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Electric vehicles fall drastically short of Obama's 1 million goal

By

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(CBS News) WASHINGTON - The Obama administration invested \$2.4 billion as part of its goal of putting one million electric vehicles on the road by the end of 2015. But that effort has, in part, stalled.

Nothing is more emblematic of the industry's troubles than the Fisker Karma. In 2010, Fisker got a \$529 million taxpayer loan to build a luxury electric sports car.

But the government cut off the loan to Fisker after \$193 million when Fisker failed to meet its ambitious sales and production goals. Then, a Consumer Reports test dealt the Karma another blow.

"It is low. It is sleek. It is sensuous," the Consumer Reports' video narrator says.

"It's also broken," the narrator adds as a clip of the Fisker Karma being towed on a flatbed airs.

Fisker blamed the car's lithium ion battery, which happened to be made by another government loan recipient, A123 Systems.

A123 got a \$249 million taxpayer loan. This year's first-quarter losses totaled \$125 million.

The industry's misfortunes have seriously undermined President Obama's goal.

"We can replace our dependence on oil with biofuels and become the first country to have a million electric vehicles on the road by 2015," Obama said in January 2011.

To get to one million, the White House pinned its hopes on 11 models of electric vehicles - including the Karma. Our CBS News investigation found that six of the 11 -- Ford Focus, Ford Transit Connect, Fisker Nina/Atlantic, Tesla Model S, Tesla Roadster and Think City -- either haven't made their first delivery, stopped production, or are already out of business.

Others aren't even close to the government's 2015 projections. For example, 36,000 Fisker Karmas and 505,000 Chevy Volts were supposed to be made. But current projections slash the Karma's 2015 number in half to 18,000 and put the Volt at one-eighth of the goal at 62,000.

(See chart below)

"I think these forecasts were very unrealistic, and history is showing that scaling an automobile company is much more difficult than many of these people thought," Craig Carlson, industry analyst and managing director of Carlson Group, Electric Vehicles, told CBS News.

When told about the CBS News projection that only 300,000 electric vehicles would be on the road instead of the proposed 1 million, the Energy Department's David Sandalow said, "Well, let's hope that we can move faster. And if we don't hit that goal in 2015, let's hit it in 2016."

CBS News pointed out that the Energy Department hoped that Think City would produce 57,000 cars, but only built 263 and went out of business. Ford Transit Connect was supposed to make 4,200 vehicles, but only built 500 and filed for bankruptcy.

But, Sandalow reminded that there were some successes.

"General Motors sold more than 5,000 last year," he said. "And so did Nissan. Around the world this industry is exploding. Innovation involves risks. Any type of new industry is going to encounter some successes and some failures."

As reflected in our chart, Tesla is the only company on the Obama administration's list that has met and/or anticipates it will meet the administration's production goals.

Even falling far short of a million, backers say electric cars will take off as people realize how much fun and cheap they are to drive. Just to be sure, the president wants to invest \$4.7 billon more tax dollars in electric vehicle incentives.

Editor's Note: Tesla says it will begin deliveries of the Model S on June 22, and that its Roadster -no longer in production-- was always intended to be a limited run.

The Bumpy Road to One Million Electric Vehicles

Estimated U.S. Supply of Electric Vehicles from 2011 through 2015

		2011	2012	2013	2014	2015	Total
Fisker Karma	DOE	1,000	5,000	10,000	10,000	10,000	36,000
	CBS	0	3,000	5,000	5,000	5,000	18,000
Ford Focus	DOE CBS	0	10,000 0	20,000 10,000	20,000 20,000	20,000 20,000	70,000 50,000
GM Chevy	DOE	15,000	120,000	120,000	120,000	120,000	505,000
Volt	CBS	7,700	10,000	15,000	15,000	15,000	62,700
Navistar eStar	DOE CBS	200	800 100	1,000	1,000	1,000	4,000 950*
Nissan Leaf	DOE	25,000	25,000	50,000	100,000	100,000	300,000
	CBS	6,000	20,000	25,000	25,000	25,000	101,000
Smith	DOE	1,000	1,000	1,000	1,000	1,000	5,000
Newton	CBS	0	500	250	250	250	1,250
Tesla Model	DOE	0	5,000	10,000	20,000	20,000	55,000
S	CBS		5,000	20,000	20,000	20,000	55,000
Tesla Roadster	DOE CBS	1,000 1,000	0	0	0	0	1,000 1,000
Think City	DOE	2,000	5,000	10,000	20,000	20,000	57,000
	CBS	263	0	0	0	0	263
Ford Transit	DOE	400	800	1,000	1,000	1,000	4,200
Connect	CBS		500**	0	0	0	500
Fisker***	DOE	0	5,000	40,000	75,000	75,000	195,000
Nina/Atlantic	CBS	0	0	0	10,000	10,000	20,000
Total	DOE CBS						1,222,200 310,663

DOE (U.S. Department of Energy) estimates were made in February 2011. CBS News obtained actual production numbers where available, and consulted with automakers and industry analysts for projections through 2015.

*Navistar has ceased production after 100 vehicles, but told CBS News it still plans to make a total of 950. Currently the company has no production schedule.

**Ford Transit Connect had build approximately 500 total vehicles before filing for bankruptcy in March, 2012.

***Producing any vehicles at all is contingent upon Fisker obtaining funding, which had not yet happened as of this report.

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