

Tesla selects Nevada for battery plant (Update)

September 3 2014, by Justin Pritchard



This Aug. 1, 2014 file photo shows security guards at the gate to the site Tahoe Reno Industrial Center about 15 miles east of Reno, Nevada. Tesla Motors has selected the site in Nevada for a massive, \$5 billion factory that it will build to pump out batteries for a new generation of electric cars, a person familiar with the company's plans said Wednesday, Sept. 3, 2014. (AP Photo/Scott Sonner, File)

Tesla Motors has chosen Nevada as the site for a massive, \$5 billion factory that will pump out batteries for a new generation of less expensive electric cars, a person familiar with the company's plans said

Wednesday.

The person, who spoke on condition of anonymity because no official announcement was made, said work soon will resume at an industrial park outside Reno. Nevada still must approve a package of incentives Tesla negotiated.

Four other states—California, Texas, Arizona and New Mexico—were vying for the project and the estimated 6,500 jobs it will bring.

Tesla needs what it calls the "gigafactory" to make cheaper batteries for its Model 3, a mass-market electric car the company hopes to sell by 2017 for around \$35,000. Currently, Tesla offers only the Model S sedan, which starts at \$70,000.

Nevada Gov. Brian Sandoval's office said only that he would make a "major economic development announcement" Thursday afternoon. A spokesman for Tesla, based in Palo Alto, California, said company representatives would be at the Capitol in Carson City for the announcement but offered no other details.

Tesla has done site-preparation work at the Reno Tahoe Industrial Center but had not publicly committed to building in Nevada, instead waiting as other states put together their best packages of economic incentives.

This spring, Tesla CEO Elon Musk announced that the company would take the extremely unusual step of spending millions to prepare sites in two states—or perhaps even three—before choosing a winner.



In this June 22, 2012 file photo, Tesla CEO Elon Musk waves during a rally at the Tesla factory in Fremont, Calif. Tesla Motors has selected Nevada for a massive, \$5 billion factory that it will build to pump out batteries for a new generation of electric cars, a person familiar with the company's plans said Wednesday, Sept. 3, 2014. (AP Photo/Paul Sakuma, File)

The person familiar with Tesla's plans told The Associated Press a second site still will be prepared, in case Nevada is unable to deliver the incentives it has promised—or possibly to build a second factory.

Sandoval has declined to discuss any incentives he has offered during negotiations with Tesla. Based on Musk's public statements of what he expects a winning bid would be worth, the incentive package likely will total at least \$500 million. Sandoval would have to call a special session of the state Legislature to approve tax breaks, grants or other incentives of that magnitude.

Nevada's other advantages include low tax rates, plenty of sun and wind to generate "green" power, and relative proximity to Tesla's manufacturing plant in the San Francisco Bay Area. The industrial park 15 miles east of Reno also is near a deposit of lithium, an essential element to produce the battery cells.

Tesla will pay about half of the factory's cost. The other major investor is Panasonic, which will manufacture the lithium-ion battery cells and invest in equipment.

Lance Gilman, principal and director of the Reno Tahoe Industrial Center, said he had not been told of a final decision.

"It would be the most exciting news of the century to me," he said.



In this Aug. 1, 2014 file photo, wild mustangs play on the hills at the Tahoe Reno

Industrial Center in Sparks, Nev. Tesla Motors has selected the site in Nevada for a massive, \$5 billion factory that it will build to pump out batteries for a new generation of electric cars, a person familiar with the company's plans said Wednesday, Sept. 3, 2014. (AP Photo/Scott Sonner, File)

At 167 square miles of high desert, the industrial park is the nation's largest—befitting of such a large factory. Tesla has said it would need about 10 million square feet.

Competition has been intense among the states, which have bid up their incentive packages in private negotiations with Tesla.

Some politicians in California, the state where Musk founded not just Tesla but PayPal and commercial space exploration firm SpaceX, made winning the gigafactory a point of pride.

"Tesla is a California-born company that the state has invested heavily in, and we want it to succeed," Sen. Ted Gaines, R-Roseville, said in a written statement. "It makes complete sense for it to expand right here, close to its headquarters, yet they are headed out of state."

He called Tesla's decision a "clear indictment of our business climate."

California Gov. Jerry Brown had signaled he would work with Tesla to ease environmental review requirements that would have made building the plant in a few years impossible. Brook Taylor, a spokesman for Brown's economic development agency, said he could not immediately comment.

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