

Clean Energy

US Energy Dept. Aims \$15.5B for EV, Battery Plant Retooling

By [Debra K. Rubin](#)



In a related announcement, Hyundai Motor Group and LG Energy Solution will add \$2 billion to their investment in an electric vehicle and battery cell manufacturing complex under construction near Savannah, Ga., raising the total to \$7.6 billion, state officials said Aug. 31.

Image courtesy of Hyundai Motor Group

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The Dept. of Energy is making available \$12 billion in grants and loans for projects to convert and retool existing U.S. automobile and component manufacturing plants to support electric vehicles and another \$3.5 billion for advanced batteries and materials for EV and energy storage.

Awards for the funding, provided under last year's Inflation Reduction Act and the 2021 Infrastructure Investment and Jobs Act, will be decided based on criteria that include strategies

to retain and attract skilled workers for “high-quality jobs in communities that currently host manufacturing facilities,” [DOE announced on Aug. 31](#), with preference to projects that maintain collective bargaining agreement wage and benefit levels.

Also key in determining awards are the economic effects of a plant conversion—whether manufacturers will likely preserve high-quality jobs, with “particular attention to communities supporting facilities with longer histories in automotive manufacturing,” the agency said, particularly those in a location that has a 20-year or more history of producing vehicles or supplying their parts.

Another \$2 billion in cost-sharing grants is available to spur conversion of older domestic plants to manufacture electric vehicles and components. It will also support production of efficient hybrid, plug-in electric hybrids, plug-in electric drive and hydrogen fuel-cell electric vehicles.

The program will expand manufacturing of light, medium and heavy-duty electric vehicles and components, DOE said, as well as support vehicle and component assembly projects.

Concept papers are due Oct. 1 with full applications due Dec. 7. The agency said it expects to make up to 41 awards in the form of grants, in amounts from \$50 million to \$300 million.

The \$3.5 billion to increase advanced batteries and battery materials production is the second round of funding for that type of manufacturing. “In just two years, we’ve seen announcements of more than \$143 billion in clean energy manufacturing,” said Energy Secretary Jennifer Granholm.

GM, Honda and Toyota are among manufacturers that have programs underway to retool existing U.S. plans for EV production, but the funding could also boost efforts by struggling startup manufacturers such as Rivian and Lucid, according to [Inside EV](#).

“We can expect significant new project announcements for at least the next few years,” Alexander Calderone, president of Detroit-area automotive sector consultant Calderone Advisory Group, told ENR.

He notes the timing of the DOE announcement with a looming union strike in some form against GM, Ford and Stellantis after contacts expire on Sept. 14, with compensation for EV plant workers a factor. “Current negotiations between the United Auto Workers and Detroit's Big Three suggest a significant rise in fixed costs is on the horizon for automakers,” Calderone says.

Workers at Ultium Cells, a joint venture between General Motors and LG Energy Solutions in late August agreed to raise wages by up to \$4 an hour and pay thousands of dollars of back pay for hundreds of workers. Union officials want a 46% raise and a 32-hour work week, contending the transition to EVs threatens union jobs.

“Building a clean energy economy can and should provide [new] opportunity for auto companies and unionized workers who have anchored the American economy for decades,” President Joe

Biden said in a statement. “This funding ... will further that goal by creating auto manufacturing jobs and helping companies avoid painful plant closings—and to retool, reboot and rehire in the same factories and communities with high wages.”

Georgia EV Plant Advances

Meanwhile, Georgia Gov. Brian P. Kemp announced, on Sept. 1, that Hyundai Motor Group and LG Energy Solution will invest an additional \$2 billion in their new EV and battery cell manufacturing complex—now under construction near Savannah on a 2,923-acre site in Bryan County.

It is set to begin producing vehicles and batteries in late 2025, Savannah Economic Development Authority President Trip Tollison said in a statement.

The funding boost will raise the total site investment value to nearly \$7.6 billion over the next eight years, he said, with about 8,500 jobs to be created.

State and local governments have committed to \$1.8 billion in tax breaks and other perks.

Contractor Barnett Southern, with McLendon Enterprises and Complete Sitework Services, is executing site and utility development in the project's first phase that is set to finish in the second half of 2023, the firm announced previously.

The Georgia plant is initially set to produce 300,000 vehicles per year, but Hyundai global COO José Muñoz said last year it could eventually raise that to 500,000 vehicles annually, if demand warrants.

Batteries to be produced there also will supply Hyundai EV plants in Montgomery, Ala., and West Point, Ga.

KEYWORDS: [Battery plant construction](#) [Electric Vehicle Transition](#) [federal funding](#) [Georgia Construction](#) [US Energy Dept.](#)