

Battery maker Ener1, a DOE grant recipient, goes bankrupt

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By Steve Hargreaves @CNNMoneyTech January 26, 2012: 7:19 PM ET



PHOTO: STEVE HARGREAVES/CNNMONEY

Electric car battery maker Ener1 says the filing will not shut down any of its operations, including a factory in Indiana the government helped finance with a \$118.5 million grant.

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NEW YORK (CNNMoney) -- Electric car battery maker Ener1 filed for bankruptcy Thursday, three years after receiving a \$118.5 million grant from the U.S. government.

Ener1 ([HEVV](#)), which makes a variety of energy storage devices under different subsidiaries, is the parent company of EnerDel, the car battery division that received the government grant to help build a manufacturing plant in Indianapolis.

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Unlike [bankrupt Solyndra](#), the advanced solar panel maker that became a lightning rod for critics of Obama's stimulus spending when it closed its factory and liquidated, Ener1 promised its business will proceed as usual.

The company said the "voluntarily initiated" bankruptcy filing won't impact any of its subsidiaries, including EnerDel.

"The restructuring will not adversely impact their employees, customers and suppliers," the company said in a

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press release, noting there will be no layoffs as a result of the action.

The company blamed the bankruptcy on a slower than expected demand for electric vehicles.

Making a battery to replace oil

Analysts have also said any electric car battery maker faces stiff competition from Asian firms, which

are largely considered to be well ahead of the curve due to their long experience making batteries for electronics. Ener1 was thought to offer one of the **best chances** for an American company to compete in this field.

The company said that's still the case, and that the restructuring will allow it to reduce its debt and free up \$81 million for capital spending.

"Our business partners have an appreciation for our future business opportunities," CEO Alex Sorokin said in a statement. "We expect the new funding to provide ample liquidity for our subsidiaries to meet their ongoing obligations to employees, customers and suppliers."

The Department of Energy, which awarded the grant, agreed.

"While it's unfortunate that Ener1, the parent company, has entered a restructuring process, the new infusion of \$80 million in private capital demonstrates that the technology has merit," DOE said in a statement.

Ener1 received the grant in 2009 as part of a **\$2.4 billion stimulus effort** to jump start the electric car industry.

The program was different from the Energy Department program that funded now-bankrupt solar panel maker Solyndra and **Beacon Power**, a maker of energy storage devices. Nonetheless, critics jumped at the chance to highlight another government grant gone bad.

"Sadly, the Department of Energy's jobs record seems to grow worse by the day," Florida Representative Cliff Stearns, a Republican, said in a statement. "It is American taxpayers who are paying the price."

But during his State of the Union speech, President Obama struck a defiant tone, refusing to apologize for the decisions his administration has made, which includes the funding of hundreds of clean energy companies or companies engaged in clean technology research.

"Some technologies don't pan out; some companies fail," said Obama. "But I will not walk away from the promise of clean energy." ■

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USFirst2012, 20 seconds ago

The king of bs is saying whatever it takes to get himself re-elected. Is this three-day tour of mission critical states on taxpayers' dime again? Mr. President, you lack credibility and sincerity when you condemn the 1% while you YOURSELF is the 1% because of the millions you have accumulated in public office. And even after two days of preparation, you couldn't even get your facts straight for your SOTU speech. For your information, the... [show more](#)


JimmyMaw, 1 minute ago

America is (was) the greatest country in the world because it created things that people needed or wanted and could AFFORD. People creat companies or invest in them so that they can make a profit and better themselves. This is an example of someone creating a product that has no market. The executives of this company will make a nice profit, bankrupt or not, because it is funded by taxpayers. This is what killed the... [show more](#)


MrScott188, 3 minutes ago

And another Obama recipient of Obama funds is biting the dust...


USFirst2012, 3 minutes ago

Maybe Obama's cut is too big for these companies to make any profit from the loans.


cornhogger, 6 minutes ago

Wow. Obama ran this company? \$hitfire. We don't need no stinkin' batteries. Oh. Wait a minute. We can use batteries in drones? Next week on the nasdac,,,,,,,,,,,,,

1 person liked this.


Guest, 9 minutes ago

For every one that failed, hundreds made it. These jobs would be Korean or Taiwanese, or worse China.


como1, 16 minutes ago

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Way to go Barak!. Another shovel ready job paid for with taxpayer money.

MrScott188 and 1 more liked this



Dave4839, 22 minutes ago

Did anyone read beyond the headline? This is a reorganization, if that were a complete failure there would not be a single airline left in this country. Who is going to invest an additional \$80 million in private investment money in a complete failure?

CapeX and 2 more liked this



Haskell Nixon, 3 seconds ago in reply to Dave4839

You are wasting your breath trying to get the negatives to understand what is going on, they have their one track minds set and nothing will change them. they suck up every word that people like beck coulter and limbaugh tell them. their eyes are glued to faux news. they believe every lie told.



CapeX, 24 minutes ago

Americans beat each other up so much for your failures, c'mon grow some guts. Just compare this investment to what China is making in this sector. Innovation doesn't come without failure . But you need guts to say , even if I fail , I am gonna retry until I succeed..

Shawn44 and 3 more liked this



sky6709, 25 minutes ago

More "Green Energy". ...money is green too. lol

1 person liked this.



Shawn44, 26 minutes ago

Not every new business succeeds. The goal of producing our own, clean energy is something only a short-sighted simpleton would not want to achieve. Even with the bankruptcy filing, the company is still solvent, and is still employing Americans.

2 people liked this.



tekelder, 30 seconds ago in reply to Shawn44

If you look at the real potential for "Green Energy" no one who knows what they are talking about ever finds it feasible to exceed in total 2-3% of our entire current energy usage. Someone saw you falling off the turnip truck and told you a BIG story. Look into it if you really want to know.



PaleinPDX, 29 minutes ago

Where do I sign up for one of these grants? Easy money, if you ask me.

MrScott188 and 2 more liked this



mk1001, 21 minutes ago in reply to PaleinPDX



The 2006 solicitation for candidate firms produced 143 applications.

Only 16 applications were preliminarily accepted.

Shawn44 liked this



boblawbla, 34 minutes ago

What's that saying about best intentions?

Another example of why government should not be involved in business decisions. THEY SUCK at them.

isitoolate and 1 more liked this



greg11869, 30 minutes ago in reply to boblawbla

why do we continue to give "business" a free pass on their decisions? Enron? Arthur Anderson? Bears Stern? just to name a few recent ones... we could go back to the S & L scandal.. or how about Mortgage Backed Securities that nearly crippled the US, and to a great extent, World economy?

Shawn44 and 2 more liked this



tekelder, 6 minutes ago in reply to greg11869

We give business a free pass when it is their own money that they spend. They may have taken it from us but the tax money is still OUR money and anyone spending it had better look up the word fiduciary before spending it.

MrScott188 and 2 more liked this



HenryMiller, 39 minutes ago

Another \$118.5 million wasted by Obama's idiot administration.

GunsAndMoney and 3 more liked this



mk1001, 34 minutes ago in reply to HenryMiller

Again, you can thank the people responsible for the 2005 Energy Policy Act which created this loan program.

A bill that was passed by a Republican House, a Republican Senate, and signed into law by a Republican President.

And you can thank Indiana Republicans Mitch Daniels (who appears in numerous promotion videos for Ener1 and gave them \$7 million in state tax credits) and Richard Lugar and Dan Burton who were strong supporters of this... [show more](#)

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