GREEN DRIVING – REPORT 2

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Plug-in vans. *The market set to grow.*

Introduction

Small vans dominate electric light commercial vehicle sales – notably the Nissan e-NV200 and Renault Kangoo ZE – but 2019 could be a watershed year for the sector with the emergence of a number of larger vans.

The big news is that Ford, by far Britain's largest seller of vans, will launch an electric version of the Transit Custom but, unlike most other manufacturers, has opted to go down the plug-in hybrid electric route rather than the 100% electric road (further details on page 4).

Also joining the sales push (see new vans set for launch) are Mercedes-Benz and Volkswagen, while 2020 will also be a big year with models likely from MAN and Vauxhall.

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By the end of 2020 it is likely that fleets will have the choice from mainstream van manufacturers of plug-in vans across all three core sectors of the market – small, mid-size and large – with almost all the major players offering at least one if not two or three options as well as perhaps cargo and passenger-carrying variants.

So what is driving the acceleration in plug-in van choice for fleets? The answer is perhaps two-fold: Emissions legislation driven by Government policy is emerging as a number one priority as towns and cities across the country try to improve urban air quality; while the volume of vans on the UK's roads due to online ordering by the 'Amazon generation' is generating a massive increase in so-called 'last mile delivery vans' with operators desperate to limit their emission impact.

In this report we highlight currently available plug-in van models; those due to be launched in 2019; information on available Government grants; and tax information.

Alternatively-fuelled vehicles up to 4.25 tonnes are exempt from Operator Licence rules. Operator Licences are required by businesses when operating vehicles above 3.5 tonnes.

Electric vans currently on UK sale from mainstream vehicle manufacturers

- **Citroën Berlingo Electric**
- **Iveco Daily Electric**
- **Mitsubishi Outlander Commercial**
- **Nissan e-NV200**
- **Peugeot ePartner**
- **Renault Kangoo ZE**
- **Renault Master ZE**
- **LDV EV80 van and chassis cab**

Electric vans coming to the UK from

mainstream vehicle manufacturers

Ford, the UK's van leader, will launch a production version of the plug-in hybrid Transit Custom, which has been undergoing prototype tests in London, in the second half of 2019. The 1.0 litre EcoBoost petrol engine and battery-powered motor will give an electric-only range of 31 miles and a total range of about 310 miles. Payload will exceed 1000kg. It will be the first plug-in hybrid electric vehicle (PHEV) in the segment and, said Ford, would deliver high productivity with no range anxiety; and retain the load volume and one-tonne payload capability of the diesel-powered van. Ian Porter, chief programme engineer, Transit Custom, Ford of Europe, said: "**The Transit Custom PHEV re-writes the rule book for a general purpose one-tonne van, providing a versatile performer with zero-emission capability. Transit Custom PHEV demands no compromises, offering the same load capacity as a diesel van, and the freedom to complete long-distance journeys without the need to stop for a charge.**"

Ford Transit Custom PHEV prototypes are undergoing a 12-month fleet trial with real-world customers in London, covering in excess of 30,000 miles to date, and the manufacturer recently announced further trials in Spain. The vans, equipped with telematics systems, gather data on operational and environmental performance, including charging patterns, journey patterns and real electric-only range, while in use by commercial fleets including delivery and construction companies, utilities and services such as the police. The data collected is helping Ford to better understand how to optimise the benefits of the hybrid powertrain and explore how lower-emission plug-in hybrid electric vans could support cleaner air targets, while boosting productivity for operators in urban conditions.

MAN, best known for its trucks and buses, is to offer a battery-powered model known as the eTGE 4.140. Reports suggest that it is essentially a rebadged version of the e-Crafter, unveiled by parent company Volkswagen Group. The eTGE 4.140 is currently due to arrive in 2021 in the UK, but MAN is pushing for it to be brought forward to 2020. With a range of around 100 miles and a payload of one tonne to 1.75 tonnes depending on type approval and whether it is a 3.5 tonne or 4.25 tonne variant, the van will initially be available in a high-roofed version.

Mercedes-Benz has announced a new electric vehicle strategy that includes the arrival of plug-in versions of the Vito and Sprinter, which are both due to arrive in UK showrooms in 2019, with potentially an eCitan to follow. Reports suggest that the eVito will have an electric range of up to 90 miles and the eSprinter up to 93 miles and a payload of 1040kg.

Nissan already has the e-NV200, which was introduced in 2014 with an upgraded 40 kWh version, unveiled in October 2017, and speculation is mounting that an e-NV300 and/or an e-NV400 could be launched. Alliance partner, Renault has already unveiled an electric Master, on which an e-NV400 would be based, while an e-NV300 would be based on the Renault Trafic.

Vauxhall confirmed, following its acquisition by the French PSA Group, whose brands include Citroën and Peugeot, that it will introduce plug-in vans to its model line-up. However, they will not be available until 2020 at the earliest and no further details are currently available.

Volkswagen has already unveiled a battery-powered Crafter and at this year's autumn IAA Hannover Commercial Vehicle Show exhibited electric versions of its Caddy and Transporter models. The former is set to go on sale in mid-2019 and the latter in 2020. The e-Caddy will offer a range of 137 miles and a total payload of 635kg, but full UK specification details have yet to be revealed. The e-Transporter will offer the choice of range or capacity with either a single or double battery option. The former delivers a range of 129 miles and a payload of 1050-1186kg, while the latter almost doubles the range to 249 miles, but a maximum payload of 750kg. Both cargo and passenger-carrying options are likely to be available with a choice of different vehicle lengths. The e-Crafter has gone on sale in some European markets in left-hand drive form. However, while four UK fleets have tested the van in real-world conditions it will not arrive in the UK in right-hand drive format until around mid-2021. UK pricing and specification details will be announced closer to the launch date. The e-Crafter is claimed to have been tailored to typical city operations with its 136 PS power, 290 Nm torque output, range of up to 107 miles and top speed limited to 56 mph. A lithium-ion battery is integrated into the underbody, meaning the standard vehicle's entire cargo volume (10.7 m^3) is fully usable. A maximum payload of between 1.0 and 1.75 tonnes is available.

Plug-In Van Grant
The Government's Plug-In Van Grant applies to vans that have carbon dioxide (CO^2) emissions of less than 75g/km and achieve a zero-emission range of 10 miles (plug-in hybrid vans) and 60 miles (fully electric vans). The grant covers 20% of the purchase price, up to a maximum of £8,000. Further information is available at: **https://www.gov.uk/plug-in-car-van-grants**

Electric Vehicle Homecharge Scheme
The Government's Electric Vehicle Homecharge Scheme provides grant funding of up to 75% (capped at £500, including VAT) towards the cost of installing electric vehicle chargepoints at domestic properties across the UK. The funding applies to the registered keeper, lessee or a person who has 'primary use of an eligible electric vehicle'. Further information is available at: **https://assets.publishing.service.gov.uk/Government/uploads/system/uploads/attachment_data/file/710071/evhs-guidance-for-customers-v-2.2.pdf**

Workplace Charging Scheme
The Government's Workplace Charging Scheme provides eligible businesses, charities and public sector organisations with support towards the purchase and installation costs of electric vehicle chargepoints. Voucher-based, the scheme reduces the purchase and installation cost of a new workplace charging station (single socket) by 75% (capped at £500 per socket). Employers can claim for up to a maximum of 20 charging stations (20 single socket or 10 double socket charge stations). Further information, including application forms, are available at: **https://www.gov.uk/Government/collections/Government-grants-for-low-emission-vehicles**

Tax information

Annual Investment Allowance: It is increased from £200,000 to £1 million for all qualifying investment in plant and machinery made on or after January 1, 2019 until December 31, 2020, to help stimulate business investment. The measure answers the call from some fleet suppliers who said increasing the Allowance would help van fleets adapt to the introduction of the London Ultra Low Emissions Zone in April 2019. Increasing the Allowance enables fleets to offset the cost of buying new Euro 6-compliant vans from their profits before tax enabling organisations to buy more new vans and help them with the cost of meeting the requirements of the Ultra-Low Emission Zone.

Capital allowances: Vans with zero CO^2 emissions are eligible for a 100% first-year allowance until March 31, 2021 provided a business does not claim the Government's Plug-In Van Grant. The Government is to extend the current 100% first year allowance for expenditure incurred on electric vehicle charge point equipment for a further four years up to March 31, 2023 for corporation tax purposes and April 5, 2023 for income tax purposes. It was due to expire in April 2019.

Fuel benefit-in-kind tax: Electricity is not classed as a fuel by HM Revenue and Customs, so there is currently no fuel benefit charge for electric vans.

Van benefit-in-kind tax: The flat-rate van benefit charge will increase to £3,430 (2018/19: £3,350) from April 6, 2019. The charge for zero-emission vans increased to 40% of the main rate in 2018/19 and will continue to increase on a tapered basis to April 5, 2022 – 60% in 2019/20, 80% in 2020/21, 90% in 2021/22 and then equalising with the standard charge in 2022/23. The Government had previously said that it would review the impact of the zero-emission van incentive at Budget 2018 together with enhanced capital allowances for zero-emission vans. However, there was no mention of either measure in the papers published immediately after the Budget Statement.

Van Vehicle Excise Duty: The rate for electric vans is £0. For plug-in hybrid vans the standard rate for light commercial vehicles applies which is £260 from April 1, 2019 (2018/19: £250). However, to incentivise van fleets and drivers to make the cleanest choices, the Government published a consultation on reforming Vehicle Excise Duty for new vans in the 2018 Spring Statement. The consultation explored creating a graduated first year rate for new vans, as is already in place for cars, as well as providing ongoing incentives, beyond the first-year, for new zero emission, ultra-low emission and other alternatively fuelled vans from April 2021. The Government will set out its Vehicle Excise Duty bands and rates for vans ahead of Finance Bill 2019/20.

Other costs: Plug-in vans will be exempt from the London Ultra-Low Emission Zone entry charge when it is introduced on April 8, 2019. That policy is expected to be adopted by many towns and cities if they go ahead with implementing Clean Air Zones in the coming years. Plug-in vans not exceeding 3.5 tonnes gross vehicle weight qualify for a 100% discount on the London Congestion Charge.

Fleet solutions for business

Company vehicles are an important asset for supporting core business operations and that's why our contract hire and fleet management solutions are created in response to our clients' needs and are based on our commitment to long term partnership and exceptional customer service.

Testimony to this is our client retention rate of over 95%. Along with exceptional service we ensure our clients receive great value from their fleet, by delivering solutions that are based on impartial advice and that provide tangible financial return. We can do this because we've only ever specialised in managing fleets, so our knowledge and in-depth understanding of the market is the best in this sector and relevant to public, private, not for profit and emergency service organisations.

We also believe in true partnership, working with fleet operators and their drivers to ensure they always receive the most appropriate solution to support their operational and financial needs.

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