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Risky federal grants

SATURDAY, JUNE 2, 2012

Another of President Obama's alternative energy initiatives financed by taxpayers is not faring so well.



Last year, Solyndra Corp., a solar panel manufacturer touted by President Obama for its green energy possibilities, filed for bankruptcy after receiving a \$528 million loan from the Department of Energy. Now, the Wall Street Journal reports that the administration's \$1.26 billion investment of federal funds in nine plants to produce electric car batteries is also showing poor returns. The plants were part of the president's overall energy strategy to put 1 million electric cars and hybrid vehicles on the road by 2015 while acting as an economic stimulus creating jobs in a new industry.

However, the Journal said, the battery plants have "few customers, operate well below capacity, and, so far, have created less than a third" of the 6,400 jobs that were promised by 2015. Only two of nine companies have met their hiring goals.

Among the struggling companies is A123 Systems Inc. in Michigan, which recently posted a loss of \$125 million, mainly due to problems with defective battery packs sold to its customers. President Obama visited the plant in 2010, when he touted the "birth of an entire new industry." Also struggling to survive are a nearly idled Michigan plant built by Johnson Controls Inc. and another by LG Chem, that employs 220 but has not started production. Enerl Inc. filed for bankruptcy earlier this year but is operating with 250 employees, about 15 percent of the 1,700 employees anticipated. It received about \$55 million in federal funds.

Their financial difficulties were due partly to unrealistic production goals and timelines and staffing demands. Administration officials defend the grants as necessary to build an "infrastructure for the American battery industry." Industry leaders say the grants keep American businesses from losing out to foreign competitors.

But at the heart of the problem was the law of supply and demand. Bryan Hansel, chief executive of Smith Electric Vehicles Inc., which uses A123 batteries, said battery manufacturing capacity is "substantially overbuilt" now. There are too many plants capable of producing more batteries than

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needed by electric car makers who aren't meeting their projected sales because consumers are not sold on electric vehicles.

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5 comments posted. ([Refresh](#))

By [j5591](#) *Sat., Jun. 02 at 8:37 pm*

Despite the thousands of solar panel owners who are saving on electric bills and even making a few bucks, a large sector of our population refuse to even consider them out of purely politically partisan reasons. Many others ignore the science (what a surprise) and see no future in them. Alternative energy has an uphill battle that few other start-up technologies have to deal with.

By [interested](#) *Sat., Jun. 02 at 9:25 am*

We get it, impy...you don't like him. You hate him, in fact. That's cool, whatever, it's a free country. But please, do tell us what the solution is, because we're dying to know. Don't keep it to yourself, man...your country needs you!

By [Impeachhim](#) *Sat., Jun. 02 at 7:26 am*

This is not a campaign "story". This is a far left ideologue of a regime that dumped billions of our money into crony socialism. All of these companies were filled with Obama bundlers, at Solyandra it was spearheaded by the Kaiser Foundation who also has close ties to the hospital where Moocheel once worked at. The same hospital where she received a \$200,000 a year raise right after our inept

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