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The Tesla Megafactory at Lathrop, California is playing a growing role in the company's overall operations. This was highlighted in a recent drone flyover of the facility, which showed more than 330 Megapack batteries in the Megafactory's holding lots.

Tesla Energy is starting to take a larger role in the company's overall operations. As noted by Tesla in its Q1 2024 Update Letter, Tesla energy generation and storage revenues were up 7% year-over-year and gross profit was up 140% YoY, driven by increased Megapack deployments. Elon Musk reiterated this point during the first quarter earnings call, with the CEO stating that Tesla Energy reached record profitability in Q1 2024.

"The Tesla team did a great job executing in a tough environment and energy storage deployments of Megapack, in particular, reached an all-time high in Q1 leading to record profitability for the energy business. And that looks likely to continue to increase in the quarters and years ahead," Musk said.

Aerial footage taken of the Lathrop Megafactory on April 25, 2024, which was taken by longtime Tesla watcher Met God in Wilderness, suggests that the facility remains extremely busy this second quarter. Based on the video, it appeared that the facility's holding lots were filled with 334 Megapack batteries. This is not a record number for the Lathrop site, but it is still substantial, with Tesla watchers previously estimating that such a number of batteries is worth about ~\$500 million in revenue.

Tesla's production ramp of the Megapack at Lathrop was discussed during the Q1 earnings call. As per Tesla executives, the ramp of the Megafactory is moving along as planned, and a second general assembly line is expected to enable the facility to increase its exit rate to 40 GWh per year at the end of 2025.

"Lathrop is ramping as planned. We have our second GA line allowing us to increase our exit rate from 20 GWh per year to 40 GWh per year by the end of the year. That line is commissioned. There's really nothing limiting the ramp. Given the longer sales cycles for these large projects, we typically have order visibility 12 to 24 months prior to ship dates. So, we're able to plan the build plan several quarters in advance. So, this allows us to ramp the factory to align with the business and order growth," Tesla executives noted.

With the new manufacturing facility, Tesla's Energy business is now expected to quickly expand. The company recently set a new quarterly record of 2.1 GWh of battery energy storage system deployment (all types).

Once the Lathrop plant is completed, more than 10 GWh to be installed per quarter. That will be a groundbreaking change for the entire industry and potentially a huge help to utilities, which are looking for high-volume and reasonably priced battery systems.

Tesla's advantage will be large BESS like the Megapack, series production at high volume and use of the Lithium Iron Phosphate (LFP) battery chemistry (the company previously announced the switch to LFP cells in entry-level version of its cars - Model 3/Model Y, and energy storage systems).

Currently, BESS accounts for only several percent of Tesla's total revenues and margins are much lower than in the case of cars. Because the company is quickly expanding its EV business (higher production of cars and new models), we guess that in the foreseeable future, BESS share will remain under 10%.

In the post shared on Instagram, Tesla shows off the production of the Megapack already occurring at the facility. The new manufacturing area is located just outside of San Francisco, California. When the facility was first announced, many were hopeful that the new production line would help the company meet the dramatically increasing demand for Tesla energy products.

In the post shared on Instagram, Tesla states the new facility can produce over 10,000 Tesla Megapacks a year. The new Lathrop facility is likely a dramatic increase in production rate, considering Giga-Nevada, which produces numerous Tesla products, was previously the only production location for the Megapack.

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