

DOE Announces \$3 Billion in Funding for U.S. Battery Supply Chain

May 4, 2022

On May 2, 2022, the Department of Energy (DOE) announced \$3.16 billion in funding under the Infrastructure Investment and Jobs Act to make more batteries and battery components in the United States and to bolster domestic battery supply chains. Specifically, the investment will “support the creation of new, retrofitted, and expanded commercial facilities as well as manufacturing demonstrations and battery recycling.” The DOE simultaneously announced a separate \$60 million in funding to enhance second-life applications and recycling processes for batteries, and on May 3, 2022, announced another \$45 million to develop more efficient electric vehicle batteries.

These investments are key components of the Biden Administration’s plans to have electric vehicles make up half of all vehicle sales in the United States by 2030. All electric vehicles require advanced batteries including lithium-ion batteries for motive power. The DOE is directing some of this funding toward securing the domestic critical mineral supply chain used in advanced battery production, such as lithium, cobalt, nickel, and graphite for lithium-ion batteries.

Bolstering the domestic supply chain for advanced batteries, including critical minerals inputs and the batteries themselves, furthers both the Administration’s clean energy goals as well as U.S. national security. Currently, the United States is largely dependent on foreign production of critical minerals and lithium-ion batteries, making U.S. downstream industries including but not limited to electric vehicle manufacturing vulnerable to disruption. According to the DOE, moving the entire advanced battery supply chain to the United States would help address this concern.

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On February 24, 2021, President Biden signed an executive order (EO) launching the development of a comprehensive strategy for more resilient and secure supply chains in the United States. While ultimately encompassing a broad range of industries, the EO specifically targeted four key industries, including large capacity batteries, deemed integral to national security with an expedited 100-day review. In the DOE's subsequent report, the agency recommended establishing a fully domestic end-to-end battery supply chain starting with additional processing capabilities for critical materials.

Signed into law late last year, the Infrastructure Investment and Jobs Act directs more than \$7 billion to strengthening the U.S. battery supply chain. We are now seeing the first battery supply chain funding opportunities under that appropriation. The Act also includes \$7.5 billion for electric vehicle charging stations.

Wiley has a robust Supply Chain practice and an internationally-recognized battery regulation, policy, and litigation practice. We have unparalleled experience and expertise in International Trade, National Security, Environment & Product Regulation, Government Contracts, Telecom, Media & Technology, and Trade Analytics, and can help clients navigate evolving supply chain developments.

For more information about the DOE's funding announcement or other U.S. supply chain funding opportunities, please contact one of the attorneys listed on the alert.