

Tesla starts mass production of batteries

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Tesla Motors announced Wednesday that it has begun mass production of energy-saving batteries that it vows will take electric cars mainstream.

"Today at the Gigafactory, Tesla and Panasonic begin [mass production](#) of lithium-ion battery cells, which will be used in Tesla's [energy storage](#) products and Model 3," Tesla said on its website.

Mass production of the batteries are a critical step in realizing Tesla's ambitions for the Model 3, which is priced at a moderate \$35,000 in the United States, much below the price of its initial models S and X electric vehicles.

Tesla has received nearly 400,000 in pre-orders for Model 3.

The "Gigafactory," located in the western state of Nevada, is also working on residential energy storage technology that could be used to power homes with solar energy.

Tesla said it will ramp up production of batteries for both cars and residential products and that it expects capacity at the Nevada facility to nearly match that of the rest of the world by 2018.

Tesla and Panasonic expect the Gigafactory to have 6,500 employees at peak production and indirectly support 20,000 to 30,000 jobs in the surrounding areas.

Shares of Tesla jumped 4.2 percent to \$226.17 in midday trade.

On Tuesday, Tesla reported that electric car production last year surged 64 percent compared to 2015, although it missed its delivery target for the final three months of 2016.

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