

GM venture picks Michigan for 3rd US-based EV battery plant

December 10 2021, by Tom Krisher and David Eggert

General Motors and a joint-venture partner plan to build an electric vehicle battery factory in Lansing, Michigan, their third such factory in the U.S.

The companies' plans were revealed Friday in documents posted on the city's website. They say the plant would cost up to \$2.5 billion and employ as many as 1,700 workers.

The factory would be built on the site of GM's Lansing Delta Township Assembly factory, which has been annexed by the city under a revenue-sharing agreement. A joint venture between GM and LG Energy Solution called Ultium Cells LLC would build the plant.

The selection is a big win for Michigan, which [missed out](#) on three Ford Motor Co. battery factories and an electric vehicle assembly plant that were placed in Kentucky and Tennessee.

The documents seeking Renaissance Zone and industrial tax breaks say the joint venture is obligating itself to investment and job creation. It says the building and related site improvements would be about 2.5 million square feet (230,000 square meters) with two-thirds of the building being a "clean room" environment for battery cell manufacturing.

"The machinery and equipment consists of electrode mixing, coating, assembly and formation areas," the documents say.

The plant's first year of operation would be in 2025. It would start with 750 workers, with 1,700 by the end of 2026.

GM would not comment specifically on the factory's location but said it is developing business cases "for potential future investments in Michigan." The company said it is discussing incentives with local officials.

"These projects are not approved and securing all available incentives will be critical for any business case to continue moving forward," spokesman Dan Flores said. "I'm not going to speculate on the timing of when GM leadership will make a decision on potential future investments in Michigan."

The step came as Gov. Gretchen Whitmer and the state Legislature work to quickly enact economic development incentive bills focused on "critical" industries and preparing shovel-ready sites for business expansions. It is not clear what new incentives Michigan could offer GM, though it has billions of dollars in federal discretionary pandemic rescue aid and surplus state tax revenues.

A spokesman for the Michigan Economic Development Corp. said it is premature to comment on any potential state support for GM.

Ford's decision in September to build electric vehicle and battery plants in southern states was a blow to the nation's auto hub, particularly because Ford said Michigan did not have the types of sites it needed.

The Lansing City Council will meet Monday and the following week to approve the tax breaks, president Peter Spadafore said.

"It's my understanding there's a competition for a battery plant and Lansing will do everything we can to make sure we are competitive to

bring those jobs and billions of dollars of investment to our community," he said.

GM also has applied for tax breaks in Orion Township, Michigan, where a factory that builds the Chevrolet Bolt electric car and SUV is located. The company wants to build an addition to the plant to assemble battery cells into packs that would go into electric vehicles.

This likely means GM plans to designate the Orion plant as its third electric vehicle assembly plant, along with factories in Detroit-Hamtramck, Michigan, and Spring Hill, Tennessee. Flores would not comment beyond the company statement.

The company has said it would spend about \$2 billion upgrading factories to build EVs, so that would bring the total new investment in Michigan to about \$4.5 billion. Shares of GM closed Friday up 6%, at \$63.21.

GM has said the joint venture will build four North American factories to make EV battery cells.

Two other locations have been announced, in Spring Hill and Lordstown, Ohio. The fourth location has not been disclosed.

GM has set a goal of selling only electric passenger vehicles by 2035. The company plans to roll out 30 electric vehicles globally by 2025. It also has pledged to invest \$35 billion in electric and autonomous vehicles from 2020 through 2025.

Details of GM's plans come amid a race to build North American battery factories to supply what is expected to be exponentially increasing demand for electric vehicles as the world transitions away from internal combustion engines.

Earlier this week, Toyota announced it would build a \$1.3 billion battery plant in North Carolina. Stellantis, formerly Fiat Chrysler, has said it will build two battery plants in North America. Ford announced three plants in Kentucky and Tennessee.

The LMC Automotive consulting firm expects U.S. sales of new fully electric vehicles to hit nearly 400,000 this year, almost double last year's figures. They still make up only about 2.6% of sales, but the firm expects sales to grow to more than 730,000 next year and more than 2 million by 2025. Even at 2 million, EV sales still would be only about 12% of U.S. new vehicle sales.

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