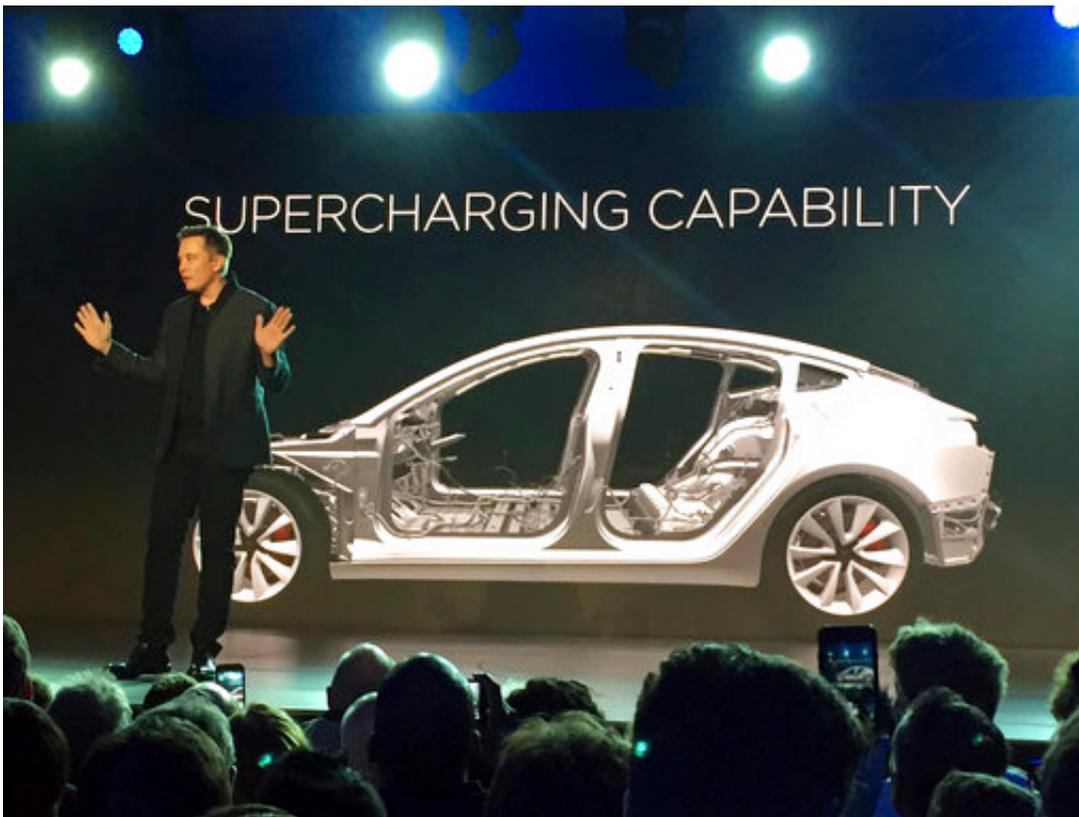


Tesla: 1st Model 3 to be built Friday, sales start July 28 (Update)

July 3 2017



In this March 31, 2016, file photo, Tesla Motors Inc. CEO Elon Musk speaks at the unveiling of the Model 3 at the Tesla Motors design studio in Hawthorne, Calif. Electric car maker Tesla said on Monday, July 3, 2017, that its Model 3 car will go on sale on Friday. (AP Photo/Justin Pritchard, File)

The first Tesla Model 3 electric car for the masses should come off the assembly line on Friday with the first deliveries in late July, the

company's CEO says.

CEO Elon Musk, in several Twitter messages early Monday, says the new car passed all government regulatory requirements for production to begin two weeks ahead of schedule. The company plans to hold a party to hand over the first 30 Model 3s to customers on July 28, Musk wrote in a tweet.

The Model 3 is to start around \$35,000 and with a \$7,500 federal electric car tax credit, could cost \$27,500. Tesla says the five-seat car will be able to go 215 miles (346 kilometers) on a single charge and will be sporty, accelerating from zero to 60 miles per hour in under six seconds.

Musk tweeted that the company expects to produce 100 cars in August and more than 1,500 in September. "Looks like we can reach 20,000 Model 3 cars per month in December," he wrote.

That figure is less than previous estimates. Musk earlier had said Tesla would make 10,000 Model 3s per week by December.

Tesla also said Monday that it delivered about 22,000 vehicles in the second quarter, bringing first-half deliveries to about 47,100.

That's at the low end of the company's prediction earlier this year of 47,000 to 50,000 Model S sedan and Model X SUV deliveries in the first half, as much as a 71 percent increase over a year ago.

While second-quarter deliveries rose 53 percent from a year ago, they still were about 12 percent below first-quarter deliveries. Tesla said in a statement that second-quarter production was hampered by a severe shortfall of battery packs. Production averaged 40 percent less than demand until early June, the company said.



In this March 31, 2016, file photo, Tesla Motors unveils the new lower-priced Model 3 sedan at the Tesla Motors design studio in Hawthorne, Calif. Electric car maker Tesla said on Monday, July 3, 2017, that its Model 3 car will go on sale on Friday. (AP Photo/Justin Pritchard, File)

Tesla said that as long as global economic conditions don't worsen considerably, it is confident that second-half Model S and Model X deliveries are likely to exceed deliveries in the first half.

Musk's tweets about the Model 3 appear to erase doubts that Tesla would be able to meet deadlines for mass producing the cars, which is key to the company making money. Previously it has faced delays in getting vehicles to market. The Palo Alto, California-based company aims to make 10,000 Model 3s per week in 2018.

Tesla hasn't said how many people have put down \$1,000 refundable deposits for the Model 3, but Musk has said people who put down a deposit now won't get a car until the end of 2018, suggesting it could be close to 500,000.

Tesla's last new vehicle, the Model X SUV, was delayed nearly 18 months. Musk says the Model 3 is much simpler to make, but 14-year-old Tesla has no experience producing and selling vehicles in high volumes. Tesla made just 84,000 cars last year. Bigger rivals like General Motors, Volkswagen and Toyota routinely sell around 10 million vehicles per year.

Even if the Model 3 is on time, servicing all those vehicles will still be a challenge. Model S and Model X owners are already worried about having to share Tesla's company-owned charging stations with an influx of new cars. And while Tesla is promising to increase its network of stores and service centers by 30 percent this year, it began 2017 with just 250 service centers worldwide. That leaves many potential owners miles from a service center.

Musk has said a new fleet of mobile service trucks will be deployed to help customers who are far from service centers. Tesla also plans to double its global high-speed charging points to 10,000 by the end of this year and increase them by another 50 percent-100 percent in 2018.

Until recently, Tesla owned the market for fully-electric vehicles that can go 200 miles (322 kilometers) or more on a charge. But that's changing. GM beat Tesla to the mass market with the Chevrolet Bolt, a \$36,000 car that goes 238 miles (about 383 kilometers) per charge. Audi plans to introduce an electric SUV with 300 miles (483 kilometers) of range next year; Ford will have one by 2020. Volkswagen plans more than 30 electric vehicle models by 2025.

Automotive competitors like Mercedes and Volvo—not to mention tech companies like Google and Uber—can also match Tesla's efforts to develop self-driving vehicles. And they have deeper pockets. Tesla has had only two profitable quarters in its seven years as a public company.

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Citation: Tesla: 1st Model 3 to be built Friday, sales start July 28 (Update) (2017, July 3)
retrieved 20 September 2024 from <https://phys.org/news/2017-07-tesla-car-sale-friday.html>

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