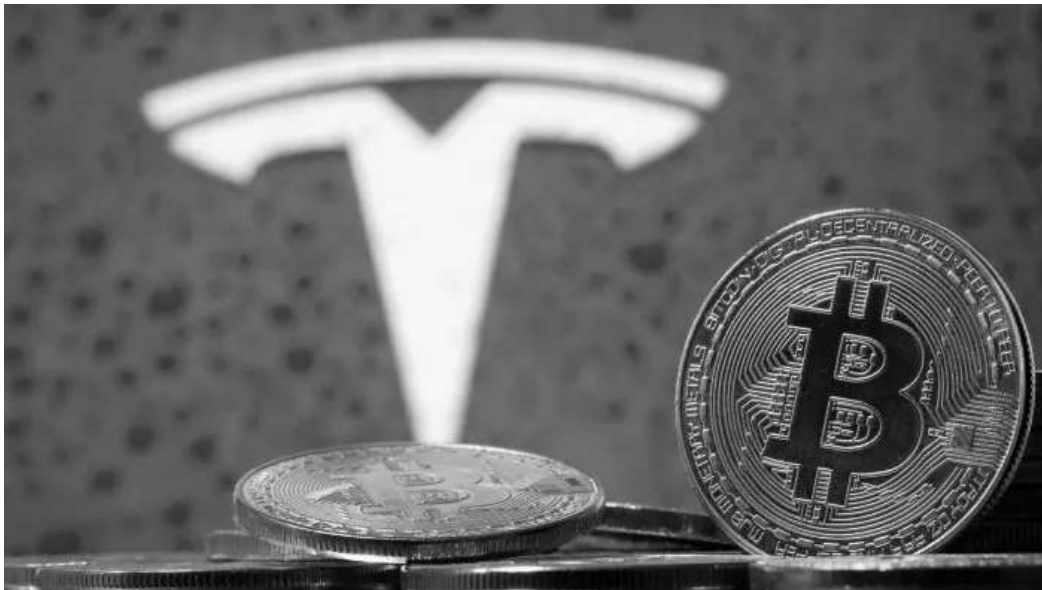


Tesla Inc

## Musk says Tesla no longer plans to accept payment in bitcoin

Chief executive goes from evangelist to critic, citing environmental impact of cryptocurrency



Elon Musk: 'We are concerned about [the] rapidly increasing use of fossil fuels for bitcoin mining' © Reuters

**Richard Waters** in San Francisco 7 HOURS AGO

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Elon Musk reversed his backing of bitcoin on Wednesday as he announced that Tesla was suspending plans to accept payment for its cars in the cryptocurrency.

He put the change of heart down to environmental concerns about the mechanism used to validate bitcoin transactions, pointing to a wider rethink of the digital currency that could throw into question its growing appeal among other companies.

Musk has faced sharp rebukes over Tesla's support for bitcoin, including from ESG investors who prioritise environmental, social and governance issues. The Tesla chief executive's enthusiasm for the energy-hungry currency ran counter to the climate change concerns that he has always said led to his involvement in electric cars.

The bitcoin price jumped 15 per cent in a single day in February after Tesla revealed it had put \$1.5bn of its corporate cash into the digital currency and planned to one day accept it in payment for its cars. The news was widely seen as an important validation of bitcoin in the corporate world and sparked a debate among corporate treasurers about using the currency.

In a brief statement released on Twitter on Wednesday, Musk said: "We are concerned about [the] rapidly increasing use of fossil fuels for bitcoin mining and transactions, especially coal, which has the worst emissions of any fuel."

Bitcoin uses a “proof of work” mechanism, relying on so-called miners who employ large-scale clusters of computers to crunch puzzles using a consensus algorithm.

Musk’s statement concluded by saying Tesla was “looking at other cryptocurrencies that use <1% of bitcoin’s energy/transaction” — a comment that could provide a shot in the arm to digital currencies that use other less power-hungry ways to validate transactions.

Ether, the second most valuable cryptocurrency, has said it was moving to an alternative method known as “proof of stake”, which does not depend on the same energy-hungry method.

Musk also appeared to swear Tesla off active trading in bitcoin to boost its future profits. The company’s investors were surprised last month to discover that it had sold part of its cryptocurrency holdings within weeks for a \$101m profit. Along with sales of environmental credits, the currency trading profit more than made up for a loss in Tesla’s core carmaking business in the first quarter of the year.

“We will not be selling any bitcoin,” the Tesla boss said in his statement, though he did not shed any further light on how long the carmaker would hold the cryptocurrency or whether it planned to put any more of its spare cash into bitcoin.

The statement appeared to mark a retreat from the use of bitcoin in Tesla’s treasury operations. Company officials recently described its sales of the currency as proof of its liquidity, making it a suitable asset for treasurers to hold — a consideration that would be undermined if Tesla no longer intended to use it as a source of liquidity.

The price of bitcoin fell about 4 per cent after Musk’s statement.

The reversal on bitcoin could also cast a cloud over dogecoin, the cryptocurrency that has seen some of the biggest gains this year thanks in large part to Musk’s vociferous backing. As with bitcoin, dogecoin employs a proof of work mechanism.

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