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Obama-backed electric car battery-maker files for bankruptcy

An Indiana-based energy-storage company, whose subsidiary received a \$118.5 million stimulus grant from the Energy Department, filed for bankruptcy Thursday.

Ener1 is asking a federal bankruptcy court in New York to approve a plan to restructure the company's debt and infuse \$81 million in equity funding.

"This was a difficult, but necessary, decision for our company," Ener1 CEO Alex Sorokin said in a news release. "We are extremely pleased to have the strong support of our primary investors and lenders to substantially reduce the company's debt."

The company said it hopes the plan will "support continued operation of Ener1's subsidiaries and help ensure that the restructuring will not adversely impact their employees, customers and suppliers."

The Energy Department in 2009 approved a \$118.5 million stimulus grant for EnerDel, a subsidiary of the company that develops lithium-ion batteries used in electric vehicles. The company has so far spent \$55 million of the federal funding.

"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," Energy Department spokeswoman Jen Stutsman said in a statement.

"The restructuring is not expected to impact EnerDel's operations and the company has made clear that they do not expect to reduce employment at the site."

EnerDel has received support from Republicans, including more than \$4 million in federal grants under the George W. Bush administration.

The Obama administration's grant was part of a broader program aimed at promoting the development of electric-vehicle battery technology.

President Obama touted the program in his State of the Union address this year.

"In three years, our partnership with the private sector has already positioned America to be the world's leading manufacturer of high-tech batteries," he said.

At the time, EnerDel said the grant would help the company double its production capacity and create 1,700 jobs. But the company has faced major financial problems in recent months.

Ener1's decision to file for bankruptcy will likely draw the attention of House Republicans, who are investigating the bankruptcy of Solyndra, the solar panel maker that received a \$535 million Energy Department loan guarantee in 2009.

The GOP has pummeled the White House over Solyndra, raising broader concerns about the administration's investments in clean-energy companies.

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