

# Tesla looking at building lithium refinery in Texas

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Amid soaring prices for lithium, a key component for electric car batteries, Tesla is evaluating the feasibility of building a refinery in Texas.

US electric car maker Tesla is studying the possibility of building a lithium refinery in Texas and is seeking tax breaks from the state to complete the project, according to documents made public Friday.

While the project is only in the feasibility stage, Tesla said the factory on the Gulf coast would be the first of its kind in North America, producing an element critical to the batteries used in the growing EV market.

In an application sent to the Texas Comptroller at the end of August and made public on Friday, Tesla said the plant "will process raw ore material into a usable state for battery production."

The finished product, battery-grade [lithium](#) hydroxide, would be shipped by road and rail to various Tesla battery plants throughout the country.

Construction could begin by the end of the year with production starting by the end of 2024.

The company led by billionaire Elon Musk stressed that "Tesla is still evaluating the feasibility of this project" which is in a "very preliminary" phase, so no contracts have been signed and no permits have been issued for construction.

The decision to go ahead "will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes," the document said.

The cost of the project has not been quantified.

Tesla also is studying the possibility of building a similar site in the state of Louisiana as an alternative.

Tesla's proposed [project](#) comes amid soaring lithium prices due to strong demand for the component, essential for making electric batteries.

Musk complained about the rising costs in a tweet in April, and hinted at

the possibility of moving into production.

"Price of lithium has gone to insane levels! Tesla might actually have to get into the mining & refining directly at scale, unless costs improve," he said on Twitter.

China, Australia, Chile and Argentina, where the world's largest lithium resources are located, dominate the market for the production and exploitation of this highly coveted mineral.

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