DEPARTMENT OF ENERGY

THE RECOVERY ACT:
TRANSFORMING AMERICA’S TRANSPORTATION SECTOR
Batteries and Electric Vehicles

WEDNESDAY, JULY 14, 2010

**Embargoed until 8:00 PM EDT**
The Obama Administration is investing in a broad portfolio of advanced vehicle technologies. These investments—in American ingenuity, innovation, and manufacturing—are driving down the costs associated with electric vehicles and expanding the domestic market. Investments in batteries alone, for example, should help lower the cost of some electric car batteries by nearly 70 percent before the end of 2015. What’s more, thanks in part to these investments, U.S. factories will be able to produce batteries and components to support up to 500,000 electric-drive vehicles annually by 2015. Overall, these investments will create tens of thousands of American jobs.

As part of the Department of Energy’s $12 billion investment in advanced vehicle technologies, the Department is investing more than $5 billion to electrify America’s transportation sector. These investments under the American Recovery and Reinvestment Act and DOE’s Advanced Technology Vehicle Manufacturing (ATVM) Loan Program are supporting the development, manufacturing, and deployment of the batteries, components, vehicles, and chargers necessary to put millions of electric vehicles on America’s roads.

The Recovery Act included $2.4 billion to establish 30 electric vehicle battery and component manufacturing plants and support some of the world’s first electric vehicle demonstration projects. For every dollar of the $2.4 billion, the companies have matched it at minimum dollar for dollar. Additionally, DOE’s Advanced Research Projects Agency-Energy (ARPA-E) is providing over $80 million for more than 20 transformative research and development projects with the potential to take batteries and electric drive components beyond today’s best technologies, and the Advanced Energy Manufacturing Tax Credit program is helping expand U.S.-based manufacturing operations for advanced vehicle technologies.

The Obama Administration has also provided nearly $2.6 billion in ATVM loans to Nissan, Tesla and Fisker to establish electric vehicle manufacturing facilities in Tennessee, California and Delaware, respectively.

Projects have now begun constructing new manufacturing plants, adding new manufacturing lines, building electric vehicles, and installing electric vehicle charging stations, creating thousands of new jobs across the country. These combined investments are helping the economy grow now, while positioning the U.S. for global leadership in the electric vehicle industry for years to come.
Recovery Act Investments in Electric Vehicles

Through the Recovery Act, the country is making comprehensive investments in each part of the electric vehicle ecosystem. In sum, the Act included approximately $4 billion to support domestic manufacturing and deployment for advanced vehicle and clean fuel technologies. To date, there have been over 70 awards, worth more than $2.5 billion, to promote electric vehicle technologies. This includes cost-shared projects at each level along the innovation chain – from battery and component manufacturing to commercial deployment of vehicles and charging stations to advanced research and development that will help identify the next generation of electric vehicle technologies.

- **Manufacturing** – 26 of 30 battery and component manufacturing plants have started construction, which includes breaking ground on new factories or installing new equipment in existing facilities.
  - 9 battery manufacturing projects, including a $249 million project by A123 to support the construction of 3 Michigan facilities to produce advanced batteries for vehicles, grid storage, and other applications. They have already started construction of a low-volume manufacturing facility in Livonia, which they expect to begin operations in September, and have begun planning for larger-volume facilities in Romulus and Brownstown, Michigan. Nine of the nine new battery plants opening as a result of Recovery Act investments will have started construction by tomorrow – and four of those will be operational by the end of the year.
  - 11 battery component manufacturing facilities, including Celgard LLC in North Carolina, who won a $49.2 million grant to expand its production capacity for separators, a key component in the lithium-ion batteries needed for the growing electric drive vehicle market. When Celgard completes expanding its facility in Charlotte, North Carolina, the company will be able to produce an additional 80 million square meters of separator per year—enough to support up to a million electric-drive batteries per year. Celgard is also building a new manufacturing facility in Concord, North Carolina to support additional increased demand for electric vehicle batteries.
  - 10 electric drive component manufacturing projects, including Delphi Automotive Systems, the largest North American supplier of power electronic components for electric vehicles. The company received $89.3 million in Recovery Act support to build a power electronics manufacturing facility in Kokomo, Indiana. The plant will have the production capacity to support at least 200,000 electric drive vehicles by the end of 2012.
• **Deployment** – 8 innovative demonstration projects, representing the world’s largest electric vehicle demonstration to date. In total, these projects will lead to an additional 13,000 grid-connected vehicles and 20,000 charging stations in residential, commercial and public locations nationwide by December 2013.

  o Coulomb Technologies received a $15 million Recovery Act grant to support the ChargePoint America program, which will deploy 5,000 residential and commercial charging stations and 2,600 electric drive vehicles in nine major metropolitan areas around the country.

• **Advanced Research and Development** - More than 20 breakthrough research projects to support potential game-changing technologies like semi-solid flow batteries, ultracapacitors and “all-electron” batteries that could go well beyond today’s best lithium-ion chemistries are being funded. **If successful, these breakthroughs could cut battery costs by as much as 90 percent and expand vehicle range three to six-fold.** In turn, this would decrease the upfront cost of electric cars to roughly that of gas-powered cars and give them a longer range, likely further increasing demand for the vehicles in the long-term.

  o Fluidic Energy won $5 million to pursue “metal air” batteries that could have 10 times the energy density of today’s lithium-ion technologies, at a third of the cost. The Scottsdale, Arizona company is working with Arizona State University to develop ultra stable new materials, or “wonder fluids” that could allow metal-air batteries to be successfully developed and deployed for the first time, enabling widespread deployment of low cost, very long range electric vehicles.

Taken together, the impact of these investments is greater than the sum of their parts. The investments interact to stimulate both supply and demand for electric vehicles. The investments are lowering barriers to ownership: driving down the cost of batteries while improving their functionality and building a network of charging stations. Meanwhile, they are actively putting more electric cars on the road and supporting the long-term domestic production of low-cost, clean energy vehicles.

Federal investments in electric vehicles are being matched by private sector funding, helping to move private capital off of the sidelines. This combination of private and public investments in advanced vehicles is stimulating economic growth, creating jobs in both the short- and long-term, and increasing the country’s global competitiveness.

These jobs represent a shift—the shift of important industries moving jobs back to American shores and the growth of a domestic battery industry. The Recovery Act is laying the groundwork for long-term, sustainable recovery by ensuring that the industries of the future are American industries. In 2009, the United States had only two factories manufacturing advanced
vehicle batteries and produced less than two percent of the world’s advanced vehicle batteries. By 2012, thanks in part to the Recovery Act, 30 factories will be online and the U.S. will have the capacity to produce 20 percent of the world’s advanced vehicle batteries. By 2015, this share will be 40 percent.

This shift has additional benefits, too. Today, oil provides 95% of the power to move America’s cars, trucks, ships, rail, and planes, and over half of America’s oil is imported. Electric vehicles and other advanced vehicle technologies can reduce this dependence and help the country control its energy future.

Electric Vehicle Supply Chains and Networks

Through the Recovery Act and the ATVM program, DOE is invigorating a nationwide advanced vehicle supply chain centered in the Midwest. Michigan is an example of how clusters can multiply the impact of Recovery Act funds and create synergies within and across corporate walls. A concentration of Michigan’s engineers, workers, and managers are innovating more quickly because they are near one another – and drawing in more and more advanced vehicle expertise each day.

The Recovery Act is supporting 14 vehicle awards in Michigan. This includes several large battery factories (e.g. A123, GM, Johnson-Controls, Dow-Kokam, and LG Chem), electric drive component factories (e.g. GM, Ford, Magna), and three workforce training programs (University of Michigan, Michigan Technological University, and Wayne State). Under the Department’s loan program, DOE is supporting multiple Michigan-based factories that will hire the workers trained in these universities to assemble the batteries and components into some of the world’s most advanced vehicles.

For example, a $105 million grant to GM is expanding a facility to package batteries for the Chevy Volt – the grant is creating hundreds of jobs at the Brownstown facility and invigorating a chain of local factories. GM will deliver batteries from Brownstown to a plant in Detroit. Here, hundreds of workers will assemble components made in Warren, Grand Blanc, and three factories in Flint. This network of Volt-related investments is attracting other companies to Michigan. To supply battery cells to the Brownstown facility, Compact Power, Inc. is building its first American factory in Holland, Michigan. The $151 million grant is helping Compact hire workers in Holland and purchase battery components and supplies from U.S. factories. Compact will purchase its separator material from Celgard, and is evaluating other Midwestern suppliers for its other components like cathodes, electrolytes, additives, and binders.

Meanwhile, under the Recovery Act’s Transportation Electrification program, grantees will deploy 20,000 additional electric charging locations, up from 500 locations today. These 8 demonstration projects are also putting 13,000 electric vehicles on the road, including more than
4,700 Chevy Volts, across more than a dozen cities to show how electric cars perform under real driving, traffic and weather conditions.

**Electric Vehicle Charging Locations**

![Diagram showing the increase in charging locations from 2009 to 2012](image)

**Innovation in Batteries**

The Obama Administration’s investments in advanced vehicles are creating a sustainable future for American industry and American workers. But investments in batteries demand special attention. The lack of affordable, highly-functional batteries has been a particularly high barrier to the widespread adoption of electric vehicles. When the Recovery Act passed, batteries were too costly, too heavy, too bulky and would wear out too quickly. Recovery Act investments are literally reshaping electric batteries and reshaping the economics of battery production and distribution.

**More Affordable**

Before the Recovery Act, the only highway-enabled electric vehicle on the road cost more than $100,000. This high cost resulted in large part from the high cost of batteries—a car with a 100 mile range required a battery that cost more than $33,000.

Between 2009 and 2013, the Department of Energy expects battery costs to drop by half as 20 Recovery Act-funded factories begin to achieve economies of scale. By the end of 2013, a comparable 100 mile range battery is expected to cost only $16,000. By the end of 2015, Recovery Act investments should help lower the cost of some electric car batteries by nearly 70 percent to $10,000. The same cost improvement applies to plug-in hybrids – cars that can travel roughly 40 miles on electricity before their gasoline engine kicks in. The cost of a 40-mile range battery is falling from more than $13,000 in 2009, to roughly $6,700 in 2013, to $4,000 in 2015.
This dramatic drop in cost should result in more affordable, mainstream electric cars. Fisker, GM, Nissan, Tesla, and other automakers are introducing more affordable electric vehicles. At the end of this year, consumers will be able to purchase electric vehicles that cost between $25,000 and $35,000, after tax credits. In addition, drivers will save money over a car’s lifetime. Using electricity to power a car is only about 30 percent of the cost of using three-dollar-a-gallon gasoline.

**Lighter Weight**

Low energy density, i.e. heavier batteries, significantly limits vehicle range and acceleration. Under the Recovery Act, DOE is supporting innovations to reduce battery weight and increase the energy density, which allows batteries to store more energy in a smaller, lighter package. These smaller, lighter batteries will pack **more power, performance, and range**.

Between 2009 and 2015, increases in energy density will reduce the typical weight of an electric vehicle battery by 33 percent. Meanwhile, ARPA-E projects are pursuing innovations that have the potential to improve battery density up to six times its current level.
Longer Lasting

Batteries are also getting more durable. In the next few years, domestic manufacturers should be able to produce batteries that last up to 14 years. This should give consumers confidence that electric vehicle batteries will last the full life of the vehicle. In addition, longer lasting batteries reduce the potential for used batteries to become waste material.¹

¹ Calendar life is assumed for advanced electric vehicle battery technologies. Current batteries for PHEV vehicles are designed to achieve significantly higher calendar life, but trade-off performance and cost to achieve that life.