

Toyota's go-slow message on electric cars

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No automaker looking at the electric car market right now is going to read "full speed ahead" from what's happened so far. The Chevy Volt is outselling half the car models on the market, but many others, from the Nissan Leaf (poor hot weather performance, has resulted in buy-backs) to the Fisker Karma (bad reviews), are having trouble on the launch pad.

"The question," as Joseph White asked in the Wall Street Journal, "is whether the latest group of [electric vehicles](#) will offer enough features

and reliability and an attractive enough price to move electric cars beyond niche status." In many cases, it's all about range - 70 or 80 miles in the real world isn't a lot.

With that in mind, it's not surprising that Toyota is scaling back its electric car plans, which were never hugely ambitious in the first place. The centerpiece is the RAV4 electric developed with [Tesla Motors](#) and now on sale in California. That car, descended from the company's earlier RAV4 electric (Ed Begley Jr. and Tom Hanks have them), looks like a winner, with real-world range of more than 125 miles and lots of high-end performance. My colleague Brad Berman says Tesla's message "turned a sedate Toyota utility wagon into a high-riding 4,032-pound electric beast."

But the RAV4 is only half of Toyota's battery electric story. At various auto shows around the world, I've seen tiny city battery electrics tucked into a corner at the Toyota booths. The plan was for a small-scale city car, and Toyota finally announced it would sit on the platform of the Scion iQ and be called the eQ. It was never easy to get details; the program was clearly in a holding pattern.

In late September, Toyota Vice Chairman Takeshi Uchiyamada let the other shoe drop - he announced that the program's global reach would be scaled back, to maybe 100 eQ cars. "The current capabilities of electric vehicles do not meet society's needs, whether it may be the distance the cars can run, or the costs, or how it takes a long time to charge," Uchiyamada said bluntly. "The biggest problem is how automakers bring down costs and how much infrastructure will be in place."

I understand the reason for this, but I was left wondering how Toyota will meet California's tough zero-emission production requirements with two limited battery electric programs, plus partial credit for the Prius Plug-In Hybrid. The electric RAV4 is limited to 2,600 vehicles through

the end of 2014.

I got an answer from Toyota spokesman John Hanson, who said the company will be addressing the future of the iQ at a gathering in Denver in October. He confirmed the eQ program will be scaled back globally, but he said the U.S. eQ deployment was always going to be small. "We're still moving ahead with a small-volume eQ program here in California," he said. "It's going to be seen in car-sharing programs and on campuses," he said. "With California's ZEV mandates, you get more credits if you bring in a car for car sharing."

That's one reason Mercedes is fielding a large fleet of 300 Smart Electric Drive cars in its Car2Go car-sharing program in San Diego. The program signed up 6,000 people in its first 100 days, so it seems to be working.

Said Hanson: "I can tell you that electric vehicles are still part of our overall strategy for building awareness and a market." That's kind of faint praise, though. Building awareness is what you do with a demonstration program, and we're supposed to be moving battery electrics to commercialization by now.

Dave Clegern, a spokesman for the California Air Resources Board (CARB), told me that some manufacturers have already gotten enough EVs on the road in the state so they have what they call "over-compliance credits." Toyota, with that older RAV4 electric, the new one, the plug-in Prius and a fairly robust fuel-cell car program, definitely has California credits.

California ZEV credits can be traded and sold, and for automakers such as Tesla Motors it's proven a lucrative revenue stream. If Toyota doesn't have enough credits, Clegern notes that it can buy more. "I want to be clear that I'm not saying Toyota is or is not buying or trading credits with anyone, but that is an option to manufacturers," he said.

California remains our most deeply committed EV state, and 40 percent of all electric cars are being sold there. On Friday, CARB celebrated the sale of 10,000 zero-emission cars. All the cars got a generous rebate of up to \$2,500, on top of the existing \$7,500 federal income tax rebate. I'd love to see a breakdown, but I'm assuming that half or more are plug-in hybrids such as the [Chevy Volt](#) and the plug-in version of the Prius. The Nissan Leaf is well established there, too, however.

Toyota's cutback may turn out to be a bump in the road. Most automakers are convinced that battery cars will take over, they're just adjusting the date back somewhat.

Hyundai is also remaining skeptical about battery electrics, preferring to develop another zero-emission technology, fuel cell cars. Hyundai's Tae-won Lim told Reuters, "Battery electric car makers entered the market too early without resolving problems such as range anxiety and costs. It was a hasty approach. The battery [electric cars](#) may have helped raise brand value for a couple of years, but ended up slowing down the take-off in the market."

Fuel cell cars have huge hurdles, too, most notably a big need to build a national network of \$1 million-plus refueling stations. Hydrogen cars are zero emission vehicles with drivetrains almost identical to battery electrics, so they complement each other. But they need totally different charging/fill-up networks, so that has split their constituencies.

So there are roadblocks and pitfalls ahead, but who said electrifying transportation would be easy? Did the automobile take over seamlessly from the horse?

Here's a look at the eQ on video, with Toyota saying that it sees electrics as best for city driving:

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