

Congress of the United States

House of Representatives

COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY

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WASHINGTON, DC 20515-6301

(202) 225-6371
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May 25, 2023

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

Dear Secretary Granholm:

After six months of inquiries and repeated calls for action, the House Science Committee received notice on May 22, 2023, that the Department of Energy would be ending contract negotiations with Microvast, a company DOE selected for a \$200 million dollar Infrastructure Investment and Jobs Act (IIJA) award despite its well-documented ties to the Chinese Communist Party (CCP). While the Committee is relieved to hear of the Department's decision, we are alarmed by the widespread confusion and potential damage caused by DOE's award process. The public announcement of these awards is irresponsible if the companies included have not been vetted. The Department's lack of transparency regarding this decision is also cause for new and significant concern: DOE has refused to provide the Committee with its reason for canceling this award. To meet our responsibilities to the American taxpayer, we seek additional information on the Department's decision and on the status of similar IIJA awards.

As you are aware, on December 7, 2022, January 25, 2023, and March 9, 2023, the Committee sent letters to the Department requesting specific documents and information relating to the "Bipartisan Infrastructure Law Battery Materials Processing and Battery Manufacturing & Recycling Funding Opportunity Announcement."¹ Under this funding opportunity, on October 19, 2022, the Department awarded 20 recipients, including Microvast, a total of nearly \$3 billion dollars for the purpose of advancing battery materials, recycling, and manufacturing in the United States.² In our letters, the Committee raised concerns about Microvast's apparent connection to the CCP,³ including the company's disclosure that the Chinese government "*exerts substantial influence over the manner in which [Microvast] must conduct our business activities and may intervene, at any time and with no notice.*"⁴ This information is publicly available and obtainable under even the most cursory vetting process.

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 Letter from Frank Lucas, Ranking Member, House Committee on Science, Space, and Technology, et al., to Jennifer Granholm, Secretary of Energy (Dec. 7, 2022).

⁴ MICROVAST HOLDINGS, Amendment No. 7 to Registration Statement (Form S-1) (Apr. 29, 2022), available at

While focused on Microvast, the Committee's concerns highlight a much broader issue: whether or not DOE has a thorough vetting process in place to ensure taxpayer funds will not be subject to misappropriation by the CCP. We have repeatedly asked whether DOE is screening companies for problematic foreign ties and evaluating whether grantees have sufficient guardrails in place to protect taxpayer investments.

Over the past few months, DOE has responded to these letters with various levels of indifference, providing incomplete and generic responses to the Committee's questions. On February 1, 2023, DOE issued an interim response to the Science Committee that described in general terms its post-award grant vetting policy. On April 3, 2023, DOE offered preliminary information on its plans to administer a new Research, Technology and Economic Security (RTES) Working Group. On April 4, 2023, DOE provided the Science Committee with a copy of its publicly available directive on an unclassified foreign national access program. On May 10, 2023, during a Science Committee hearing on IJA implementation, DOE's Acting Under Secretary for Infrastructure appeared to forecast DOE's decision to rescind funds from Microvast, only to amend these statements at the end of the hearing. On May 12, 2023, DOE finally provided the Science Committee with substantive yet partial responses to its document requests. Science Committee staff are continuing to review these documents but it is already apparent that they do not fully answer our questions.

On May 22nd, DOE abruptly informed Science Committee staff of its decision to pull Microvast's funding but was unable to provide their reason for this decision. In addition, DOE has yet to provide Congress an update on the status of the 19 other award recipients. This information is critical, not only for oversight of these specific awards, but to ensure that DOE has appropriate safeguards in place for the billions of dollars in new taxpayer funding it was given in recent legislation. If DOE cannot confirm that it has thorough processes in place to protect its awards from exploitation by the CCP, future award announcements will also be cause for Congressional concern.

The Committee requests that DOE immediately delay any further funding or expenditures for all applicants or awardees to this program until it can demonstrate that it has implemented the necessary safeguards to prevent this type of incident from occurring in the future. We request that you provide the requested documents and information as soon as possible, but no later than 5:00 p.m. on June 8, 2023:

1. The Department's reason for ending contract negotiations with Microvast for the "Bipartisan Infrastructure Law Battery Materials Processing and Battery Manufacturing & Recycling Funding Opportunity Announcement" (DE-FOA-0002678), including all documents and communications referring or relating to foreign entities.
2. The Department's plans, if any, for reallocating the \$200 million dollars previously awarded to Microvast.

3. The negotiation status of the remaining 19 award recipients under the “Bipartisan Infrastructure Law Battery Materials Processing and Battery Manufacturing & Recycling Funding Opportunity Announcement” (DE-FOA-0002678).
4. The Department’s plans, if any, to announce final recipients of these funds.
5. The Department’s plans, if any, to review and revise its process for pre-selection and post-selection grant awardee vetting.
6. The Department’s plans, if any, to review and revise its process for publicly announcing grant awardees.
7. 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).
8. 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).
9. 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.
10. 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.

Secretary Granholm

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

Sincerely,

A handwritten signature in blue ink that reads "Frank Lucas". The signature is written in a cursive style with a large, stylized "F" and "L".

Frank Lucas

Chair

Committee on Science, Space, and Technology

cc: The Honorable Zoe Lofgren, Ranking Member, Committee on Science, Space, and Technology