

Net Zero, Energy and Transport Committee  
Tuesday 16 September 2025  
27<sup>th</sup> Meeting, 2025 (Session 6)

## Note by the Clerk on the Vehicle Emissions Trading Schemes (Amendment) Order 2025 (SI 2025/678)

### Overview

1. At this meeting, the Committee will consider the following Statutory Instrument (SI), which is subject to the negative procedure. The Committee is invited to consider the instrument and decide what, if any, recommendations to make.
2. More information about the instrument is summarised below:

**Title of instrument:** [The Vehicle Emissions Trading Schemes \(Amendment\) Order 2025](#) (SI 2025/678)

**Laid under:** sections 44, 54 and 90(3) of, and paragraph 9 of Schedule 3 to, [The Climate Change Act 2008](#)

**Laid on:** 18 June 2025

**Procedure:** Negative

**Deadline for committee consideration:** 29 September 2025 (Advisory deadline for any committee report to be published)

**Deadline for Chamber consideration:** 30 September 2025 (Statutory 40-day deadline for any decision whether to annul the instrument)

**Commencement:** 2 October 2025

### Procedure

3. Under the negative procedure, an instrument is laid after it is made, and is subject to annulment by resolution of the Parliament for a period of 40 days beginning on the day it is laid. In this instance, the instrument is also subject to annulment by resolution of Senedd Cymru, the Northern Ireland Assembly or either House of the UK Parliament.
4. Once laid, the instrument is referred to:
  - the Delegated Powers and Law Reform (DPLR) Committee, for scrutiny on various technical grounds, and
  - a lead committee, whose remit includes the subject-matter of the instrument, for scrutiny on policy grounds.

5. Any MSP may propose, by motion, that the lead committee recommend annulment of the instrument. If such a motion is lodged, it needs to be debated at a meeting of the Committee, and the Committee then needs to report to the Parliament (by the advisory deadline referred to above).
6. If there is no motion recommending annulment, the lead committee is not required to report on the instrument.

## **Delegated Powers and Law Reform Committee consideration**

7. The DPLR Committee considered the instrument on 2 September 2025 and reported on it in its [57th Report, 2025](#). The DPLR Committee made no recommendations in relation to the instrument.

## **Purpose of the instrument**

8. This instrument amends the [Vehicle Emissions Trading Schemes Order 2023](#) and the [Vehicle Emissions Trading Schemes \(Amendment\) Order 2024](#). The 2023 Order established four Great Britain-wide trading schemes (the Vehicle Emissions Trading Schemes, or “VETS”). Two of the schemes are intended to limit the number of new non-zero emission cars and vans that may be registered in Great Britain, while the other two schemes are intended to limit CO2 emissions from non-zero emission cars and vans registered in Great Britain. The 2024 Order extended the VETS to Northern Ireland.
9. This instrument corrects a discrepancy in relation to the calculation of relevant targets under Regulation (EU) 2019/631 (“the EU Regulation”) - which became assimilated EU law, having been saved by the 2023 and 2024 Orders. The change being made will allow the use of either UK-derived or EU-derived emissions reference targets to calculate a baseline for manufacturer-specific emissions targets for the zero-emission vehicle mandate. It is against this baseline that manufacturers must reduce their emissions.
10. The EU Regulation allows only UK values to be used but the policy intention, and the approach set out in guidance issued by the Department for Transport, is that EU values may be used. This instrument fixes this discrepancy by enabling manufacturers to use either UK or EU values.
11. The EU-derived approach (as previously communicated to manufacturers by the Department for Transport) results in a higher target for manufacturers than a UK-derived approach (as strictly required by the EU Regulation). This means that manufacturers using the UK values do not have to reduce their emissions by as much as those using the EU values. The [CCC provided advice](#) to the UK Government on this SI, which indicated that using UK values would lead to a small reduction in the emissions saved but considered that the change proposed to allow the use of either value was necessary to provide clarity to manufacturers.

12. The targets in the EU Regulation are fully replaced from 2025 onwards by the 2023 and 2024 Orders, so this instrument delivers an interim measure to correct the discrepancy in target setting for 2021-2024.
13. The Policy Note accompanying the instrument is included in Annexe A. It includes a summary of consultation undertaken on the instrument, impact assessments carried out, and the anticipated financial effects.

## **Committee consideration**

14. So far, no motion recommending annulment has been lodged.
15. Members are invited to consider the instrument and decide whether there are any points they wish to raise. If there are, options include:
  - seeking further information from the Scottish Government (and/or other stakeholders) through correspondence, and/or
  - inviting the Minister (and/or other stakeholders) to attend the next meeting to give evidence on the instrument.
16. It would then be for the Committee, at the next meeting, to consider the additional information gathered and decide whether to make recommendations in relation to the instrument.
17. If members have no points to raise, the Committee should note the instrument (that is, agree that it has no recommendations to make).
18. However, should a motion recommending annulment be lodged later in the 40-day period, it may be necessary for the Committee to consider the instrument again.

**Clerks to the Committee**  
**September 2025**

## **Annexe A: Policy Note**

### **THE VEHICLE EMISSIONS TRADING SCHEMES (AMENDMENT) ORDER 2025**

**SI 2025/678**

The above instrument was made in exercise of the powers conferred by sections 44, 54 and 90(3) of, and paragraph 9 of Schedule 3 to, the Climate Change Act 2008. The instrument is subject to the negative procedure.

#### **Summary Box**

This instrument amends the Vehicle Emissions Trading Schemes Order 2023 (“the 2023 Order”) and the Vehicle Emissions Trading Schemes (Amendment) Order 2024 (“the 2024 Order”) to specify how provisions of Regulation (EU) 2019/631 saved by the 2023 and 2024 Order can be exercised for the purposes of administering previous compliance years. This instrument enables the Secretary of State to calculate the specific CO<sub>2</sub> emission targets for vehicle manufacturers under Regulation (EU) 2019/631 using inputs from UK or EU derived values in specific parts of the relevant calculation.

#### **Policy Background and Context**

The Scottish Government declared a Global Climate Emergency in April 2019 and announced that Scotland will be carbon neutral by 2040 and will emit net-zero emissions by 2045. The Scottish Government’s Climate Change Plan update, published in December 2020, set out the pathway to meet Scotland’s statutory greenhouse gas emission reduction targets by 2032.

With the transport sector being the largest emitter of greenhouse gases in Scotland, accounting for 29% of all emissions in 2019, and road transport making up the majority of those emissions at 66% (Scottish Greenhouse Gas Statistics, 2019), we have committed to decarbonising transport in Scotland. Scotland’s ambitious climate change legislation sets a target date for net zero emissions of all greenhouse gases by 2045. In line with this, the National Transport Strategy 2 sets out the strategic vision for Scotland’s transport system. The Scottish Government aims to ensure people and places benefit fairly from the shift to sustainable, zero emission mobility. This underlines our ambition to deliver a healthier, cleaner and greener Scotland for current and future generations.

The Scottish Government commitment is to phase out the need for new petrol and diesel cars and vans by 2030, with an increasing uptake of zero emission vehicles in the period up to 2030 essential to help us meet that goal.

The VETS 2023 Order created four trading schemes; two of the schemes are intended to limit the numbers of new non-zero emission cars and vans that may be registered in Great Britain (the “registration schemes”), while the other two schemes are intended to limit CO<sub>2</sub> emissions from non-zero emission cars and vans registered in Great Britain (the “CO<sub>2</sub> schemes”).

## Policy Objectives

### *What is being done and why*

Regulation (EU) 2019/631 (“the Regulation”) is assimilated law that set specific CO<sub>2</sub> emissions targets for manufacturers registering new cars and new light commercial vehicles (“vans”) in the UK. Assimilated law is EU law that was retained in the UK following EU Exit. If a manufacturer exceeds their specific CO<sub>2</sub> emissions target, they are liable to pay an excess emissions premium.

A discrepancy has since been identified in DfT’s approach to use EU values, as the scope of the Regulation<sup>1</sup> only permits UK values to be used (when calculating the relevant targets), contrary to the policy intention and the approach set out in guidance<sup>2</sup>.

To reconcile this discrepancy, this instrument enables manufacturers to receive the higher specific CO<sub>2</sub> emissions target from either the EU-derived approach (as previously communicated by DfT) or a UK-derived approach (as strictly read from the Regulation).

The CO<sub>2</sub>-reduction obligations in Regulation (EU) 2019/631 are fully replaced from 2025 onwards by the 2023 VETS Order and the 2024 VETS Order, so this instrument delivers an interim measure to correct the discrepancy in target setting for the 2021-2024<sup>3</sup> compliance years.

Manufacturers’ specific CO<sub>2</sub> emissions targets from the Regulation will inform the CO<sub>2</sub> baseline targets under the new CO<sub>2</sub> regulation scheme set up by the 2023 Order.

## EU Alignment Consideration

Prior to EU Exit, DfT held several consultations and workshops on the retention of the Regulation and how it should work once assimilated into UK law. In the UK Government’s consultation response in 2020, DfT confirmed that EU values would be used within the first two formulas of Annex I when calculating the specific CO<sub>2</sub> emissions target. This was to ensure that the Regulation remained at least as ambitious after EU Exit as it was before – as the same result would be generated under the UK scheme as would have been generated under the EU scheme. Guidance<sup>4</sup> and workshops reiterated this approach. The VETS are already in force in Scotland by virtue of the VETS 2023 Order, and this instrument does not change the position for Scotland.

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<sup>1</sup> <https://www.vehicle-certification-agency.gov.uk/fuel-consumption-co2/average-emissions-monitoring/> New Car and Van CO<sub>2</sub> Regulations Guidance 2022 V3 (Section 7. Calculation of emission targets and performance)

<sup>2</sup> S.I. 2020/1418 and S.I. 2021/898 amended the scope (Article 2) of the Regulation to Great Britain and then to the UK (respectively).

<sup>3</sup> The Regulation applies for compliance to the UK in 2021-2023 and to Northern Ireland only in 2024.

<sup>4</sup> <https://www.gov.uk/government/consultations/phasing-out-sales-of-new-petrol-and-diesel-cars-from-2030-and-supporting-the-zev-transition>

## Consultation

Between 24 December 2024 and 18 February 2025, the Scottish Government, UK Government, Welsh Government, and Department for Infrastructure (Northern Ireland) ran a public consultation seeking views on “*delivering the commitment to end the sale of new cars powered solely by internal combustion engines by 2030 and supporting the UK’s transition to zero emissions vehicles.*”.

As part of this, the Department for Transport also delivered a series of workshops with industry, including one workshop specifically focused on the proposal to rectify the discrepancy.

The consultation received over 600 responses, from a range of stakeholders including vehicle manufacturers, charge point operators, and NGOs, with the majority supporting most of the proposals. A full list of those consulted and the views expressed are contained within the consultation report published on the UK Government website.

## Impact Assessments

The UK Government, undertook a cost benefit analysis that assessed the impacts of the part 2c VETS amendments.

The cost benefit analysis for this amendment is available on the UK Government website.

## Financial Effects

A full cost benefit analysis was completed for the original VETS 2023 Order. A partial Business and Regulatory Impact Assessment (BRIA) was also completed.

Scottish Government  
*Transport Scotland, Environment, Climate and Sustainability Directorate*

05/06//2025