

Electrifying Business

A Fleet News report,
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Energy doesn't have to be just another overhead, it can be an opportunity. We've always been a leader in sustainability. Two years ago, there were 630,000 electric vehicles (EVs) on European roads. Today, there are more than 3,000,000. And those figures are forecast to double year-on-year, as more efficient batteries and cost-effective parts mean more manufacturers are building EVs. We want to help businesses take advantage of this opportunity, by working together to bring the UK into a new era of low carbon transport. We've established one of the largest electric vehicle charging networks in Europe, and we're now driving towards a smarter, more sustainable future here in the UK too, by making it easier for everyone to join the electric revolution.

Introduction

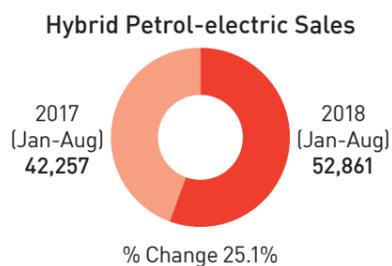
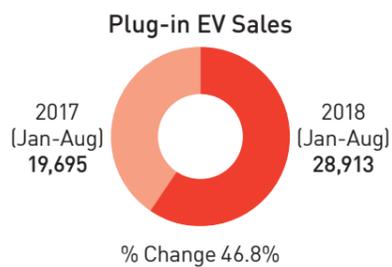
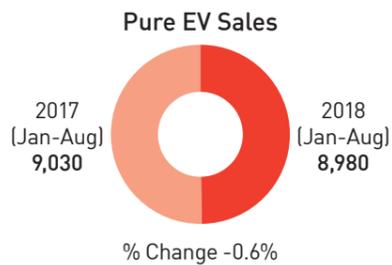
In the production of this research into alternatively-fuelled vehicles (AFVs) in the business sector, *Fleet News* interviewed hundreds of its readers across a wide range of fleet sizes and industries.

The research revealed some clear trends and indicators of how the market currently is, and how it will develop in the future. Chief among these results was that fleet managers are in great demand to help negotiate the complexities of introducing electric or plug-in vehicles, that the expanding number of low emission zones is a key driver in businesses adding AFVs to their fleets, cost is the biggest obstacle to adoption and in general, company car drivers are very positive about EVs, but need to be convinced about range.

One area where there is still much work to be done is in the LCV sector, where there seems to be little confidence that plug-in or full electric commercial vehicles are able to perform most of the roles demanded of them.

The AFV market

In 2017, 100% electric car sales grew by 27% compared to 2016, to top 13,000. More than 33,000 plug-in hybrid cars were delivered in 2017, an increase of a quarter versus 2016. In total, from January to December 2017, 46,522 AFVs were registered.



AFV sales
2007 16,641
2017 119,821

Since the launch of the Plug-In Car Grant in January 2011, there have been 161,349 eligible cars registered.

Low Emission Zones by 2020



Outside of London, 15 local authorities in England have been allocated Government funding to develop LEZ projects

Making the decisions: who is in charge and what is influencing policy?

The return of the fleet manager

For those fleets who have already adopted Alternatively-Fuelled Vehicles (AFVs), or are thinking about it, the fleet manager is integral to the process, with other specialist roles far less influential than they might usually be.

In 41% of the businesses questioned, a fleet manager was involved in the process, while HR (4%), procurement (13%) and finance (14%) were far less numerously represented as a whole. The need to tie together various aspects; charging infrastructure, cost analysis, the specific requirements of sourcing the right vehicle and technology, employee consultation, and oversight across departments means a fleet manager is often integral to AFV introduction and operation.

External Influences

Employees are not the principle agents for change when it comes to AFV introduction. Indeed, it seems across the board in fleets of all sizes that there is little pressure from drivers for such vehicles. Only 8% of those businesses questioned said that driver demand for AFVs was the biggest influence in greater uptake, and of even less import were clients, with just 1% of new business tenders and contracts demanding AFVs as part of the deal.

Instead, the biggest factor was the introduction of clean air and low emission zones, and a third of respondents citing this as the main influence, with nearly half (48%) saying they currently operate within at least one of these potential zones.

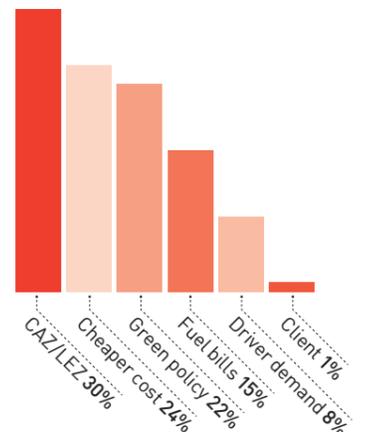
Despite the fact that historically clean air zones have tended to focus on commercial vehicles and had little effect on business cars, due to the generally

modern emission reduction technology inherent in company car fleets, the influence of clean air and low emission zones in the future was equally of weight across all sectors, whether it be small car fleets (29%), large (31%), small LCV (26%) or large commercial fleets (41%).

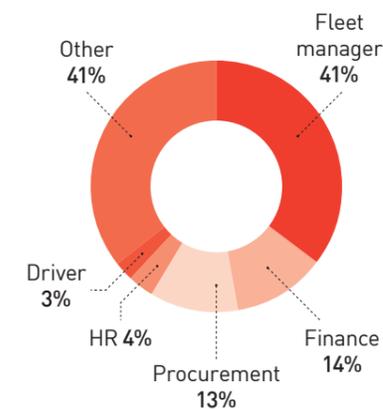
Unsurprisingly perhaps, one sector stood head and shoulders above the others in finding the influence of low emission zones integral to its uptake of AFVs: every utility fleet cited it as the number one factor.

What should be noted is the increasing influence of company environmental policies in the introduction of AFVs. A fifth of all respondents (22%) claimed it was the biggest factor, although the one sector where this influence is markedly lower was large LCV fleets, where often the need for volume and high mileage count against the current shorter range of AFV LCVs.

Influence on AFV take-up: the main drivers



Decision Time Who is making the decisions about AFV introduction?



“Education is key, and behavioural patterns are important also. Most drivers will be charging at home or in the workplace, with public charging a requirement for longer journeys. This will change over time, but this is the reality for now and having these types of conversations with fleet owners and businesses is what we at E.ON carry out with our customers.”

Natalie Robinson, head of business development at E.ON Drive UK

Businesses and EV: the market today

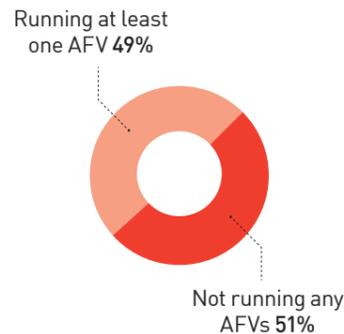


Half of respondents (49%) have some form of AFV on their fleet already, with large fleets twice as likely in this regard. There is a marked disconnect between the uptake of AFVs on public sector and private fleets, with twice as many running them in the former when compared to the latter. 88% of public sector fleets have some type of AFV already in operation and this might seem unsurprising, given the desire to be seen to be green in this segment.

In the private sector, distribution,

transport and engineering companies have the lowest take-ups, driven in the most part by the need for high mileage and fast response dependence, while IT and software businesses are by far the most eager early-adopters. Every IT and software business in the survey had at least one AFV on their fleet, suggesting an understanding of, and budget for, the technology. Overall, among large fleets of 100-plus cars, 90% are running hybrids and 48% pure EVs.

Have AFVs arrived?

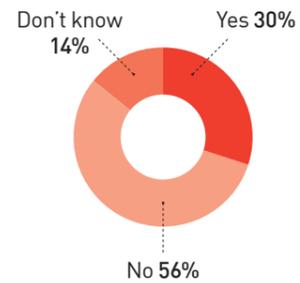


Decision time

“We are owned by a California-based company and as a result the desire is there to change to AFVs. But until the range and infrastructure is better, and we can see 300 miles comfortably, it will be difficult to implement them.”

Allen Dugdale, director, fleet services, The Serve Group

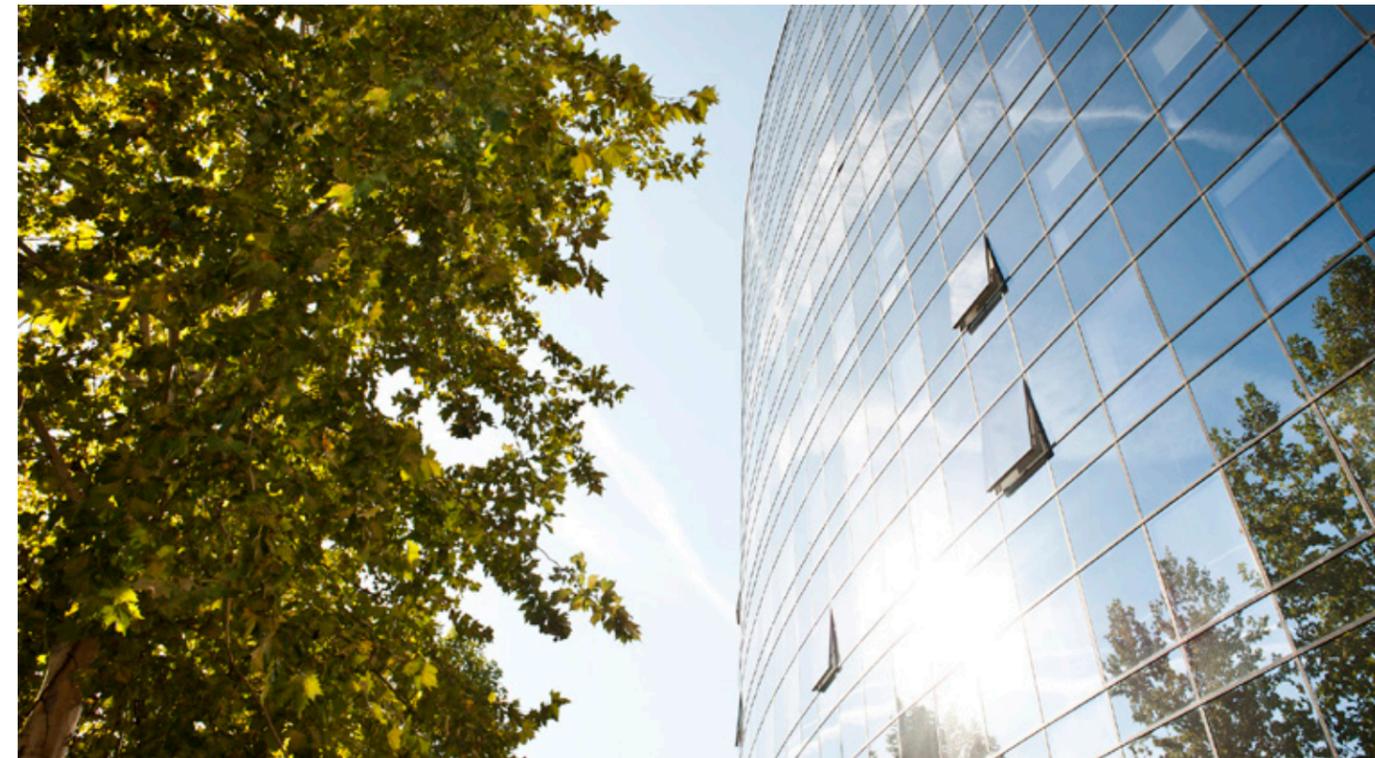
The Government: is it doing enough to encourage uptake of AFVs?



“We do have some EVs on our user chooser company car fleet, and for the right driver they can work. But as a whole, most of our company car drivers are not yet demanding EVs, principally because of the range.”

Bob Fowler, fleet manager, CJ Thorne

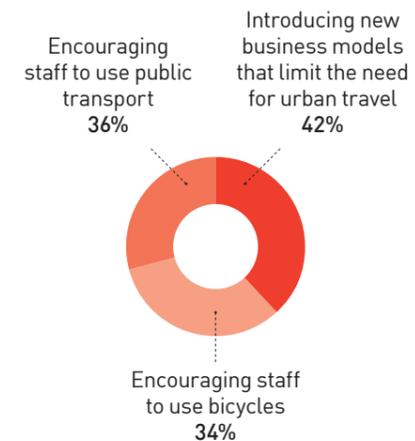
Mobility, Urban and Clean Air Zones



Despite the work, planning and cost involved in realigning fleets to run in Clean Air Zones, businesses are supportive of their introduction, recognising the need to tackle pollution and air quality issues in urban environments. Only 10% of respondents thought their introduction was the wrong thing to do, with 54% fully supportive of them.

To that end, around a quarter of companies are changing the way they travel and implementing some form of mobility policy. However, 48% of those companies in the research have no plans on this front.

The forward thinkers
What strategies are businesses introducing mobility policies using?



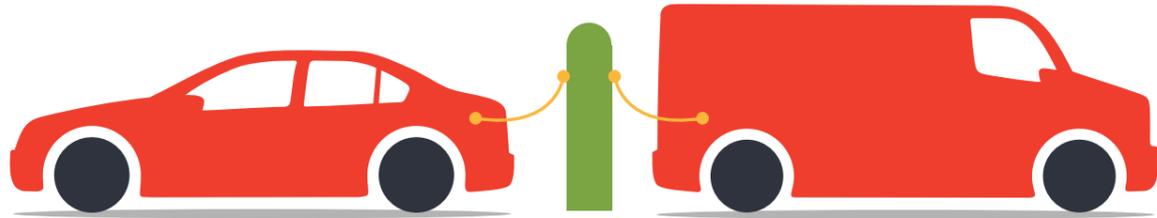
“Our research showed keeping it simple was key as it was confusing for a driver, so we offer a user-friendly, end-to-end full turnkey solution.”

Natalie Robinson, head of business development at E.ON Drive UK

“We do look at alternative mobility solutions where feasible, if it is geographically appropriate for our engineers, such as in central London.”

Spencer Hughes, fleet administrator, Annodata

The next three years: how fleets will electrify



Cars

A significant number of fleets intend to add AFVs, and in particular hybrid, plug-in hybrid and pure electric to their fleets within the next three years, and in large fleets this future trend is noticeably more marked.

Overall, 48% of businesses intend to introduce or expand their line-up of hybrids over this time period, and 36% will do the same for plug in hybrids and 34% for pure electric, but in fleets of 100-vehicles or more, double the number (60%) expect to introduce

these compared to small fleets (30%). Buying power to minimise costs, the ability to introduce at-work charging and corporate environmental governance were cited as factors.

Despite the clear move to these forms of electric AFV, there are a number of powertrain technologies which still remain niche players and seem unable to gain much traction in the next few years: hydrogen, CNG, biofuel and LPG are highly unlikely to become a regular sight on business car fleets.

Vans

In the LCV market, LPG and CNG have been available and in use for a number of years, but there seems little appetite to utilise these fuels in greater numbers. Instead, electrification is the powertrain with strongest predicted take-up in the next three years, through hybrid (26%) and electric (25%). Again, as with cars, large fleets are twice as likely to introduce them as small ones. However, 83% are undecided on what technology to use, suggesting no one powertrain has yet made a convincing case.

Drivers and AFVs

Quite simply, the vast majority of drivers of AFVs with some of of electric powertrain requiring plug-in charging are not being reimbursed for the electric they use for business. 64% of respondents have not instigated any pay-and-reclaim system, compared to 18% who pay back the cost of electricity, and 9% who have come up with a payment system of their own making.

These figures may change now the Government has introduced an advisory fuel rate of 4ppm for fully electric cars used for business, although with the predominance in the business sector of plug-in hybrids, it may not shift significantly until the Government releases figures for such vehicles.

While uptake is progressing, it seems the underlying feeling towards AFVs among drivers is generally positive, with 70% of employees either very or quite positive towards the technology. Although it should be noted from previous evidence on influences for change, that while they remain upbeat, they are not on the whole proactively campaigning for their introduction.

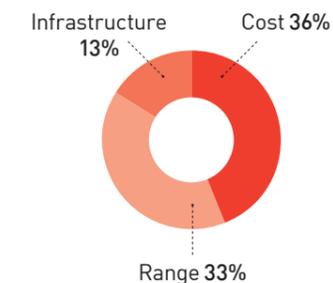
“Cost is the principle element against having more AFVs on our fleet. The desire is there among our drivers, but the costs don’t quite stack up yet, and the Government needs to get its act together and give greater clarity on the tax regime.”

Andrew Houston, fleet manager, Altro



Barriers to change

What is the biggest hurdle in introducing AFVs?



Plugging in

“EVs are certainly a big part of the future. But at the moment in the LCV sector, the distance they can travel, especially when loaded up with equipment and workers, means that they are not yet viable. I envisage that what might eventually happen in this sector is that a leap is made to hydrogen.”

Bob Fowler, fleet manager, CJ Thorne

Meeting the Need

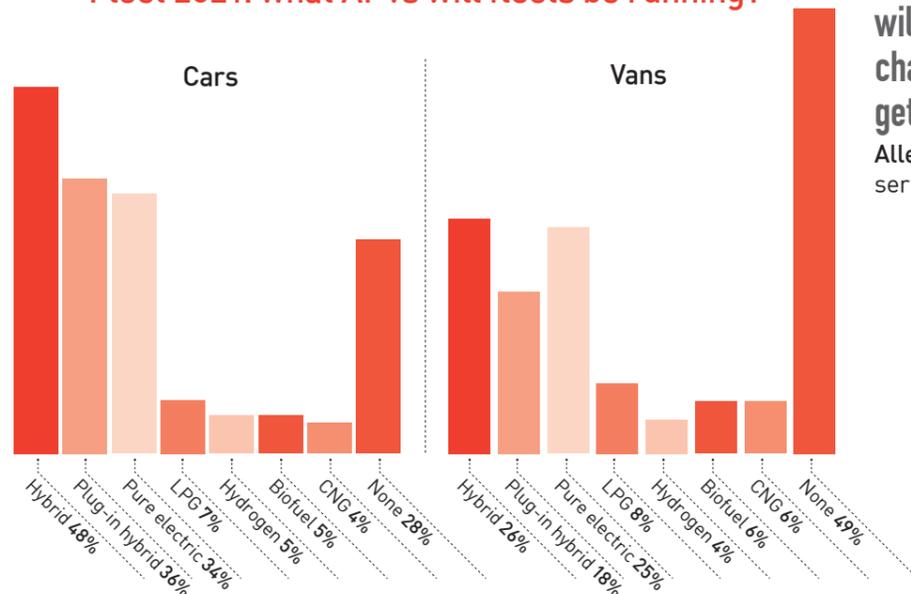
Cost is the biggest hurdle for the uptake of AFVs, with a third of respondents citing it as the major issue in uptake. Closely behind it though was range on a single charge, which at 33% generally equates to concern with pure electrics, although pug-in hybrids will have some – albeit reduced – influence in that figure.

What is most surprising is that infrastructure – the charging network – does not figure as highly as might be expected. Only 13% cited it as the major issue. This may be because, of those businesses expected introduce more pure electric vehicles to their, the majority were large companies, who have the ability to introduce charging at work and if they run LCVs, can often charge them overnight in a compound, often negating the need for charging during the day.

“We’ve certainly looked into EVs and our drivers, many of whom are engineers, are interested in the possibility. Cost is currently a factor, so we’re keeping a watching brief.”

Spencer Hughes, fleet administrator, Annodata

Fleet 2021: what AFVs will fleets be running?



“It is only a question of time for AFVs, I don’t doubt that it will happen once the range, charging time and economy get better.”

Allen Dugdale, director, fleet services, The Serve Group



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