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- 04.24.19

If you think car companies are slow to embrace the EV revolution, look at oil companies

Small, nimble startups are leading the shift to electric cars, while big U.S. automakers are struggling to catch up–and oil companies are dipping their toe into charging.

By Jeremy Deaton
5 minute Read

In just three years, many electric cars will sport the same sticker price as their gas-powered counterparts, according to a recent analysis. Electrification, as well as other advances like ride sharing and driverless cars, will radically overhaul the transportation sector. The next decade will see sweeping changes to the way we get around, and everyone is coping with the news differently.

The nimble startups at the vanguard of this technological shift are celebrating the growing popularity of electric vehicles (EVs), while big U.S. automakers, though still firmly committed to trucks and SUVs, are grudgingly starting to build electric cars–a fact that was evident at the New York International Auto Show last week. The oil majors, who have the most to lose from the rise of plug-in vehicles, are dipping their toes into the charging station business, though none have jumped into the deep end.

At the New York Auto Show, small companies were the biggest champions of next-generation transport. Luxury automaker Rivian made a splash showing off its high-end pickup truck and SUV, all-electric vehicles that promise a range upwards of 400 miles. The "outdoor adventure" brand is filling in a gap left by Tesla, producing EVs that can go off-road and have enough trunk space to fit backpacks, tents, coolers, and climbing gear. Like Tesla, Rivian plans to sell directly to the customer, circumventing dealers.

Forward-looking firms weren't only selling to the luxury class. Lyft, which is embracing electric cars and driverless cars, is investing in public bike- and scooter-sharing schemes that offer more transit options to urbanites, believing that private car ownership is set to decline in the years to come. Meanwhile, firms like Coord and Carmera are gathering data on the composition of streets and the flow of traffic, information that can be used to streamline bike-sharing schemes, ride-sharing services, and autonomous driving.

The blue-chip U.S. car companies are making investments in next-generation technologies, though they are less bullish than their smaller competitors. When asked which cars they were most excited about, exhibitors at the New York Auto Show pointed to fuel-intensive sports cars, trucks, and SUVs.

Ford showed off its new F-150 pickup and Escape SUV, the company's best-sellers, as well as its latest Mustang sports car. Chevy highlighted the Blazer SUV and Silverado pickup. Jeep put forward its new Gladiator, which looks like a cross between a Humvee and pickup truck, while Dodge advertised a special-edition Challenger sports car painted the color of fatigues in a salute to the troops.

To their credit, these companies–which have fought stricter fuel standards and largely avoided selling electric cars–are starting to wade into the EV business. Fiat Chrysler is now selling a plug-in hybrid version of its Pacifica minivan, while Ford has plans to sell a plug-in hybrid Escape, a stop on the road to a fully electric SUV. As part of its efforts to go electric, Ford announced Wednesday that it is investing $500 million in Rivian.

General Motors is perhaps doing the most to keep up with the startups reshaping the transportation sector. To compete with Tesla, it developed the all-electric Chevy Bolt, a car that boasts roughly the same price and range as Tesla's Model 3. To compete with companies like Zipcar, GM launched its own car-sharing program that makes GM cars, including the plug-in Chevy Volt, available to drivers for short-term rentals. To keep pace with firms like Lyft, GM is developing battery-powered driverless cars for ride sharing.

Like the big U.S. automakers, oil companies are taking a hard look at the future of electric cars. In the last two years BP, Shell, and Chevron have put tens of millions of dollars into startups that build, own, or operate EV charging stations. A spokesperson for Chevron said the company is committed to "investing in the future of energy" and believes its play in the EV sector will give it key insight into the charging infrastructure business.

Notably, these investments amount to pocket change for oil majors, leaving observers skeptical of their intent. Ryan Popple, head of electric bus-maker Proterra, told *Axios* that he is wary of oil firms who want to invest in his company, saying, "I would be worried to really disclose what we are up to, what our strategy is, to an oil major."

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A ChargePoint EV charging station. ChargePoint recently secured funding from Chevron. [Photo: ChargePoint]Jigar Shah, cofounder and president of clean energy investment firm Generate Capital and a veteran of BP, offered a more nuanced view. He believes these investments don't represent some villainous plan to undermine the EV sector, nor do they represent a big push into the charging-station business. Shah said that oil companies are likely trying to shore up their public image by making nominal investments in charging stations, even as they remain committed to oil, which is what shareholders want.

Tim Kreukniet, vice president of business development for charging station manufacturer EVBox, explained that, for now, big investments in charging stations threaten to undercut their oil companies' core business. "Even if Chevron takes a big position in EV charging and pushes for an accelerated EV adoption, it will cost them more in terms of lost revenue and shareholder value than they can make up for by selling [electricity] to EVs," he said.

None of this is to say that oil companies don't want their investments in emerging technologies to pay off. Shah pointed to earlier investments in natural gas. "When I worked at BP, [CEO] John Browne was buying up natural gas fields. He announced to the world that BP was going to become more of a natural gas company, and everyone laughed at him," Shah said Today, natural gas is big business for BP and other oil firms. The same thing could happen with charging stations.

The fact is that if these companies decide to change course, it will happen slowly. The oil majors, like the big automakers, don't have luxury of burning through investor cash like the startups disrupting the transportation sector. They make decisions cautiously and with the approval of shareholders. If these corporate giants decide to shift direction, they will have to ease into the turn.

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