

URL: <https://stvp.stanford.edu/clips/combating-the-entrenched>

Lyndon Rive, co-founder and CEO of SolarCity, talks about how international expansion is often challenged by nations that subsidize the fossil fuel industry, especially in the developing world, as a way to prop up weak economies. Tim Draper, founding partner of the venture capital firm DFJ, comments on how commonly entrepreneurs clash with incumbents when entering new markets.



## Transcript

But in terms of-- as we look at expanding it internationally, we go to many countries.. And back to the incentives-- I'm from South Africa, where the Finance Prime Minister came to us saying, hey, you should expand to South Africa.. OK, sounds great.. Good sun, amazing country.. What's your cost of energy? The cost of energy is around \$0.15 a kilowatt-hour.. I'm like, OK, that's not bad.. That's actually pretty good, pretty efficient.. Why is it so a low? Oh, no, we're highly subsidized.. The government pays about half the cost management.. OK, so you're saying, without the government subsidy, your coal generation and your cost of energy would be roughly \$0.30? Yeah, yeah, it'd be around \$0.30..

OK, so we need to come in there and compete and help you with this? Yeah, absolutely.. We need you.. We have a big energy crisis.. We have blackouts all over the place.. I go, great, so you pay for half of coal.. What's your plan for solar? Oh, no, we can't give you anything.. We have to solve this problem.. You're subsidizing-- They should give you \$0.15.. Exactly.. You could end up getting paid..

It is amazing how many developing countries are out there where a source of stimulus is to pay for the electricity.. Which is bad-- rather just give it as a credit, because it artificially holds bad energy cost low.. And that's what we're up against, and that's worldwide.. Yeah, so you've got to change people's thinking, move through a lot of things.. Every entrepreneur has to face that.. And the people who are entrenched are going to clearly fight that..