

Anheuser-Busch orders hundreds of hydrogen trucks from zero-emission startup Nikola

Sean O'Kane/Photo: Nikola Motor Company

Hydrogen-powered semi truck startup Nikola Motor Company announced today that Anheuser-Busch, the maker of Budweiser beer, has placed an order for up to 800 of its zero-emission big rigs. Nikola says it will start delivering the trucks to the beer distributor in 2020, and that it will show off a final production version of the truck at the 2019 Consumer Electronics Show. Other terms of the deal were not disclosed. Nikola, which just this week filed a patent lawsuit against Tesla, says that its trucks are supposed to get anywhere from 500 to over 1,000 miles on a full tank of hydrogen fuel, which gets used to power an electric motor. The trucks can be refueled in about 20 minutes, the company says. To support this and other future orders, Nikola says it's planning to build over 700 hydrogen stations in the US and Canada by 2028. It's working with Anheuser-Busch to develop the first 28 of those public hydrogen fueling stations, the company says, with the first two opening later this year. Anheuser-Busch also preordered 40 of Tesla's fully electric semi trucks. This is not the first bet Anheuser-Busch has placed on medium-haul trucks powered by renewable energy, nor is it the company's first flirtation with generating headlines by way of aligning with advanced technology. The beverage conglomerate recently preordered 40 of Tesla's electric semi trucks. It also offered up 50,000 cans of Budweiser to be the first shipment on the self-driving trucks being developed by Uber. But Anheuser-Busch recently announced a new sustainability effort and said that it wants to power its entire dedicated fleet (aka the trucks it directly operates in its supply chain) with renewable energy by 2025. That dedicated fleet maxes out at about 900 trucks, the company says, which accounts for about a third of its distribution network. Nikola's trucks will be critical for meeting that goal, according to Ties Soeters, Anheuser-Busch's vice president of logistics procurement. The reality of achieving that goal is more down to Nikola's capabilities to deliver on various promises, Soeters said on a conference call with reporters this morning. The only way that we'll ever get to a number less than that is if those things don't come to fruition. That said, other deals like the one with Tesla offer a bit of a hedge, Soeters said. We're looking at multiple technologies, honestly, he said. The reality is we see the technology that both Nikola and other alternatives represent as being complimentary within our overall portfolio. And we do believe that the various technologies that exist out there will allow us to be able to achieve our ultimate goals. The wiggle room in the language of today's announcement — up to 800 — is a nod to the fact that Nikola is not yet in production, and therefore, it has a ways to go before it can manufacturing hundreds of trucks. We don't know how fast we can build those, Nikola CEO Trevor Milton said on the call. We have a contract to deliver 800 trucks to Anheuser Busch, but it depends on how fast we can build them and build the stations. Nikola's manufacturing partner has recently come under fire for the pollution levels of its own trucks. Anheuser-Busch is putting a lot of faith in what is still a very young company. But while Nikola is a startup, it has already secured lots of help from established industry players. Ryder is handling distribution and maintenance for Nikola's forthcoming fleet of trucks, and the big rigs will be built by trucking company Fitzgerald until the startup gets its 1 million-square-foot manufacturing plant up and running in Arizona. Fitzgerald is best known for building glider trucks, which are built without engines. This allows them to be retrofitted with rebuilt engines. This ultimately lowers the cost, but it also could lead to more pollution. Fitzgerald has recently come under fire for its glider trucks because the rebuilt engines are able to skirt emissions rules. And an analysis done by the EPA in 2017 showed that Fitzgerald's trucks emitted 43 times as much nitrogen oxide as trucks that comply with modern emissions standards. Asked in a follow-up email how this squares with Nikola's green ethos, Milton said [e]very zero-emission Nikola truck we build at Fitzgerald will take another diesel off the road. That is our goal.