

Four Michigan Battery Projects Win Federal Grant Funding

by Sven Gustafson, Michigan Business Review

Four advanced battery facilities proposed for Michigan have won a combined \$860 million in federal grants to help launch production, and the Detroit Three automakers won more than \$400 million to build electric vehicles and components, according to the U.S. Department of Energy.

Vice President Joe Biden announced today that 14 Michigan projects were awarded more than \$1 billion in funding from the \$2.4 billion pool for advanced battery research and manufacturing. Biden unveiled the winners during a speech at NextEnergy in Detroit.

In addition, the University of Michigan, Michigan Technological University and Wayne State University won a combined \$10.48 million to help further education on electric vehicle technology. A complete list of the grant winners is available here.

"We're not just investing in a new industry, we're building a foundation for a new economy," Biden said.

The \$2.4 billion program is part of the \$787 billion federal stimulus program approved earlier this year.

The four projects in April were approved for a collective \$555 million in state tax incentives to help them establish production facilities in Michigan. The projects together would be worth \$1.7 billion in investment.

The winners, according to the DOE:

- A123Systems Inc., a Massachusetts firm with operations in Ann Arbor and Novi, won \$249 million to help it launch a production plant in Livonia.

The company, which has a contract to supply batteries for Chrysler Group LLC's electric vehicles, has said it plans to invest more than \$600 million in the project and create 5,000 jobs.

- Johnson Controls Inc. will get \$299 million to launch a battery plant at an existing plant in Holland.

A joint partnership between Milwaukee-based JCI and French battery firm Saft partnership has a deal to supply Ford Motor Co. with batteries for the automaker's first plug-in hybrid vehicle. Plans call for an investment of \$220 million and the hiring of 498 workers.

- KD Advanced Battery Group, a joint venture between Dow Chemical Co., Kokam America Inc. and two venture capital firms, won \$161 million.

The companies plan to build a \$665 million, 800,000 square-foot factory at Dow's Midland manufacturing campus. The facility would employ more than 800 workers and have an annual capacity of 60,000 cells.

- And LG Chem and its Troy-based subsidiary, Compact Power Inc., received \$151 million.

The companies in partnership with General Motors announced they would jointly build a \$244 million, 660,000 square-foot lithium-ion battery cell factory near Detroit that would include cathode, anode, separator and assembly lines and create up to 443 new jobs over five years. GM in January selected LG as the battery supplier for the Chevrolet Volt plug-in

In addition, GM will get a combined \$241.4 million for three projects, including \$105.9 million for a battery pack assembly plant in Wayne County's Brownstown Township. Ford won \$92.7 million, including \$62.7 million to produce electric vehicle components in an existing transmission plant in Sterling Heights.

Chrysler won \$70 million to develop, validate and deploy 220 plug-in hybrid minivans and pickup trucks from plants in Warren and St. Louis.

Higher education recipients were led by Wayne State, with \$5 million. Michigan Tech won \$2.98 million, and U-M won \$2.5 million.

Biden and other elected officials said building a domestic advanced-battery industry was a critical piece of becoming independent of foreign oil. Biden said the U.S. market for advanced batteries is estimated to grow to \$16 billion by 2020 and said most of the existing advanced batteries are currently built in Asia.

"If we fail to invest, virtually none of that market will be in the United States of America," Biden said.

The 17-members of Michigan's congressional delegation had urged the Obama administration to include the four battery manufacturing projects among winners of the grant funding.

U.S. Rep. John Dingell praised the news.

With this investment from the White House as well as our state, these facilities will go from a vision to reality," said Dingell, D-Dearborn. "Michigan has provided manufacturers with research and development grants, as well as made heavy investments in workforce development."