

Battery grants could mean big job boost for Michigan

By Justin Hyde and Kathleen Gray, Free Press Staff Writers

Michigan stands to get \$1.36 billion of a \$2.4-billion federal grant program designed to spur manufacturing of batteries and other components for electric vehicles in the United States, creating up to 6,800 jobs in the next 18 months and up to 40,000 in the state over the next 11 years.

Vice President Joe Biden unveiled the grants in Detroit with several Michigan officials and lawmakers who had fought to include the money in President Barack Obama's economic stimulus plan passed earlier this year.

"We have to build on Detroit's rich past," Biden said. "We also need to have a vision of what can be a richer, better future and then we need to invest in that vision."

The grants announced by Obama and Biden were designed to establish a U.S. manufacturing base for electric vehicle batteries and motors that must now be imported from Asia, where batteries for nearly all of today's hybrids are made today. In a speech in Indiana, Obama called the grants the largest investment of its kind in American history, saying they would help bring an economic recovery to Detroit and other parts of the Midwest devastated by the decline of U.S. manufacturing.

"I don't want to have to import a hybrid car -- I want to be able to build a hybrid car here. I don't want to have to import a hybrid truck -- I want to build a hybrid truck here," Obama said, adding "I want the cars of the future and the technologies that power them to be developed and deployed right here, in America."

Gov. Jennifer Granholm, speaking with reporters before Biden's visit, said the state stood to gain up to 40,000 jobs by the year 2020 if Michigan became the leader in advanced battery technology. Michigan has lost 244,000 manufacturing jobs since 2005, and since the recession began the U.S. auto industry has shed nearly a third of its jobs building vehicles and parts.

"We were hoping we'd get at least two of the designations," she said. "Anything more would be manna from heaven."

The largest award will go to Johnson Controls Inc, which will get \$299.2 million. Ford Motor Co., which has an agreement with Johnson Controls to supply batteries for future hybrid and electric vehicles, will receive \$92.7 million.

General Motors Co. will receive \$241.4 million in total, with its battery supplier LG Chem and Compact Power receiving an additional \$151.4 million. A123 Systems, the battery maker that's supplying Chrysler Group LLC, won a grant of \$249.1 million.

KD Advanced Battery Group LLC, a joint venture of Dow Chemical Co., Kokam America Inc. and Townsend Ventures, was awarded \$161 million. GM CEO Fritz Henderson said he was thrilled that lawmakers in Washington recognized the importance of helping fund the development of the next generation of automobiles.

"This is an extremely important day for us," he said. "We're better off today than we were yesterday and from our perspective, it's extremely important that there has been an explicit recognition of battery technology by lawmakers. It's key to reinventing the automobile."

The supplier grants will be used to set up manufacturing sites in Michigan, while part of the grants to GM and Ford will be used to test vehicles and recharging systems. Chrysler received \$70 million to build and test 220 advanced plug-in hybrid electric pickups and minivans. Dow Chemical Co. said the grant would go toward an advanced battery plant in Midland, which will span 800,000 square feet and employ 800 people.

"We're just thrilled that the Obama administration and the Department of Energy have recognized and identified the need to jump start and create this industry in the United States," said Dow spokeswoman Kristina Schnepf.

The batteries will primarily be used in commercial vehicles. With automakers rapidly moving into electric vehicles, Obama and much of Washington have backed the idea of boosting U.S. firms of all sizes to avoid swapping reliance on oil for a dependence on foreign batteries. GM has said it will import the first batteries for its Chevrolet Volt plug-in hybrid from South Korea until its partners can set up a manufacturing plant in Michigan -- which will now be paid for in part by the grants.

The \$2.4 billion includes \$1.5 billion to boost battery manufacturing, \$500 million for work developing other parts for electric vehicles and \$400 million for test fleets of electric and plug-in hybrid models. Companies that won the grants must match them dollar-for-dollar.

"The day that we have waited for and so many have worked for has arrived," said U.S. Sen. Carl Levin. "Michigan will be at the epicenter of new automotive technological whirlwind."

Michigan has provided \$700 million in tax credits to four of the companies that won grants today. Those credits can be used toward the companies' obligations to match the federal money. The job predictions were based on a study done by Michigan State University, Granholm said. Although it won't make up for the hundreds of thousands of manufacturing jobs already lost in the state, "this is a really important step for Michigan and our key industries," she said.

The state tax credits can't be used by the companies, Granholm said, until they meet performance measures, such as actual car production or building a plant.