

Fuel options for van fleets

Special considerations when choosing a van

Fuel can be the largest single cost in running vans, in many cases higher than the leasing or rental cost (or depreciation and servicing for company-owned vehicles).

Diesel

Diesel is by far the most popular fuel for vans.

Although diesel is on average 3 pence per litre more expensive than petrol, diesel engines achieve much higher mpg figures and are therefore cheaper to run. This saving is especially significant for vans, which tend to cover much higher mileages than cars.

There is also an operational advantage. Diesel engines generate greater torque (pulling power) than their petrol counterparts and they are therefore better suited to driving a laden van.

Common rail diesel

Many manufacturers have now added common rail diesel engines to their van ranges. Fuel is pressurised in the "common rail" prior to injection, which occurs as a vapour, resulting in more efficient fuel burning at higher temperatures.

Common rail diesel engines offer significant fuel savings alongside increased power. Emissions are also reduced, as are noise levels.

What is bio-diesel?

Bio-diesel is derived from vegetable oils, such as rapeseed and sunflower oils. It contains virtually no sulphur or complex hydrocarbons, the main sources of pollutants, and it is bio-degradable.

However, it is expensive and it is therefore rarely used pure. The bio-diesel that is sold commercially is blended with ultra low sulphur diesel.

Petrol

Petrol vans exist primarily to convert to LPG. Very few petrol-engined vans are run by businesses because typically they are significantly less fuel-efficient than diesel. However, certain small vans, such as the Ford Ka, are only available with a petrol engine as these are the only engines available in the cars on which they are based.

Due to their lack of popularity, second-hand values of petrol vans are low. This means that not only are the running costs higher than diesel, but depreciation (and therefore leasing cost) is also higher.

Alternative fuels

Alternative fuels can offer significant cost savings, especially to high mileage users. LPG is the most popular alternative fuel, with an average price around 40 pence per litre thanks to reduced fuel duty.

Potential savings are however reduced by increased depreciation (they are based on petrol vans).

An additional cost is also incurred to convert the vehicle to LPG. This can be over £1,500, though Powershift grants are available which can cover up to 70% of the cost.

From an operational point of view, remember that the volume and weight of the tank can reduce the vehicle's load capacity.

An additional benefit is that so long as emissions are 40% better than the Euro IV standard, alternatively-fuelled vehicles are eligible for 100% discount on the London congestion charge.

Other alternative fuels include compressed natural gas (CNG), electricity and hydrogen fuel cells, though operational limitations make them unsuitable for most van applications.

Whole life costs

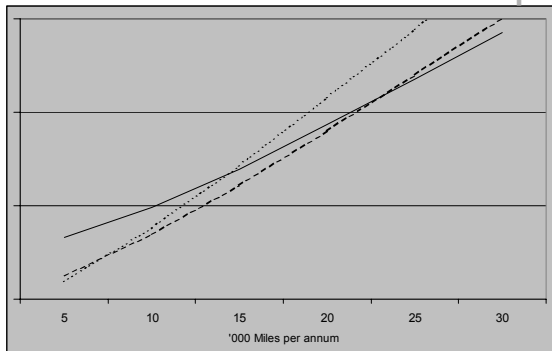
When considering the fuel options for a van fleet, remember to take into account leasing costs (or depreciation and maintenance for outright purchased vehicles) to arrive at a whole life cost figure. This is necessary as vehicle purchase price, depreciation and maintenance also vary with fuel type.

As a rule of thumb, for low mileage use (up to 7 or 8,000 miles per annum) cheaper normally aspirated vans tend to be most cost effective - especially for small vans.

Over about 23,000 miles per annum LPG starts to become the cheapest option. Below that the cost of conversion and additional vehicle depreciation outweigh the fuel cost benefits.

For mileages in between a common rail diesel engine, where available, is likely to be the cheapest option.

Whole life cost example



..... Normally aspirated diesel
----- Common rail diesel
————— LPG

Fuel consumption figures

No universally accepted mpg figures exist for vans because there is no legal requirement for manufacturers to publish figures to an agreed standard like there is for passenger cars (EU directive 1999/100/EC).

One of the other difficulties in comparing van fuel economy figures is that there is an additional variable to consider - consumption varies with the weight of the load carried, and no standard exists. Manufacturers' figures are therefore often not comparable with each other.

One of the best sources is therefore the road tests in specialist van magazines. Whilst they can never truly reflect what a van operator will return in actual use, such figures are a useful guide as to the relative performance of different vehicles.

The future

Cleaner fuels

Cleaner versions of conventional fuels are continually being developed, such as ultra low and zero-sulphur diesels. Fuel duty reductions could be used to incentivise their use.

Fuel cells

Fuel cells are predicted to be the future of alternative fuels, with a number of manufacturers investing heavily in their development. Fuel cells work by reacting hydrogen with oxygen to produce electricity and the sole waste product, water.

There are currently no commercially available fuel cell-powered vans, but they are predicted to be in large-scale manufacture by 2010.

Emissions-based taxation

An announcement was made in the 2003 Budget that the government intends to open a formal consultation on the benefit in kind taxation of the private use of vans (including double cab pickups).

It is likely that it will move to a similar CO₂ emissions-based system as operates for cars.

Telematics

The use of telematics to manage van fleets is set to grow, enabling businesses to optimise efficiency, control costs and improve customer service. Using GPS positioning technology and mobile communications, such systems allow fleets to track vehicles in real time, plan around traffic delays, and improve practices through detailed management reports.

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