

ZEV MANDATE

Overview

The ZEV Mandate sets out annual target percentages for sales of zero emission vehicles that manufacturers will be required to meet. It will apply to England, Wales and Scotland from January 2024. The intent of the Department for Infrastructure (NI) remains that Northern Ireland will join the mandate when the Assembly is able to pass the required legislation.

A review of the mandate has been confirmed to be completed by Q1 2027.

Annual targets

The annual targets for cars and vans have been confirmed as:

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cars	22%	28%	33%	38%	52%	66%	80%	84%	88%	92%	96%	100%
Vans	10%	16%	24%	34%	46%	58%	70%	76%	82%	88%	94%	100%

The van target trajectory changed slightly from the initial proposals with a lower target in 2025, reduced from 19% and slightly increased in 2026 from 22%. The trajectories from 2030 to 2035 have also been confirmed, subject to being adopted in future legislation.

What happens if manufacturers don't meet targets?

The cost of each vehicle sold above the target is £15,000 for cars and £18,000 for vans, although there has been an allowance made for 2024 in the final ZEV mandate to lower the van cost to £9,000 per vehicle.

Manufacturers' obtain an allowance for every ZEV sale and are able to bank them if selling more ZEVs than the mandate stipulates, these can be banked for a maximum of 3 years.

Manufacturers can also trade allowances from other manufacturers or borrow from future periods for the first 3 years, if selling fewer ZEVs than the mandate stipulates in a given year. Borrowed allowances from future years are capped at the following percentages of the ZEV target for that year; 75% for 2024, 50% for 2025 and 25% for 2026. However the published mandate included a concession for vans for 2024 which will increase the allowance to 90%.

Manufacturers can also earn additional credits to be used in the same year only in certain circumstances e.g. 0.5 credit earned on sales to car clubs that retain the car for 18 months and sales of wheelchair accessible vehicles.

Finally during the first three years manufacturers may use excess allowances in the non-ZEV CO2 trading schemes which provides targets for the average CO2 emissions of new non-ZEV cars and vans. There will be a CAP on the number of credits at 65% in 2024, 45% in 2025 and 25% in 2026, this has given increased ability to use credits than the initial proposals which limited credits to 25% in every year.

Criteria

To qualify as a ZEV, the vehicle must:

- emit no CO2 and have a **minimum range of 100 miles** according to WLTP standards. This has been reduced from 120 miles in the original ZEV proposal.
- Include a battery warranty of 8 years or 100k miles including the replacement of the traction battery if it falls below 70% capacity for cars and 65% for vans.

Special purpose vehicles will be exempt from the ZEV mandate given the additional manufacturing challenge and their criticality to mobility needs of people.

