DOCKETED	
Docket Number:	20-IEPR-02
Project Title:	Transportation
TN #:	235719
Document Title:	GM's Cruise 'making progress' on self-drive technology
Description:	Kalea Hall The Detroit News
Filer:	Raquel Kravitz
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	11/19/2020 3:45:31 PM
Docketed Date:	11/19/2020

GM's Cruise 'making progress' on self-drive technology

Kalea Hall The Detroit News

Detroit — General Motors Co. CEO and Chairman Mary Barra says the automaker will be able to "unlock the value" of its autonomous subsidiary, Cruise LLC, once it can deploy its technology.

But no one knows when that will be exactly.

GM and Cruise have been "working and steadily making progress on our technology milestones to achieve driving that is safer than a human, and we are on that path," Barra told investors Tuesday during the company's virtual annual shareholder meeting. "I think the way we will unlock that value is by demonstrating that we have successfully developed that technology ... I think you will see us doing that in the not too distant future that we'll unlock that value."

GM has consistently conveyed its dedication to the autonomous and electric vehicle programs it has planned despite a pandemic that caused the automaker and others to close plants for months, cutting into profits. GM plans to spend $20 billion on these programs through 2025, have 20 electric vehicles by 2023 and sell 1 million of them by mid-decade.

Cruise's commercial deployment for its driverless taxi service based on Chevrolet Bolts was planned for late 2019, but that was delayed as Cruise continued to work on making "superhuman" autonomous vehicle technology.

The company is still awaiting approval from the National Highway Traffic Safety Administration for its 2018 application to deploy the fleet of vehicles without steering wheels or pedals.

"Productive discussions" are continuing with the federal agency, Cruise spokesman Ray Wert said. Another application will also have to be submitted for the Cruise Origin, an autonomous electric shuttle that Cruise unveiled earlier this year.

Barra, during a Monday webinar put on by the Automotive Press Association, said the deployment "will be quicker than most people think" based on the technology advancements she's witnessed from the Cruise team. Barra also said the company sees "huge opportunities" for both cargo delivery and moving people around with autonomous vehicles. Experts have said companies will likely switch to focus first on cargo delivery because of the social distancing trend brought on by the coronavirus to help stop the spread.

Production of the Origin will start shortly after production of the Hummer EV, which is slated to begin at the Detroit-Hamtramck plant in late 2021.

Cruise wants to launch "a true driverless commercial service," without safety drivers, said Sam Abuelsamid, principal research analyst leading Guidehouse Insights. "Since NHTSA hasn't acted on their waiver request to build a bunch of Bolts without steering wheels and pedals and mirrors ... at this stage they are probably going to wait until they get the Origin in production" before deployment.

In addition to the Origin, GM is moving forward with plans to build the GMC Hummer EV; Cadillac Lyriq, an electric crossover; the Bolt EUV, a larger version of the Bolt; and to develop its new Ultium battery program, which GM says will help make its electric vehicles more affordable.

With its electric-vehicle plans, Barra told investors Tuesday the company has a number of advantages over others including: "our global footprint and scale, the versatility of our battery modules, the packs and the drive units, and the flexibility of our all new modular platform."

GM, she said, sees electric vehicles as an opportunity and "we would expect to maintain or increase our market share" with them.

The investor question on gaining value from Cruise came after the acknowledgement of Barra's achievements in her six-year tenure as head of the company: "You've greatly improved the cost structure, you’ve exited underperforming geographies, rationalized unprofitable products, improved the balance sheet ... yet ... the stock is down 10% from the day you took over," the Invesco investor said. "I don’t know what more you need to do to get a higher valuation."

GM turned a profit in the first quarter even with the pandemic pushing the automaker to take cost-cutting measures. GM, which suspended its guidance for the year, halted its quarterly cash dividend on its common stock and stopped its share buyback program. In March, GM drew down $16 billion from its revolving credit facilities to increase its cash position and maintain financial flexibility during the current uncertainty.

The automaker also extended its three-year revolving credit agreement for $3.6 billion to April 2022 to further strengthen its liquidity. GM and GM Financial previously extended a $2 billion 364-day revolving credit agreement to April 2021.

In addition, GM made different salary cuts across the company. Its salaried workforce, for example, took a 20% pay cut, but GM is promising to pay back those employees with interest.

Dividends will be returned after GM's balance sheet is investment grade and cash levels from before the pandemic are back, Barra told shareholders Tuesday.

During the first quarter, GM still managed to save $300 million as part of its $4 billion to 4.5 billion "transformational" cost savings program launched in 2018. GM so far has saved $3.6 billion through various actions including plant closures and white-collar buyouts.

Before the 2020 Covid-19 crisis, GM in 2019 faced a 40-day national strike by the United Auto Workers, a declining market in China and an ongoing pressures in international operations, Barra noted.

"As the economies continue to reopen across the globe, we are seeing signs of recovery," Barra told shareholders. "We entered this crisis better positioned financially because of the many business transformation actions we have taken over the past several years to improve our cost structure and our competitiveness."

GM's plants started reopening the week of May 18 after closing in mid-March. The automaker expects to resume full production by the end of the month.

khall@detroitnews.com

Twitter: @bykaleahall