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Battery Currents

Advanced Energy Storage – Michigan Update

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“Due to slower than anticipated development of the marketplace for advanced energy storage systems, the timing of project completion has changed.”

Memo from MEDC to the Michigan Strategic Fund Board

Chinese Auto Parts Maker Buys A123 Systems

After A123 Systems filed for bankruptcy in October a number of companies looked to buy its assets. Now a sale to Wanxiang Group, a Chinese auto parts manufacturer, has been confirmed by the bankruptcy courts despite some concerns in Congress. According to the president of Wanxiang’s fast-growing American subsidiary, Pin Ni, the Chinese company plans to invest heavily in A123 Systems. To allay any national security concerns, the government division was sold to Navitas Systems, an American company. Navitas’ purchase includes: acquiring the A123 Systems Ann Arbor facility, its employees, plus another 11 engineers from A123’s automotive business; patents held by A123 Systems’ government unit; an undisclosed value of government contracts; and the ability to source cells and components from A123. Customers include the Department of Defense, Department of Energy and Department of Homeland Security. Now Bill Schuette, Michigan’s Attorney General, is objecting to A123 Systems Inc’s Chapter 11 bankruptcy plan in the Delaware Bankruptcy Court. He is asserting that it calls for an improper transfer of \$125 million in Michigan tax credits to Wanxiang Group. According to his court filing the tax credit law has been repealed, and there is no written agreement between Michigan and Wanxiang.

Return of ARRA Funds

LG Chem Michigan has returned \$842,000 of American Recovery and Reinvestment Act funds to the U.S. Department of Energy. This followed an Office of Inspector General review of the \$142 million in ARRA expenditures to date at the Holland, Michigan, facility. Because the demand for the Chevy Volt has not developed as quickly as expected, production of Chevy Volt lithium-ion batteries has not yet shifted from Korea to Michigan. Only three of five planned production lines have been completed, and only half of the expected 440 jobs have been created to date.

Tax Incentives Extended for Battery Maker

Dow Kokam was granted State of Michigan tax incentives to augment its \$161 million grant from the U.S. Department of Energy for its battery cell manufacturing and battery pack assembly in Midland. The Michigan Strategic Fund has amended its \$100 million tax credit by moving the deadline for creating at least 300 jobs from 2015 to 2018. So far Dow Kokam has created 109 jobs and invested \$340 million in the projects. It has also received a four-year extension (to 2020) on a \$42 million state tax credit, on the condition that it creates an additional 300 new jobs and invest an additional \$200 million in battery pack manufacturing. The Renaissance Zone tax credits requirements were also amended.

Ford Increases Electric Vehicle Dealers and Pushes Sales

The number of Ford Motor Company dealers who can sell electric vehicles will more than quadruple this spring. The company will so have 900 certified dealers, up from the 200 it had near the end of last year. The dealers will have specially trained sales and service staff, plus at least two on-site charging stations. This will mean that approximately one-third of all Ford U.S. dealers will be able sell the Focus Electric, C-Max Energy plug-in hybrid and the Fusion Energi plug-in hybrid. Lagging sales on the Focus Electric has the company offering lease and cash sale discounts.



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Michigan Lithium-Ion Battery to Power Electric Boat

Torqueedo, a German-based manufacturer of outboard motors, has contracted to use lithium-ion battery packs from Johnson Controls' Holland plant for its 80-horsepower electric boat motor. The battery is based on a modification of Johnson Controls' plug-in hybrid electric vehicle battery. The battery pack design has made them waterproof and resistant to salt water. The electric motor, DEEP BLUE, has been awarded the boating industry's top awards for innovation.

Cobasys Absorbed into New Subsidiary

Cobasys LLC of Orion, Michigan, has been combined with SB LiMotive Germany GmbH of Stuttgart to form Robert Bosch Battery Systems. This is a wholly-owned subsidiary of Robert Bosch GmbH. Cobasys has been focused on nickel metal-hydride battery technology, while SB LiMotive is a joint venture between Bosch and Samsung, focused on lithium-ion batteries. The intent is to expand activities relating to electrochemistry and the production of lithium-ion battery cells. The Fiat 500e, going into production this year, will be the first all-electric vehicle with a Bosch battery pack.

Midland Plant Lays off Battery Workers

Dow Kokam, a company jointly owned by The Dow Chemical Company, TK Advanced Battery LLC and Groupe Industriel Marcel Dassault, announced layoffs of U.S. workers in December. The company has a total U.S. workforce of about 250 people, with about 95 of those employed in the Midland plant. The company produces battery cells at the Midland Battery Park and the assembly of battery packs in Missouri and France. Citing slow growth in demand for advanced energy storage systems, approximately 40-60 employees at the two U.S. sites will be laid off. Construction of the 60,000 square foot addition to Dow Kokam facility in Midland has been slowed down. While the company will continue to produce advanced lithium-ion batteries out of its Midland site, it currently has no plans for further cuts. In other news, Dow Kokam's lithium batteries will be used in an energy storage system in an urban Toronto community that will allow for the storage and distribution of electricity.

Electric Vehicles Plans in China for GM

General Motors has opened an Advanced Materials Lab in Shanghai, and has brought to the Chinese market some of its most recent electrified vehicles. Among these are the Chevrolet Volt, the Buick LaCrosse with eAssist, and the Cadillac Escalade Hybrid. In late 2012, GM introduced the Sail SPRINGO EV all electric vehicle, which will be build and sold in China in 2013. It is reported to have a range of 124 miles.

Sports Car with Detroit Name (again)

Detroit Electric has announced that in early April it will unveil a partnership with a Chinese carmaker to start August production of a limited edition, all electric sports vehicle in Michigan. Detroit Electric is led by Albert Lam, formerly Group CEO of Lotus Engineering. The company will be headquartered in Detroit. The car will use lithium-ion batteries from Kokam Co. Ltd. The original Detroit Electric was in business from 1907 to 1939, and sold around 13,000 electric vehicles during that period.

Annual Battery Show set for September

The dates for this year's *Battery Show* in Novi are September 17-19. Co-located with the show this year will be the *Charging Infrastructure Expo* and the *Electric and Hybrid Vehicle Technology Conference and Expo*. The show is expected to focus on advanced energy storage and will host the latest advanced battery solutions for electric and hybrid vehicles, utility and renewable energy support, portable electronics, medical technology, military, and telecommunications.

"Everything we're doing is based on the market being in a slow growth mode. It's positioning us to be able to compete in today's market, but also be able to capture growth as that happens."

Bill Gagliardi,
Director of Public Affairs and
Branding at Dow Kokam