

Congress of the United States

House of Representatives

COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY

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December 7, 2022

The Honorable Jennifer Granholm
Secretary
United States Department of Energy
1000 Independence Avenue, SW
Washington, D.C. 20585

Dear Secretary Granholm:

The Department of Energy's (DOE) recent award of funding to a company with known ties to the Chinese Communist Party (CCP) raises serious concerns about the Department's ability to protect U.S. taxpayer dollars from exploitation by the CCP.

On October 19, 2022, the Department announced 20 recipients of funding under the "Bipartisan Infrastructure Law Battery Materials Processing and Battery Manufacturing & Recycling Funding Opportunity Announcement."¹ The Department awarded \$2.8 billion for the purpose of building and expanding commercial-scale facilities in 12 states to extract and process battery materials, manufacture battery components, and demonstrate new approaches to battery recycling and manufacturing.²

The stated purpose of this funding opportunity was to increase American production of advanced battery components and strengthen our domestic supply chain. Within the section authorizing these grants in the Infrastructure Investment and Jobs Act, the Secretary is directed to give priority to entities that will not export recovered critical materials to or use battery material supplied or originating from a foreign entity of concern, including China.³ But alarmingly, one of the companies awarded money by DOE is Microvast, a company with documented ties to the CCP.

Microvast is a leading battery manufacturer in China and the main battery supplier for China's new energy bus makers. DOE awarded the company \$200 million to build a facility in Tennessee to supply battery components. The DOE fact sheet on this announcement describes

¹ DEP'T OF ENERGY, *Biden-Harris Administration Awards \$2.8 Billion to Supercharge U.S. Manufacturing of Batteries for Electric Vehicles and Electric Grid*, October 19, 2022, <https://www.energy.gov/articles/biden-harris-administration-awards-28-billion-supercharge-us-manufacturing-batteries> (last visited Dec. 6, 2022).

² *Id.*

³ Pub. L. No. 117-58, § 40207(c)(3) (2021).

Microvast as a majority-U.S. owned company headquartered in Stafford, Texas, but neglects to mention its close relationship with the CCP.⁴

Microvast itself discloses that the Chinese government "exerts substantial influence over the manner in which we must conduct our business activities and may intervene, at any time and with no notice."⁵ Nearly 80% of Microvast's assets are located in China and 61% of its revenue last year originated in China.⁶ Microvast has also announced plans for a \$445 million expansion in Huzhou, China, showing no sign of cutting back on their work to help grow the CCP economy.⁷ Public records show that Microvast has received subsidies from the Chinese government and the majority of its customers are associated with "state-owned companies in the PRC."⁸

The company was also recently added to a Securities and Exchange Commission watchlist of foreign companies that are not in compliance with the Holding Foreign Companies Accountable Act.⁹ As such, Microvast faces delisting from U.S. exchanges for failing to comply with U.S. auditing requirements.

All of this information is publicly available and easily accessible. It appears that the Department either chose to ignore the information or was grossly negligent in the vetting process.

DOE has stated that this funding announcement was the first phase of \$7 billion in total awards meant to strengthen the domestic battery supply chain by supporting upstream materials processing to create the precursor materials for batteries.¹⁰ Therefore, the Committee requests DOE immediately pause any further funding or expenditures for all applicants or awardees to this program and provide the following documents:

1. All documents and communications referring or relating to foreign entities that are applicants, or affiliated with applicants, for the "Bipartisan Infrastructure Law Battery Materials Processing and Battery Manufacturing & Recycling Funding Opportunity Announcement" (DE-FOA-0002678).

⁴ See, e.g. DEP'T OF ENERGY, *Bipartisan Infrastructure Law Battery Materials Processing and Battery Manufacturing & Recycling Funding Opportunity Announcement Selections*, DE-FOA-0002678, at 16 (Oct. 19, 2022), available at <https://www.energy.gov/sites/default/files/2022-11/DOE%20BIL%20Battery%20FOA-2678%20Selectee%20Fact%20Sheets.pdf>.

⁵ MICROVAST HOLDINGS, *Amendment No. 7 to Registration Statement (Form S-1)* (Apr. 29, 2022), available at <https://ir.microvast.com/static-files/89f3204e-d5ce-49da-8269-8dc149cb7d77>.

⁶ *Microvast Stock is a Pure Play on EV Battery Technology*, NANALYZE, Apr. 10, 2022, <https://www.nanalyze.com/2022/04/microvast-stock-ev-battery/>.

⁷ MICROVAST HOLDINGS, *supra* note 5.

⁸ *Id.*

⁹ Mark Terry, *12 Chinese Companies Face Potential Wall Street Delisting*, BIOSPACE, Apr. 15, 2022, <https://www.biospace.com/article/12-chinese-companies-threatened-with-wall-street-delisting/>.

¹⁰ DEP'T OF ENERGY, *supra* note 1.

2. All documents and communications between DOE, including its employees or contractors, and any outside persons or organizations referring or relating to foreign entities that are applicants, or affiliated with applicants, for the “Bipartisan Infrastructure Law Battery Materials Processing and Battery Manufacturing & Recycling Funding Opportunity Announcement” (DE-FOA-0002678).
3. All documents and communications referring or relating to project awards for 6k Inc; Albemarle U.S. Inc.; American Battery Technology Company; Amprius; Anovion LLC; Applied Materials, Inc.; Ascend Elements, Inc.; Cirba Solutions; Membrane Holdings LLC – ENTEK; Group14 Technologies Inc.; ICL-IP America Inc.; Koura, part of Orbia Fluorinated Solutions; Lilac Solutions; Microvast; NOVONIX Anode Materials LLC; Piedmont Lithium Inc.; Sila Nanotechnologies; Solvay Specialty Polymers USA, LLC; Syrah Technologies LLC; and Talon Nickel (USA) LLC.
4. All documents and communications referring or relating to DOE procedures, policies, and current or future actions to oversee funding from the IJA with a risk of benefiting or directly contributing to a foreign entity of concern.

Thank you for your prompt attention to this matter. If you have any questions about this request, please contact the Minority staff of the House Committee on Science, Space, and Technology at (202) 225-6371.

Sincerely,



Frank Lucas
Ranking Member
Committee on Science, Space, and Technology

cc: The Honorable Eddie Bernice Johnson, Chair, Committee on Science, Space, and Technology