

Ford-backed electric battery venture approved for \$9.2bn US loan

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The new batter plants will create 5,000 construction jobs and 7,500 operations positions, officials say.

A Ford joint venture to build three new electric vehicle battery plants is set to receive up to \$9.2 billion in US federal loans under a program

backed by President Joe Biden, officials announced Thursday.

The US Department of Energy announced a "conditional commitment for a loan" to BlueOval SK, a joint venture between Ford Motor and SK On, a South Korean battery manufacturer, to build the new plants in the southern US states of Tennessee and Kentucky.

Biden has supported heavy public investment in such initiatives to address climate change and bolster US manufacturing.

The loan would be the largest in the history of the Advanced Technology Vehicles Manufacturing program, US officials said.

Ford cheered the move as boosting electric vehicle adoption, "while powering thousands of good paying jobs and American manufacturing," said Ford Treasurer Dave Webb.

"Major technology transitions have always been accelerated by collaboration between the public and private sectors," Webb said.

Electricity from batteries produced at the plants will replace more than 455 million gallons of gasoline over the lifetime of the vehicles, the Department of Energy said in its press release.

The projects will create 5,000 construction jobs and 7,500 operations positions once the plants are up and running, the agency said.

Biden has set 2030 as a target date when EVs should reach at least 50 percent of the new car market.

He has also backed large public investments in new EV charging stations and tax credits for purchasing EVs. The 2022 Inflation Reduction Act linked tax incentives to requirements that batteries and critical resources

in EVs come from North America.

Ford and SK Innovation unveiled the joint venture in September 2021, describing plans to spend \$11.4 billion on a battery plant in Stanton, Tennessee and twin facilities in Glendale, Kentucky.

Ford has said the plants will start production in 2025. The US automaker declined to provide details on the loans and did not respond to a question on how the loan sum relates to the earlier \$11.4 billion figure.

The Department of Energy's conditional commitment follows a due diligence process in which the agency brought in outside experts to review the application and develop a term sheet.

The final loan depends on the party meeting additional conditions, such as receiving approvals from local authorities, according to the agency.

In the case of the BlueOval project, the White House is demanding robust labor agreements and support for the Biden administration's "Justice40 Initiative," which requires that 40 percent of overall benefits go to disadvantaged communities, the press release said.

The Tennessee site is located in a disadvantaged community as are communities surrounding both Kentucky sites, the agency said.

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