

# Smarter Than A Smart Car

## Michael Granoff

*Mordechai Treiger*

In January, the Israeli government, Nissan-Renault, and Project Better Place announced a joint plan to put 100,000 electric cars on Israeli roads by 2010. A few months later, Michael Granoff, whose investment company Maniv focuses on alternate energy and has backed Project Better Place, discussed the project at Penn. In his capacity as Project Better Place's Head of Oil Independence Policies, Granoff is responsible for working with politicians and industry partners to help "accelerate the electrification of transport." *Kedma* recently sat down with Granoff to talk to him about the project's future.

**Kedma:** What about clean energy interests you personally?

**Granoff:** I directed my investment fund into clean energy and all of cleantech. Then, I decided to spend the next number of years focused exclusively on [Project] Better Place. And the thing about Better Place is, frankly, that it is the only path, the only path, to meaningful reduction of oil dependence in the near term.

It's obviously not something that is specifically in Better Place's interest. It's something that has economic, environmental, and national security advantages for all countries that have oil dependence, which is basically all industrialized countries.

[We need a] local infrastructure project that enables the mass adoption of electric cars, just like we did for mass adoption of gas cars in the last economic crisis of this magnitude, the Great Depression, when gas stations began to flourish. That was the infrastructure that you needed for the transportation economy of the last eighty years; the infrastructure that you need for the transportation

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means of the next eighty years is an electric recharge grid.

There's no other strategy, there's no hydrogen strategy, there's no alternative fuel strategy, there's no natural gas strategy – despite what you might hear from Boone Pickens – that can actually affect oil dependence in a serious way in the next number of years. The only way to do it with existing technology, with market-driven forces, is through electrification.

**Kedma:** What led Project Better Place to choose to site its first projects in Denmark and Israel?

**Granoff:** We don't choose the sites: the sites choose us. The government of Israel has been a fan of this approach from the beginning, and has been quite steady in its support. And Denmark was also a country that found out about our plans very early and worked very diligently to get to an agreement.

Since the agreement in Denmark, we've been engaged in conversations with more than thirty government entities around the world. We have a model we think works anywhere, in any kind of environment. It takes a little longer in some places, it costs a little more in other places, but ultimately, it is a model based on market economics that we think works in any location.

**Kedma:** Are there sources of clean energy everywhere?

**Granoff:** One of the objectives of our model is to make it feasible anywhere. Israel has been a hotbed of innovation around solar technologies, but there haven't been any incentives because of the small local market. Once we're in a situation where we can sign long-term power purchase agreements with utilities to buy solar power in Israel – and that's where we expect to be two years from now – all these Israeli solar companies will have an incentive to finally address the Israeli market.

**Kedma:** The price of oil has fallen dramatically in recent weeks [October 2008]. How important to the success of Project Better Place are high oil prices and

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how do you foresee the drops affecting the project's viability?

**Granoff:** Well, I hope the price continues to drop. Remember that every dollar of excess revenue from oil prices is going into the hands of dictators in Venezuela and Iran and elsewhere. We want to dry that up, so we are all for the dropping price of oil. In fact, our mission is bringing the price of oil to zero, making oil worthless.

Now tactically, does that impact us in the near term? I don't think so. That's what a lot of cynical people think, and that's certainly what we saw happen after the crisis of 1970, but I think we're in a very different place now. I think people understand that the threats are not as simple as pain at the pumps. We're not going to have to persuade people.

**Kedma:** Has the economic climate made it harder to come up with sources of funding?

**Granoff:** We raised 200 million dollars last year. If our subsidiary has difficulty raising the money they need given the metrics involved in our plan, then we'd have much bigger things to worry about than that. I'm not worried about that at all.

**Kedma:** Do you have any intentions to expand to the United States in the near future?

**Granoff:** Our goal is to end oil; the U.S. uses 25% of the world's oil. We certainly would love to be in the U.S. market.

**Kedma:** What steps can the incoming administration take to improve the climate for clean energy investment?

**Granoff:** The next administration will have to do several things at once. It will have to find a way to create infrastructure employment, to create jobs that don't get outsourced, as we did with public-works programs in the 1930s. It will have to find a way to address the carbon issue, because both candidates

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see carbon as a cause of global warming. We'll have to find a way to do that, really, without the latitude of price signals, because the political appetite for pricing carbon or even for cap-and-trade is very unlikely to be there in this economic environment. And, we think it will have very, very severe national security matters to deal with that are impacted by oil.

We think that it will be very much in the interests of the next administration to look at a bold program, one that doesn't involve new technology, but involves market forces and addresses all those needs. We think we have it and we hope to work very closely with the next administration to bring that framework to the U.S.

**Kedma:** Where is the electric car industry headed?

**Granoff:** We think that the notion of a mobile operator for electric cars is something that is inevitable and will catch on just like it did in the cell-phone model, but to date we haven't seen other companies enter the industry.

**Kedma:** How far along in the actual process are you towards your goals?

**Granoff:** We're right on schedule. We'll have charge spots deployed in Israel this quarter. We expect to have 100,000 charge spots by 2010 and we expect the mass-produced vehicles to be in the Israeli market by 2011.

**Kedma:** What's your company's exit strategy? In the event that the project doesn't work out, what are you going to do with hundreds of thousands of recharging stations across the country?

**Granoff:** We don't think about if it doesn't work out. We have a lot of confidence in this model and we think that we're going to be successful.

**Kedma:** I know you've devoted a considerable amount of time speaking to college students about Project Better Place. Why do you place such a high priority on communicating your ideas to young people who don't even live in

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the country where your project exists?

**Granoff:** I've spoken to six or eight campuses over the last year. I am always happy to do it when I'm asked to. It gives people an example of a concrete idea to go behind all the rhetoric that bombards them and clarifies a lot of misconceptions that are out there about how you can decarbonize the transportation economy and how you can get to oil independence.

**Kedma:** What advice do you have for college students looking to make a career in clean energy?

**Granoff:** I think the areas around sustainable development are going to be a defining theme for the entire century that we've embarked on. If students find an area of sustainability that interests them and develop expertise in that area, that's the advice I would give to anybody starting out today. That's going to be where the demand is going to be for jobs in the twenty-first century.

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