

Net Zero, Energy and Transport Committee  
Tuesday 8 October 2024  
30<sup>th</sup> Meeting, 2024 (Session 6)

## Note by the Clerk on the Vehicle Emissions Trading Schemes (Amendment) Order 2024 (draft)

### Overview

1. At this meeting, the Committee will take evidence from the Cabinet Secretary for Transport and officials on the [The Vehicle Emissions Trading Schemes \(Amendment\) Order 2024 \(draft\)](#) before debating a motion in the name of the Cabinet Secretary inviting the Committee to recommend approval of the instrument.
2. This is a draft Statutory Instrument (SI), which requires approval by resolution of the Parliament before it can become law. More information about the instrument is summarised below:

**Title of instrument:** [The Vehicle Emissions Trading Schemes \(Amendment\) Order 2024 \(draft\)](#)

**Laid under:** Sections 44, 46(3), 54, and 90(3) of, and Parts 1 and 3 of Schedule 2 and paragraph 9 of Schedule 3 to, the Climate Change Act 2008.

**Laid on:** 03 September 2024

**Procedure:** Affirmative

**Lead committee to report by:** 28 October 2024

**Commencement:** Part 1 and articles 3 to 11 and 13 come into force on the 21st day after the day on which this Order is made. Articles 12 and 14, Part 3 and Part 4 come into force on 1st January 2025.

### Procedure

3. Under the affirmative procedure, an instrument must be laid in draft and cannot be made (or come into force) unless it is approved by resolution of the Parliament. In this case, the instrument also requires approval by resolution of Senedd Cymru, the Northern Ireland Assembly and both Houses of the UK Parliament. 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.

4. The lead committee, taking account of any recommendations made by the DPLR Committee (or any other committee), must report within 40 days of the instrument being laid.
5. In line with standard practice for affirmative instrument, there will be two agenda items for this item:
  - an evidence session with the relevant Minister and officials, followed by
  - a formal debate on a motion, lodged by the Minister, inviting the lead committee to recommend approval of the instrument.
6. Only MSPs may participate in the debate, which may not last for more than 90 minutes. If there is a division on the motion, only committee members may vote. If the motion is agreed to, it is for the Chamber to later decide whether to approve the instrument.

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

7. The DPLR Committee considered the instrument on 11 June and reported on it in its [51<sup>st</sup> Report, 2024](#). It made no recommendations about the instrument.

## **Purpose of the instrument**

8. The policy note explains that the Vehicle Emissions Trading Schemes Order 2023 (“the VETS 2023 Order”) established Great Britain-wide vehicle emission trading schemes (“VETS”) under the Climate Change Act 2008 with the aim of reducing carbon dioxide (“CO<sub>2</sub>”) emissions.
9. In order for multiple national authorities to create joint trading schemes under the Climate Change Act 2008, the instrument creating the schemes must be approved by a resolution of the legislature of each national authority.
10. At the time of making the VETS 2023 Order, the Northern Ireland Assembly was unable to meet this requirement and, as such, the territorial extent of the VETS did not include Northern Ireland.
11. This instrument now extends the VETS to all four nations of the UK by including Northern Ireland. The VETS will replace Northern Ireland’s current legislative regime governing CO<sub>2</sub> emissions of new cars and vans. In addition to extending the VETS to Northern Ireland, various minor amendments that clarify the intent of the VETS Order 2023 are also made by this instrument.
12. The Policy Note accompanying the instrument is included in the annexe. It includes a summary of consultation undertaken on the instrument, impact assessments carried out, and the anticipated financial effects.

## **Report**

13. The Convener will invite the Committee to delegate to him authority for considering and approving a draft report prepared by the clerks after the meeting. In relation to any report finalised in this way, Committee Members may ask to see the draft and comment on it before the Convener authorises it for publication.

**Clerks to the Committee  
October 2024**

## **Annexe: Scottish Government Policy Note**

### **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 CO2 emissions from non-zero emission cars and vans registered in Great Britain (the "CO2 schemes").

### **Policy Objectives**

#### *What is being done and why*

At the time of making the VETS 2023 Order, the Northern Ireland Assembly was not sitting and thus the original Order could only be passed by the UK, Welsh, and Scottish Parliaments. This meant that the VETS could only be introduced in Great Britain at the time, although all four nations remained committed to creating UK-wide schemes as soon as possible.

Now that the Northern Ireland Assembly is in a position to approve the enabling legislation, the Scottish Government, alongside the UK Government, Welsh Government and the Department for Infrastructure (Northern Ireland), are committed to making the Vehicle Emissions Trading Schemes (Amendment) Order 2024 in order that the VETS will apply across the UK from January 2025.

Without this instrument, the CO2 emissions of new cars and vans in Northern Ireland would continue to be governed by assimilated law (formerly retained EU law) with the amendments made by the VETS 2023 Order. Similar to the approach taken with

the CO2 schemes in the VETS 2023 Order, the EU scheme focuses on reducing the CO2 emissions of the manufacturer's new fleet of cars and vans across a manufacturer's EU fleet of vehicles, rather than focussing on the sales of zero emissions vehicles. However, unlike the registration schemes in the VETS 2023 Order, the EU equivalent of those schemes is not a mandated target for manufacturers and is rather an incentive for manufacturers to encourage them to reduce their vehicle fleet's CO2 emissions.

In addition to extending the VETS to Northern Ireland, various minor amendments that clarify the intent of the VETS Order 2023 are also made by this instrument. These changes are as follows:

- Ensuring all vans are covered by the legislation. This instrument adds a method of type-approval of vans found in Regulation (EU) 595/2009 to the definition of manufacturer in the VETS 2023 Order;
- Allowing hydrogen powered fuel cell vehicles to be classified as zero emission vehicles under the VETS, by disapplying the range condition in the definition of zero emission vehicles in the VETS 2023 Order. This ensures the original policy intent is fulfilled, which is to cover all cars and vans with zero tailpipe emissions;
  - Adjusting the method for calculating the cap on the number of unused allowances in the CO2 schemes which may be converted into credits in the registration schemes. This ensures the cap is based on the total vehicle registrations and not allocated allowances, which is the policy intention;
- Clarifying calculations for van emissions by ensuring the base reference number is updated and explicit in the definition section. This could not be updated previously due to the EU's delayed publication of 2020 car and van data;
- Ensuring there is a financial penalty for providing false or misleading information under article 87 of the VETS 2023 Order;
- Removing the cap on the number of credits that can be earned for the registration of special purpose vehicles, as the registration of these vehicles should be incentivised and not capped by the legislation as was the original policy intent;
- Making changes to the requirements to provide information in order that a hard or electronic copy can be provided (as opposed to requiring both);
- Removing the requirements for certain information to be taken from a vehicle's certificate of conformity, as the information in question is not found on these certificates.
- Correcting typographical errors.

### **EU Alignment Consideration**

This instrument has the effect of extending the VETS to Northern Ireland, and revoking and amending elements of assimilated law in Northern Ireland in order that the administrative functions of the previous carbon emissions monitoring and enforcement regime will still be operable once the VETS come into force. 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.

### **Consultation**

Between 30th March 2023 and 24th May 2023, the Scottish Government, UK Government, Welsh Government, and Department for Infrastructure (Northern Ireland) ran a public consultation seeking views on “*A zero emission vehicle (ZEV) mandate and CO2 emissions regulation for new cars and vans in the UK*”.

Alongside the consultation, the Scottish Government, UK Government, Welsh Government, and Department for Infrastructure (Northern Ireland) jointly commissioned the Committee on Climate Change (“CCC”) for advice on the design of a ZEV mandate and CO2 standard in accordance with section 48 of the Climate Change Act 2008.

The consultation received over 148 responses, from a range of stakeholders including vehicle manufacturers, charge point operators, and NGOs, with the majority supporting most of the proposals on the design of a ZEV mandate and CO2 emissions standard. A full list of those consulted and the views expressed are contained within the consultation report published on the UK Government website.

The consultation report was published by the Scottish Government, UK Government, Welsh Government, and Department for Infrastructure (Northern Ireland) on Thursday 28 September 2023.

## **Impact Assessments**

The Scottish Government, UK Government, Welsh Government, and Department for Infrastructure (Northern Ireland) undertook a full cost benefit analysis that assessed regulatory, environmental, equality and cost impacts of VETS. In addition, the Scottish Government undertook two partial impact assessments. They are:

- Business and Regulatory Impact Assessment.
- Island Communities Impact Assessment.

The cost benefit analysis is available on the UK Government website. Copies of the two impact assessments are available on the Transport Scotland website.

## **Financial Effects**

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

Scottish Government  
*Transport Scotland, Low Carbon Economy Directorate*

*14 August 2024*