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## E&ENews PM

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**AUTOS: DOE loans Fisker \$529M for plug-in hybrids** *(Tuesday, September 22, 2009)*

**Josh Voorhees, E&E reporter**

Fisker Automotive Inc. will receive \$529 million in Energy Department loans to help bring two plug-in hybrid electric cars to market, the Obama administration announced today.

The Irvine, Calif., automaker is the fourth recipient of aid from DOE's "advanced technology vehicles manufacturing" program, which was created in the 2007 energy bill to help automakers meet new fuel economy and emissions standards. Ford Motor Co., Nissan North America and Tesla Motors Inc. were awarded a total of \$8 billion in loans earlier this year ([Greenwire](#), June 26).

"This investment will create thousands of new American jobs and is another critical step in making sure we are positioned to compete for the clean energy jobs of the future," said Energy Secretary Steven Chu in a statement. "Plug-in hybrid electric vehicles could revolutionize personal transportation and cut our dependence on foreign oil, not to mention give us cleaner air and less carbon pollution."

Fisker will use roughly a third of the federal cash, \$169.3 million, to help finish work on its first plug-in model, the Karma. The money will cover engineering integration costs as Fisker works with suppliers to put the finishing touches on the car and bring it to dealer showrooms next summer.

Much of the work will take place at the company's Michigan plant, but the final assembly of the autos will be done overseas, DOE said. Still, the agency noted that more than 65 percent of the materials used to manufacture the Karma will be made domestically.

Fisker will spend the remaining \$359.4 million to engineer and assemble the company's next generation of plug-in vehicles in the United States. Fisker is aiming to keep the sticker price on future models under \$40,000, after tax credits, and hopes to produce as many as 100,000 of the new cars annually by late 2012.

"This conditional loan represents a significant step in America's future," Henrik Fisker, the company's CEO, said in a statement. "With it Fisker Automotive can rapidly develop affordable clean cars that satisfy our passion for driving and help restore the U.S. as an auto industry leader."

For comparison, Tesla is receiving \$465 million to help produce the Model S, its second-generation model that it hopes to sell for roughly \$50,000 by 2011.

Congress created the DOE loan program in 2007, but lawmakers did not provide the funding to back the loans until last fall, when Detroit executives came to Washington to plead for federal aid. DOE then scrambled to write the rulemaking that would govern the loan program in an effort to speed the funds to the cash-strapped industry.

More than 75 companies submitted applications, totaling roughly \$38 billion, during the first loan window. DOE said today that it plans to make additional loans in the coming months both to automakers and parts suppliers.

General Motors Co. and Chrysler Group LLC are still hoping to take advantage of the program. They have submitted applications for roughly \$10 billion and \$6 billion, respectively, from the program. Until emerging from bankruptcy court this summer, the two companies likely failed to meet the program's financial viability threshold. But last month, both companies garnered millions in federal stimulus grants aimed at spurring the development of electric vehicles and the advanced batteries they need, likely indicating they now qualify ([Greenwire](#), Aug. 5).

**Chu suggested in June that the administration was hoping that GM and Chrysler would be able to participate in the loan program. "There is money there, I wouldn't say set aside," he said. "But let's just say we are trying to stretch those dollars as far as we can."**

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