

Elon Musk Proves He Is A Lying Creep; His Motives Are Totally Suspect

On its recent conference call with analysts, **Tesla** ([NASDAQ:TSLA](https://www.nasdaq.com/markets/stocks/tesla)) CEO Elon Musk was asked what he was most excited about in Tesla's future, aside from [autonomous driving](#). Musk's answer may have surprised many, since the answer was Tesla Energy.

Tesla's energy segment is mostly an afterthought for investors, who remain focused on the company's automotive segment. This has been especially true as the Model 3 ramped up production over the past year. In the recently reported quarter, Tesla Energy only made up 6.4% of Tesla's total revenue.

Nevertheless, Musk devoted a fair amount of time on the last call to the energy segment, even bringing in Kunal Girotra, the senior director of energy operations to speak at length about how Tesla hasn't forgotten about its commitment to [solar and renewable energy](#).

Musk and his management team made some interesting comments about the segment, with Musk even postulating that the energy segment could one day grow to be as large as the automotive business, which itself is set to grow significantly in the years ahead.

However, there's also a huge reason to be suspect of Musk's motives for emphasizing energy at this time, given the timing of

a recent shareholder lawsuit.

A challenge to the SolarCity acquisition

Earlier this year, several large Tesla investors were given class action status for their 2016 suit against the company, following Tesla's \$2.6 billion acquisition of SolarCity. More recently, Musk was deposed, and numerous court documents were published at the request of the lawyers for the suing shareholders.

SolarCity was run by Musk's cousin, Lyndon Rive, and Musk was the chairman of SolarCity at the time. While he recused himself from voting on the acquisition, the recent court documents did show that he pushed hard for it in conversations with large investors. Documents also showed that Tesla's advisors would not issue a fairness opinion on the transaction, and that advisors for SolarCity sought alternative bids, but couldn't find a single one.

The lawsuit will likely continue for years in the future, but it's difficult to say exactly how successful (or not) the SolarCity acquisition will turn out. Tesla now groups the SolarCity installation business in with Tesla's home-grown storage division, including Powerpacks for utilities and businesses, and Powerwalls for home storage.

Still, the timing of Musk's deposition and the recently published court documents may have contributed to management's eagerness to tout Tesla Energy on the recent call.

How well is Tesla energy doing?

While it may not be a total disaster, SolarCity appears to have been a fixer-upper, at least. Under Tesla, solar deployments have decreased significantly, to a degree that likely wouldn't have been palatable for SolarCity as a stand-alone company. One year ago, Tesla even pulled the plug on a partnership with **Home Depot**, in which Tesla would have put a dedicated sales team in 800 stores.

That was done in order to streamline costs, as Tesla pivoted from selling SolarCity panels door to door to selling it in Tesla showrooms and online. Tesla also reportedly cut staff from the SolarCity division as part of its workforce reduction earlier this year and greatly decreased solar installations. For reference, Tesla only deployed 29 MW of solar energy in the second quarter of 2019, down sharply from the 84 MW deployed in Q2 2018 and 176 MW deployed in Q2 2017.

Tesla also just unveiled the new version of its "solar roof," which uses light-sensitive shingles that double as both a tile roof and photovoltaic solar panel. Tesla originally released the solar roof back in 2016 upon closing of the SolarCity deal, but had only installed a limited 31 solar roofs as of April. After the recent earnings release, however, Tesla released the third version of the solar roof, which Musk said, "is finally ready for the big time." Musk admitted that for versions one and two, the company was "figuring things out."

Will it all work?

It's hard to know exactly what to believe, since Musk also made big promises three years ago when the SolarCity deal closed. One interesting excuse for recent solar declines was that Tesla had to divert most of its resources to the Model 3 launch, which is by far the most important product at Tesla, and one the company absolutely needed to get right.

However, investors should still be focused on the automotive division, especially autonomous features, the launch of the Model Y, and the Shanghai Gigafactory and Model 3 plants next year. Those big launches are still far more important to Tesla for the foreseeable future, despite the recent lip service given to Tesla solar.