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### **Potential headwinds ahead for EV trucks**

There is a concerning global trend emerging for Electric Vehicle (EV) manufacturing. This is illustrated by the details below for Light Electric Vehicles (cars, van and utes) in the United States of America (USA). In mid-June this year Tesla increased its prices across its line-up in the USA by between US\$2,500 and US\$6,000 (AU\$3,625 and AU\$8,695) per vehicle, according to recent information published by Electrek.co, owing to material cost increases, supply chain delays and increasing global inflation. That's its third price hike for Tesla in the US in 2022. Ford USA's CFO recently reported, that the cost to manufacture a single Mach-E in the US has risen US\$25,000 (AU\$36,230) in the past year and despite a December 2021 price increase of US\$2,000 (AU\$2,900) and record sales, the Mach-E is still not making a profit. USA EV start-up, Rivian, has hiked the price of its electric trucks by more than US\$10,000 (AU\$14,495) in the past twelve months. While Audi, Mercedes-Benz and General Motors, have all increased pricing in the US for their EV models. The average "sticker price" across the whole light EV segment in the USA is now more than US\$60,000 (AU\$87,000), putting EVs squarely in the luxury vehicle segment. The hope of EVs becoming a car for the masses is fast fading.

Compared to light vehicle EV manufacturing and sales, the EV truck industry is very much in its infancy globally. And while truck manufacturers are staying tight lipped about escalating costs of EV truck production, they are facing the same cost pressures, but on a larger scale, due to the enormity of battery packs, electric motors, cabling, etc, that is required to propel an EV truck through its daily duties. This raises the important question of when a new EV truck will reduce in price and gain parity with a similarly sized new conventional diesel powered truck? While some industry analysts had predicted purchase price parity by the middle of this decade, the Truck Industry Council (TIC) was of the belief that was never realistic. Now, with escalating EV manufacturing costs well and truly outstripping the manufacturing cost for conventional diesel trucks, that price parity point is more likely to be beyond 2030, a decade away. While fossil fuel prices are at record highs, so too are our electricity prices, making the whole cost of life running benefits of an electric truck less attractive to an operator here in Australia.

Currently in Australia selling an EV truck is a tough job. Despite several EV truck models being available, ranging from 4.5t GVM 4x2 trucks, up to 23t GVM 6x2 and 6x4 models, sales here remain weak. To illustrate this point, Truck Industry Council T-Mark new truck sales

data, showed that to the end of May 2022, of the 15,900 new trucks and heavy vans sold year to date, just seven (7) were EVs. That is less than 0.05 percent of total new truck sales.

The irony is, that even with record diesel prices, truck operators do not see the value in, or lack the commercial confidence, to purchase an electric powered truck. In these continuing uncertain times and global unrest and without any clear plan to address climate change, from either side of the political divide in Australia, the road transport industry is undecided about a vision for the future. Add to this the current escalating costs of electric Light and Heavy vehicles, the headwinds are building, particularly against the economic viability of EV trucks in the short to mid-term.

Australia needs strong leadership from our newly elected federal government. We need a plan for all industry sectors to move toward net zero emissions, including heavy vehicle road transport. We need electricity price stabilisation, we need more renewable grid electricity and we need economic and regulatory incentives, such as increased axle masses and vehicle dimensions, that will stimulate growth of zero emission trucks in Australia. It is still early days for the Albanese government, however we cannot afford to wait too long for their action. Now is the time to act, to confront the headwinds, before those winds gain strength and become a challenge too great to overcome.

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