

How soon can Tesla get its more affordable car to the market?

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Tesla's plans to bring a more affordable electric vehicle to the market appear to have moved a step closer. On Tuesday, the company's share price shot up by 12% after an update revealed the carmaker was hoping to accelerate the production of lower-priced EVs, with production of the first cars beginning as early as this year. So, with investors clearly excited, what exactly is Tesla planning and how soon will it reach the market? What is Tesla planning? The key change to its approach is to go faster on the start of production. On Tuesday, the company said it had updated its future vehicle lineup "to accelerate the launch of new models ahead of our previously communicated start of production in the second half of 2025". These would include new "more affordable" vehicles, it added. In a call with investors, the Tesla boss Elon Musk clarified that this would probably mean production starting "by early 2025, if not late this year". But while the company was clear on timelines, it gave very few details on the design and specifications of the new cars. Previously Tesla had talked about building an unnamed vehicle, often referred to as the Model 2, which would be priced at \$25,000 (£20,000) or less. However, it was reported this month that plans to produce the car had been scrapped. During the investor call, Musk appeared reticent when asked about whether the new vehicles would be all-new, or tweaks to existing models. How can it achieve this? To accelerate the production of the new, more affordable cars, it would seem Tesla is having to retreat, at least partly, from the Model 2 plan. The vehicle would have required a move away from the traditional assembly lines. Tesla wanted to roll out its "Unboxed" manufacturing process, which would have different parts of the car built by large subassembly groups at the same time, and then brought together and connected at the end. It was hoped this would halve production costs. But it would also require billions of pounds in investment to get factories ready. However, Tuesday's announcement indicated the new vehicles would be built on current manufacturing lines. According to Reuters, Tesla's engineering chief Lars Moravy said the company would avoid the risk of investing in a "revolutionary" manufacturing process. Some commentators believe this marks a complete shelving of the Model 2 plan. Sam Abuelsamid, an analyst at the consultancy firm Guidehouse Insights, said: "The next generation vehicle was supposed to use fundamentally different production processes from current models. "With no desire to spend billions on new production facilities or retool existing factories, it seems like we will see Tesla continue to build the current products." How much will the more affordable car cost? The cost of the new "more affordable" models is still unclear. The cheapest of the current Model 3 vehicles has a starting price of about \$39,000. Tesla had initially hoped that the new affordable model would be able to compete with Chinese rivals by making its Model 2 cost \$25,000. However, the company cautioned that its revised plan "may result in achieving less cost reduction than previously expected".