

SL(6)662 – The Vehicle Emissions Trading Schemes (Amendment) (No. 2) Order 2025

Background and Purpose

This Order amends the Vehicle Emissions Trading Schemes Order 2023 (S.I. 2023/1394) (“the 2023 Order”). The 2023 Order established four new trading schemes which limit, or encourage the limitation of, CO₂ emissions resulting from the registration of new cars and light commercial vehicles (vans). Two of the schemes apply to cars: the Non-Zero-Emissions Car Registration Trading Scheme (“CRTS”) and the Non-Zero Emission Car CO₂ Trading Scheme (“CCTS”), and two apply to vans: the Non-Zero-Emission Van Registration Trading Scheme (“VRTS”) and the Non-Zero Emission Van CO₂ Trading Scheme (“VCTS”).

The amendments made by Part 2 of this Order—

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



allowances to be taken into account (articles 18 and 33 respectively).

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

The amendments made by Part 3 of this Order allow manufacturers of OVC hybrid electric cars and vans which have been type-approved according to certain emission standards to apply for the CO2 emissions of the vehicles to be determined in accordance with new Schedule 3A to the 2023 Order.

Procedure

Negative.

This Order in Council was made by His Majesty before being laid before Senedd Cymru, the United Kingdom Parliament, the Scottish Parliament and the Northern Ireland Assembly.

The Senedd can annul the Order within 40 days (excluding any days when the Senedd is: (i) dissolved, or (ii) in recess for more than four days) of the date it was laid before the Senedd. The other three legislatures can also annul the Order, in accordance with the rules for annulment that apply to each of those legislatures.

Technical Scrutiny

The following point is identified for reporting under Standing Order 21.2 in respect of this instrument.

1. Standing Order 21.2(ix) – that it is not made or to be made in both English and Welsh

The Order has been laid before Senedd Cymru, the United Kingdom Parliament, the Northern Ireland Assembly and the Scottish Parliament. The Order has been made in English only. The Welsh Government's Explanatory Memorandum states as follows (at paragraph 2.2):

"As this instrument will be subject to UK, Scottish and Northern Irish Parliamentary scrutiny, it is not considered reasonably practicable for this instrument to be made or laid bilingually."

Merits Scrutiny

The following point is identified for reporting under Standing Order 21.3 in respect of this instrument.

2. Standing Order 21.3(ii) – that it is of political or legal importance or gives rise to issues of public policy likely to be of interest to the Senedd.

We note the following extract from the Explanatory Memorandum (at paragraph 2.3):



“Alongside the consultation, the UK Government and Devolved Governments jointly commissioned the Climate Change Committee (“CCC”) for advice on this instrument in accordance with section 48 of the Climate Change Act 2008. This advice was published by the CCC on their website. [Letter: CCC response to Secretary of State for Transport on the VETS Order - Climate Change Committee.](#)”

Welsh Government response

A Welsh Government response is not required.

Committee Consideration

The Committee considered the instrument at its meeting on 10 November 2025 and reports to the Senedd in line with the reporting points above.

