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Tesla Pullback Puts Onus on Others to Build Electric Vehicle Chargers

The automaker led by Elon Musk is no longer planning to take the lead in expanding the number of places to fuel electric vehicles. It's not clear how quickly other companies will fill the gap.

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Elon Musk, the chief executive of Tesla, blindsided competitors, suppliers and his own employees this week by reversing course on his aggressive push to build electric vehicle chargers in the United States, a major priority of the Biden administration.

Mr. Musk's decision to lay off the 500-member team responsible for installing charging stations, and to sharply slow investment in new stations, baffled the industry and raised doubts about whether the number of public chargers would grow fast enough to keep pace with sales of battery-powered cars. It put the onus on other charging companies, raising questions about whether they can build fast enough to address a shortage that appears to be discouraging some people from buying electric cars.

As the owner of the largest charging network in the United States, Tesla has a powerful effect on people's views of electric cars.

"There is certainly a psychological component," said Robert Zabors, a senior partner at Roland Berger, a consulting firm. "Availability and reliability are critical to overall E.V. adoption."

Tesla's change of direction, only days after it had told shareholders in a securities filing that it would "rapidly" expand its charging network, which it calls Supercharger, is likely to delay construction of fast chargers, which are concentrated along the two coasts and in parts of Texas.

Wildflower, a New York real estate developer, was on the verge of signing a lease with Tesla to build a charging center near the intersection of Interstates 278 and 495 in Queens. Then Adam Gordon, the firm's managing partner, got a text message from the Tesla executive he had been working with.

"'Hey, I was fired at 4 a.m. and my boss was fired too,'" the Tesla manager said, according to Mr. Gordon. "That was the only communication we got from Tesla," he added.

Another charging company is likely to take over the site, which has a permit to obtain power, Mr. Gordon said. But Tesla's withdrawal will inevitably delay the project.

No other company has as much experience and expertise as Tesla in installing charging stations, which range from a handful of plugs in the corner of parking lots to dozens of them at dedicated sites, often along highways.

The automaker accounts for 25,500 of the 42,000 fast chargers installed in the United States, according to federal government data. A fast charger can top up an electric-car battery in 10 minutes to an hour, depending on the car and the charger. There are about 132,000 slower public chargers that can fully recharge electric cars in roughly eight to 12 hours.

No other company has as much experience and expertise installing charging stations as Tesla.Credit...Saul Loeb/Agence France-Presse — Getty Images

Tesla began building its Supercharger stations in 2012 to give owners of the Model S sedan a place to fuel on road trips. Buyers of its earlier model, the Roadster sports car, charged primarily at home.

Other companies may not be able to build chargers as quickly or as cheaply as Tesla, said Daniel Bowermaster, senior manager of electric transportation at the Electric Power Research Institute, a nonprofit group in Palo Alto, Calif., where Tesla once had its headquarters.

“There is significant opportunity, kind of regardless of what Tesla does,” Mr. Bowermaster said. “It will be addressed by the market. How do they do it in a timely, cost-effective manner?”

But some in the industry say Tesla won’t be missed as much as it would have been a few years ago. Government subsidies and private capital are fueling a surge in charger construction that does not depend on Tesla: The number of public fast chargers in the United States increased by nearly 11,000, or about 36 percent, from April 2023 to April 2024.

“The public charging experience is going to get easier,” said Peter Slowik, an auto expert at the International Council on Clean Transportation, a research organization. “I don’t think the charging market and the electric vehicle market is slowing down because of Tesla.”

Tesla manufactures charging hardware for Supercharger stations at a factory in Buffalo, which was necessary a few years ago when there weren’t many suppliers. Since then, many companies have begun selling charging equipment, and the technology has become standardized.

Last year, virtually all major automakers selling cars in North America agreed to use the charging plug developed by Tesla starting in 2025, reducing complexity. Electric cars in Europe and China rely on standards different from the one used by Tesla in North America.

Tesla’s pullback “is a normal step of a market professionalization,” said Jörg Heuer, chief executive of EcoG, a firm in Munich that provides charging software.

Mr. Musk did not explain his rationale for cutting back on charger construction, but some analysts said he had probably concluded that it would become harder to make money from charging as more companies entered the market.

Tesla does not disclose the financial performance of its charging business, but analysts say it requires capital that Mr. Musk would rather invest in artificial intelligence and robotics, which he has said will power the company’s future growth.

“My guess is that the electricity and infrastructure costs of running the network far exceed the fees provided by Tesla and other drivers thus far,” Ben Rose, president of Battle Road Research, said in an email. “They can now focus on getting maximum use of what they’ve installed.”

Tesla did not respond to a request for comment.

Another reason Mr. Musk may have soured on charging is that he may regret Tesla’s decision last year to open its U.S. stations to vehicles from other manufacturers. By opening the door to Fords, Cadillacs, BMWs and other automakers, Tesla has made it easier for others to sell electric vehicles, which may help those automakers chip away at Tesla’s dominance in the U.S. market.

Mr. Musk's rationale “may be that people will use Tesla’s infrastructure and buy another manufacturer’s car,” said Raj Rajkumar, a professor of electrical and computer engineering at Carnegie Mellon University. He added that he considered Mr. Musk’s decision to pull back on new chargers a mistake that would make it harder for more car buyers to switch to electric vehicles.

Tesla has been one of many companies applying for subsidies under a federal program that aims to have half a million fast and slow chargers operating by 2030, up from nearly 200,000 today. Combined with state and local incentives, government money can cover almost all the cost of a charging station.

“If Tesla is no longer bidding on these things, the agencies handing them out will go to other operators,” said Badar Khan, the chief executive of EVgo, a charging company in Los Angeles. “There are a lot of different participants.”

Image

The chief executive of EVgo, a charging company, said governments would seek out other players if Tesla is no longer interested in building as many chargers.Credit...Philip Cheung for The New York Times

The 500 charging employees that Tesla dismissed will probably take their expertise elsewhere, Mr. Khan said. “There is a very talented pool of people entering the market,” he said. “We are having conversations with individuals right now.”

EVgo said in March that it had nearly 3,000 charging stalls as of the end of last year, up 37 percent from the end of 2022.

Electric utilities, which must upgrade their equipment to support growth of charging options, said the fast charging network was just one component of a broader strategy that Tesla’s decision would not alter.

“It’s no secret Tesla’s an important player” for electric vehicle charging, said Chanel Parson, director of clean energy and demand response at Southern California Edison, the state’s second largest investor-owned utility. But, she added, “they’re not the only player.”

The utility has 500 projects at various stages of development for 14,000 chargers that focus on light-, medium- and heavy-duty vehicles. To reach California's goal of net-zero greenhouse gas emissions by 2045, Ms. Parson said, 90 percent of light and medium vehicles must go electric, along with 80 percent of buses and 54 percent of heavy-duty vehicles.

"And there's lots of partners in this space that we're working with to make that a reality," she said.

Government officials responsible for funding and promoting electric vehicles said they were not dismayed by Tesla's decision to pull back on charging.

Thousands of chargers are coming online every month, the Biden administration's Joint Office of Energy and Transportation said in a statement, adding, "We don't expect individual business decisions to impact E.V. charging projects."

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