

Energy Transition

INSIGHTS

November 27, 2023

DOE Grants Offered for U.S. Battery Materials Processing and Manufacturing

PROGRAM STRUCTURE AND SCOPE

Pursuant to the Bipartisan Infrastructure Law (BIL),¹ the U.S. Department of Energy (DOE) announced up to [\\$3.5 billion](#) in grants to boost U.S. production of advanced batteries and battery materials. The funding will support new, retrofitted, and/or expanded U.S. facilities for battery-grade processed critical minerals (such as lithium, nickel, cobalt, manganese, and others²), battery precursor materials (such as aluminum and silane gas), battery components, and cell and pack manufacturing.

The [funding opportunity](#) is administered by DOE's Office of Manufacturing and Energy Supply Chains (MESC) and is the second phase of \$7 billion in total provided by the BIL. In the first phase, DOE [awarded](#) grants to 15 projects. This second phase is targeted towards boosting domestic battery manufacturing and supply chains to support the clean energy transition and aims at ensuring that the U.S. has a competitive battery materials processing industry to supply the North American supply chain, expanding the U.S. capabilities in advancing battery manufacturing, enhancing national security by reducing the reliance on critical minerals, materials, and technologies from foreign entities, and advancing the domestic processing capacity of minerals for advanced batteries. The second phase also aims at delivering benefits to the American workforce and supporting low- and moderate-income communities.

In addition to lithium-based technologies, the DOE funding opportunity prioritizes next-generation technologies and battery chemistries. Other new [focus areas](#) include precursor production and manufacturing of non-light-duty transportation, such as medium- and heavy-duty vehicles, maritime, aviation and agricultural vehicles.³ DOE is also calling for projects that will increase separation of battery-grade critical materials, expand production facilities for cathode and anode materials production, and expand battery component manufacturing facilities, which will attract further investment into areas solicited in the program's [first phase](#), which focused on decarbonization technologies in the highest-emitting industries, such as iron and steel, aluminum, and concrete.

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COST-SHARING

The applicant's cost share (coming from private capital) must be [at least 50%](#) of the total project costs. Eligible costs are determined under applicable U.S. federal contract cost principles.⁴ Cost-sharing on a DOE award includes cash and in-kind cost share. Funds from other federal sources such as DOE loan guarantees or advanced manufacturing production tax credits may not be counted as applicant contributions for cost-sharing purposes or otherwise support the same project scope as the DOE grant. In addition, profits and fees⁵ are not allowed as project costs under a resulting award.

FOREIGN OWNERSHIP

The funding opportunity is open to any type of U.S. domestic entity, including national laboratories, nonprofit and for-profit entities, and consortia of described entities. Foreign entities or U.S. entities with majority foreign ownership are [eligible](#) to participate in the funding opportunity as prime recipient or sub-recipient, but must request a waiver from DOE. The BIL further directs DOE to prioritize applicants that will not use battery material supplied by or originating from a "foreign entity of concern" (FEOC).⁶ All work for projects selected under this funding opportunity must be [performed in the United States](#).

COMPLIANCE WITH U.S. LAWS

Recipients must comply with U.S. laws, including the Buy America requirements for infrastructure projects, the Davis-Bacon Act, which sets minimum wages for workers, and affirmative action and pay transparency requirements. Pursuant to the Build America Buy America (BABA) Act, federally assisted projects that involve infrastructure projects require that all iron, steel, and manufactured products used in infrastructure work are produced in the United States, and all construction materials used in infrastructure work are manufactured in the United States.⁷ The DOE's funding decision is also subject to applicable environmental review requirements of the National Environmental Policy Act (NEPA).

APPLICATION PROCESS

The [application process](#) includes two phases: concept papers due on January 9, 2024 and full applications due on March 19, 2024. The expected date for DOE selection negotiations is August 2024, and the expected timeframe for award negotiations is August 2024 to January 2025. The funding limit per application is \$300 million. DOE plans on giving out a total of between 19 to 41 awards for the funding opportunity.

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ENDNOTES

- 1 Bipartisan Infrastructure Law, [PUBL058.PS \(congress.gov\)](#), enacted on November 15, 2021.
- 2 The DOE has published the 2023 Final Critical Materials List, which includes copper, graphite, and others, [What Are Critical Materials and Critical Minerals? | Department of Energy](#).
- 3 [BIL 40207\(b\) Battery Materials Processing and 40207\(c\) Battery Manufacturing Grants \(Round 2\) - Energy Communities](#)
- 4 The cost principles in the Federal Acquisition Regulations (48 CFR 31.2) apply to for-profit entities. The cost principles contained in 2 CFR Part 200, Subpart E apply to all entities other than for-profits.
- 5 Fees mentioned in 48 CFR 31.2 include fees paid in connection with preparing prospectuses, incorporation fees, costs of financing capital, costs of preparing and offering stock rights, costs for reorganizing the corporate structure, and costs for the reconversion of plants to the condition before the start of the government contract (except where agreed beforehand).
- 6 Sec. 40207(b)(3)(C) and 40207(c)(3)(C) of BIL. Sec. 40210(a)(5) defines FEOC as a foreign entity that is “owned by, controlled by, or subject to the jurisdiction or direction of a government of a foreign country that is a covered nation,” among others. Covered nations as defined in [10 U.S. Code 2533c\(d\)](#) are the Democratic People’s Republic of North Korea, the People’s Republic of China, the Russian Federation, and the Islamic Republic of Iran.
- 7 Subtitle IX of BIL.

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