banked VRTS allowance referred to in [paragraph \(1\)\(c\)](#) during the trading window which follows the first non-participation scheme year through trading in accordance with [article 57](#), as if references in that article to VRTS participants (except for the reference in [article 57\(3\)\(b\)](#)) include the former VRTS participant.

(4) A former VRTS participant must account for a borrowed VRTS allowance referred to in [paragraph \(1\)\(c\)](#) in accordance with [article 47](#) before the end of the trading window which follows the first non-participation scheme year.

(5) A former VRTS participant may comply with the obligation in paragraph (4) by—

- (a) surrendering a banked VRTS allowance;
- (b) acquiring a VRTS allowance or VRTS credit during the trading window which follows the first non-participation scheme year through trading in accordance with [article 57](#) or [58](#), as if references in those articles to a VRTS participant include the former VRTS participant, and surrendering that allowance or credit; or
- (c) making a payment accordance with [article 60](#).

### **Expiry of VRTS allowances and VRTS credits**

**62.**—(1) The administrator must record in the registry the expiry of a VRTS allowance, including a VRTS allowance which has been traded in accordance with [article 57](#), which is—

- (a) surrendered by a VRTS participant in accordance with [article 59](#);
- (b) not surrendered by a VRTS participant for—
  - (i) the scheme year for which it was allocated;
  - (ii) any of the three subsequent scheme years; or
  - (iii) a scheme year earlier than the scheme year for which it was due to be allocated, in accordance with [article 47](#) (borrowing VRTS allowances);
- (c) not surrendered by a former VRTS participant in accordance with [article 61\(5\)\(a\)](#); or

- (d) converted into VCTS allowances in accordance with [article 67](#).
- (2) The administrator must record in the registry the expiry of a VRTS credit, including a VRTS credit which has been traded in accordance with [article 57](#) or [58](#), which is—
  - (a) surrendered by a VRTS participant in accordance with [article 59](#); or
  - (b) not surrendered by a VRTS participant for the scheme year for which the credit was acquired.

## Chapter 4

### The Non-Zero-Emission Van CO<sub>2</sub> Trading Scheme (VCTS)

#### Activity to which the VCTS applies and unit of measurement of activity

- 63.**—(1) The activity to which the VCTS applies is the registration of an NZE van during the trading period.
- (2) The unit of measurement of that activity is each gram of CO<sub>2</sub> per kilometre emitted by such a van.

#### Participants in the VCTS

- 64.**—(1) Subject to [paragraph \(2\)](#), the manufacturer of more than 999 NZE vans which are registered during a scheme year is a VCTS participant for that year.
- (2) Where two or more manufacturers are collectively the manufacturers of more than 999 NZE vans which are registered during a scheme year, those manufacturers are a pool VCTS 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 VCTS.
- (3) Where there is any doubt as to the identification of the manufacturer of a van in accordance with paragraphs (a) to (e) of the definition of “manufacturer” in [article 3\(1\)](#), the administrator may identify the VCTS participant in relation to the registration of that van.

#### VCTS allowances

- 65.** A VCTS allowance is an allowance for an NZE van which is registered during a scheme year to emit one gram of CO<sub>2</sub> per kilometre.

#### Allocation of VCTS allowances

- 66.**—(1) Subject to [paragraph \(2\)](#), the administrator must allocate to each VCTS participant for each scheme year a number of VCTS allowances which is equal to N multiplied by B, where—
  - (a) N is the number of NZE vans 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 VCTS 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 VRTS allowances into VCTS allowances

- 67.**—(1) A VCTS participant may acquire 206 VCTS allowances in exchange for one unused VRTS allowance by making a request to the administrator if—

- (a) the participant's number of units of activity in the VRTS in a scheme year, measured in accordance with [article 56](#), does not exceed the number of VRTS allowances which were allocated to it in accordance with [article 45](#) for that year;
  - (b) the participant has more VRTS allowances than it requires (referred to in this article as "unused VRTS allowances") in order to comply with [article 59](#) (accounting for activity in the VRTS) for that scheme year; and
  - (c) the participant did not acquire the unused VRTS allowances by means of borrowing under [article 47](#).
- (2) A request under [paragraph \(1\)](#)—
- (a) must be made during the trading window following the scheme year for which the VCTS participant intends to surrender the VCTS allowances to which the request relates; and
  - (b) must relate to a whole number of VRTS allowances.
- (3) If a VCTS participant makes a request in accordance with [paragraph \(1\)](#), the administrator must update the registry accordingly.

### Measuring activity in the VCTS

**68.**—(1) The number of units of activity that must be accounted for by a VCTS participant for a scheme year is the sum of the number of grams of CO<sub>2</sub> per kilometre emitted by each NZE van 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 CO<sub>2</sub> per kilometre emitted by an NZE van is the number specified in that van's specific emissions of CO<sub>2</sub>, 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 CO<sub>2</sub> emission and fuel consumption values).

(3) An NZE van's specific emissions of CO<sub>2</sub> are reduced by the number of grams of CO<sub>2</sub> per kilometre specified in the van's certificate of conformity as CO<sub>2</sub> 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 \(EU\) 427/2014](#)(**3**) which relates to the eco-innovation; and
- (b) the notice was given during the scheme year which immediately preceded the scheme year for which a VCTS participant's number of units of activity in the VCTS is measured.

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

### Trading VCTS allowances

**69.**—(1) During a trading window, a VCTS participant may trade any VCTS allowances with another VCTS participant.

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

(3) Each VCTS 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 VCTS participant which is the transferor;

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(3) Article 12(2)(b) is inserted by article 112(3) of this Order.

- (b) the name and account number in the registry of the VCTS participant which is the transferee;
  - (c) the number of VCTS allowances traded; and
  - (d) the price paid for those VCTS allowances.
- (4) A VCTS participant which trades a VCTS allowance in accordance with this article must inform the other party to the trade of their account number in the registry.
- (5) Where a VCTS participant is a pool VCTS participant, a reference in this article to a VCTS 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 VCTS**

- 70.**—(1) For each scheme year, and no later than 31st December of the year following a scheme year, a VCTS participant must account for each unit of its activity during the scheme year, measured in accordance with [article 68](#), by surrendering a VCTS allowance.
- (2) The administrator must update the registry to record the surrender of VCTS allowances.

#### **Payments: VCTS**

- 71.**—(1) Where a VCTS participant has insufficient VCTS allowances to account for its activity during a scheme year in accordance with [article 70](#), it must make a payment to the administrator in accordance with this article.
- (2) The payment amount is £86 for each unit of a VCTS participant's activity during a scheme year, measured in accordance with [article 68](#), which the participant does not account for by surrendering a VCTS 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 VCTS 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 VCTS 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 VCTS allowances**

**72.** The administrator must record in the registry the expiry of a VCTS allowance, including a VCTS allowance which has been traded in accordance with [article 69](#), which is—

- (a) surrendered by a VCTS participant;
- (b) not surrendered in accordance with [article 70](#) for the scheme year for which it was allocated under [article 66](#) or for which it was acquired under [article 67](#) (conversion of unused VRTS allowances into VCTS allowances); or
- (c) converted into VRTS credits in accordance with [article 55](#).