

ED WALLACE

The Beginning of the End

BY ED WALLACE
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California governor Gavin Newsom is now trying to lead the parade to end the era of fossil fuel-based personal transportation; his newest executive order would end sales of those vehicles in his state by 2035. It's a good time to remind everyone that other states often follow California's lead on vehicle emission rules, meaning that executive order's impact could alter the sales equation for 33 percent of all vehicles sold in America each year. However, Bank of America Security put out a report saying the media got that story wrong; Newsom's executive order is not a hard mandate, more an aspiration than a hard end to gasoline-powered vehicles.

In reality China and Europe are moving much faster toward a hard end date for fossil fuels. Norway wants to end it all as early as 2025, and they are doing a good job of it, too; electric cars will often account for one out of every four new cars sold there in any given month. Britain, meanwhile, is considering moving forward its date from 2035 to 2030; and various other European countries' end goals fall between those last two dates. China has a stair-step program for all of the automobile companies there, but expect 7 percent of all vehicles to be electric in 2025. Bloomberg's Electric Vehicle Outlook suggests that worldwide, electric cars will account for 28 percent of all sales by 2030 and 58 percent by 2040.

America once led the world in racing toward the future, whether it was our auto industry, airlines or even personal computers; but in terms of moving away from petroleum to power our chariots we've decided to let everyone else put their toe in the water first. The problem with that is that America again runs the risk of

falling behind in an ever-changing era for technology: CATL in China, Tesla's primary battery supplier for that market, is claiming a breakthrough in technology with a battery expected to last 1.2 million miles. Not to be outdone, Toyota claims to have a functioning solid-state battery and will have it in production in 2025. However, when Toyota made that public announcement last month, it also admitted its capabilities will be dialed back; the new battery will have only 90 percent functionality in 30 years. If either of those two claims comes to pass, we've already lost the race for the future of batteries.

It's worth noting that, in spite of all of the more popular electric cars on the market, worldwide they will account for only 3 percent of new car sales this year. Just not in California; electric cars will total 5.8 percent of that state's sales market by the end of this year, with hybrids pulling in another 5.6 percent of sales. Only plug-in hybrid electrics are going backward; their sales dropped from 3 percent of all new car sales in California two years ago to just 2 percent this year. The best guess is that most potential buyers have noticed that the ranges on new electric cars are so much better today that buying a limited-mileage EV plug-in hybrid for the same money doesn't make much sense. As for the popularity of some electric vehicles in California, through the first half of this year Tesla sold 24,850 copies of its Model 3, which is listed as a near luxury car; the BMW 3 Series came in second with just 4,893 sales. Likewise, the only other electric to make California's top five list in any size category is the Chevy Bolt with 3,575 sales, which counts as 20.8 percent of all compact sales in that state. In spite of Tesla's sales for the Model 3, the company's overall sales in California fell by 18.6 percent in the first half of 2020, although that's not as bad as the 27 percent overall decline in California new car sales.

Of course, as everyone knows, the media still mostly dismisses the potential success of the electric car market in the future. The complaints are the same as always: Not enough range, not enough charging stations, too long to recharge, and price. Which is the tail wagging the dog as automakers fall over themselves to try to validate that reporting.

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Yet everyone seems to forget that, when Nissan CEO Carlos Ghosn introduced the Nissan Leaf all-electric car over a decade ago — beating Tesla's Model S to the market by two years and the best-selling electric worldwide until recently — he claimed it was the perfect second car. Not the primary car, but a household's second vehicle. Even Ghosn knew there were limitations to anything other than fossil-fueled vehicles; but as the car one used around town for shopping and errands, a limited-range electric car you could charge up overnight was fine. Instead, because of the hype from other manufacturers as to how great their range was — looking at you, Elon Musk — suddenly range on electric became the auto industry's nuclear arms race. The problem is that long range requires a much larger battery pack; and although a battery's price per kilowatt hour has fallen dramatically over the past decade, from over \$800 to around \$150, according to GM, electric cars are not necessarily cheap. And that's not entirely accurate anymore, either.

The media claims that once electric cars cost the same as ordinary cars, then their sales will take off. That's wrong. My new loaded BMW i3 was less money than a loaded BMW 3 Series, while a loaded Tesla Model 3 costs around the same. However, this situation is not a function of the price of electric cars falling rapidly as much as it's a function of gas-powered cars' prices rising quickly.

Recently an automotive analyst research paper predicted that within a decade Volkswagen would build and sell 11 million electric cars per year, Toyota would be second around 6 million, Tesla third at 4.9 million and GM would come in at just over 4 million units. But don't kid yourself; all of this is still pure speculation as to whether or not the public will ever accept electric cars for their personal vehicles. True, acceptance is growing by word of mouth; those who own electric cars tell others it's the greatest vehicle they ever had. But for the most part acceptance is simply incremental, and that takes time.

For example, with my first electric, a Mitsubishi i-Miev egg, I had people laughing at me driving down Camp Bowie in the first year. The second year they'd ask how much battery range before the gas engine came on and roll their eyes when they found out it didn't have one. By the fourth and fifth year they were asking

legitimate questions, as potential car buyers do. Today it's no secret that you can't drive around Fort Worth or the Metroplex without seeing loads of Teslas, more than a handful of Nissan Leafs, fewer BMW i3s, and some Chevy Bolts. What I have yet to see on any highway in the past decade is an electric car on the side of the road because the owner ran out of juice in the battery.

Once in America, electric cars were the best-selling vehicles by a long shot. Then again, lots of homes between 1900 and 1910 had electricity, but the country boasted few gasoline stations. The first was built in 1905 in St. Louis, and it took another two years for Standard Oil to build the second gas station in Seattle. However, Pittsburgh claims to have built the first real, true drive-in gasoline station in 1913. That means we have more charging stations today in America for the electric cars on the road than America had gas stations 110 years ago.

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So at the time electricity was more convenient than gas. However, it takes time for people to move into new technologies, whether it was the personal computer age, microwave ovens, even things like compact discs instead of records. And that battle's still being fought; last year vinyl records outsold compact discs.

I've often said that when gasoline prices skyrocket and rationing comes into play, then and only then will most start to consider other forms of transportation. Or the day when we get the word that there's not enough recoverable oil in the world for all of the demand. But remember, the coal age didn't end with the discovery of oil. No, it took oil almost 100 years to replace coal as the primary fuel. Maybe even longer than that.

Or failing that oil shortage scenario, a real environmental disaster that proves beyond a shadow of a doubt that climate change is happening much faster than most believe might make us switch to another kind of fuel.

But sometimes people just can't handle new technology. When Frederick Fish ran Studebaker, one of their first cars was electric and he brought one home for his wife. Having never driven any car, she put it in gear and immediately ran over the pedestrian in front of her, panicked, she put the car in reverse and did it again. Cars were lighter then; the man jumped up, dusted himself off, and ran as fast as he could. Mrs. Fish never drove a car again.

Ed Wallace is a recipient of the Gerald R. Loeb Award for business journalism, bestowed by the Anderson School of Business at UCLA, and hosts the top-rated talk show, Wheels, 8:00 to 1:00 Saturdays on 570 KLIF AM. Email: edwallace570@gmail.com

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ED WALLACE

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BY ED WALLACE
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It never occurred to me that one day I might be at a loss for words, but here we are. This will be my last column for the Fort Worth *Star-Telegram* after nearly 20 years, almost 1,000 columns and of those only six were rejected. Those numbers meant a great deal to me; they showed the *Star-Telegram* and staff believed in my work, even when they probably weren't crazy about the column they were about to publish.

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