

Energy Dept. backs \$2.5B loan to GM venture for EV batteries

July 26 2022, by MATTHEW DALY



A sign at a General Motors facility, Oct. 16, 2019, in Langhorne, Pa. A joint venture between General Motors and South Korean battery company LG Energy Solution is set to receive a \$2.5 billion loan from the Energy Department to build battery cell factories for electric vehicles in three states. TCredit: AP Photo/Matt Rourke, File

A joint venture between General Motors and South Korean battery company LG Energy Solution is set to receive a \$2.5 billion loan from the Energy Department to build battery cell factories for electric vehicles in three states.

The Energy Department said it has made a conditional commitment to lend the money to Ultium Cells LLC, a [joint venture](#) of GM and LG. The loan could help Ultium finance three lithium-ion battery plants planned in Michigan, Ohio and Tennessee, bolstering the Biden administration's efforts to promote electric vehicles and reduce dependence on China for critical components.

The plants will help strengthen U.S. energy independence and support Biden's goal to have electric vehicles make up half of all vehicles sales in the United States by 2030, Energy Secretary Jennifer Granholm said.

Ultium Cells will supply GM as it works to convert its light-duty fleet to all-electric by 2035.

The plants are expected to create up to 6,000 construction jobs and 5,100 operations jobs when completed. Ultium Cells is weeks away from opening its first EV battery plant in Lordstown, Ohio, which it says will help it meet strong demand for electric vehicles.

The joint venture also plans to build battery plants in Lansing, Michigan, and Spring Hill, Tennessee. GM plans to announce the site of a fourth plant this year, CEO Mary Barra said Tuesday.



Mary Barra, CEO of General Motors, speaks during an interview with The Associated Press, Thursday, July 14, 2022, in New York. The economy is a bit wobbly, but General Motors CEO Mary Barra isn't backing off of an audacious prediction: By the middle of this decade, her company will sell more electric vehicles in the U.S. than Tesla, the global sales leader. Credit: AP Photo/Julia Nihinson

The federal loan would be the first exclusively for a battery cell manufacturing project under the Advanced Technology Vehicles Manufacturing program, which provides loans to support U.S. manufacturing of light-duty vehicles, qualifying components and materials that improve [fuel economy](#), the Energy Department said.

Jigar Shah, director of Energy's Loan Programs Office, said Tuesday the

loan would "help build a domestic supply chain to meet the growing demand for [electric vehicles](#)" and "create thousands of good-paying jobs across three states while enabling improvements in existing lithium-ion battery technologies."



People visit LG Energy Solution Ltd's booth during the InterBattery 2021, the country's leading battery exhibition, at COEX in Seoul, South Korea, , June 9, 2021. A joint venture between General Motors and South Korean battery company LG Energy Solution is set to receive a \$2.5 billion loan from the Energy Department to build battery cell factories for electric vehicles in three states. Credit: AP Photo/Ahn Young-joon, File

Ultium Cells has allotted about \$2 billion for construction of each plant,

but a GM spokesman said commitments GM and LG have made to fund the joint venture don't preclude them from pursuing a loan under a program designed to advance clean energy technology.

"Assuming the loan is approved, it would have the effect of lowering the amount of capital the joint venture partners would need to fund directly," spokesman Jim Cain said. "Ultium Cells will repay the loans with proceeds earned by selling its [cells](#) to GM."

Tesla, Ford and Nissan are among auto companies that received ATVM loans under the Obama administration.

© 2022 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Energy Dept. backs \$2.5B loan to GM venture for EV batteries (2022, July 26)
retrieved 16 April 2024 from
<https://techxplore.com/news/2022-07-energy-dept-25b-loan-gm.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--