

PREDICTION: MITT WILL CONDEMN CAPITALIST CONSOLIDATION TONIGHT

If I had my way, President Obama would defend his investments in alternative energy by saying something like this:

In 1945, a great Democratic President sealed an alliance with our Saudi allies that cemented our energy security for the next half a century. While our commitment to the Saudis has come with setbacks over the years, it nevertheless provided the foundation for unprecedented American power and strength.

It's in the same spirit of proactively ensuring America's future greatness that my Administration set out to—and succeeded—in doubling our production of alternative energy. My Republican opponents, however, have sought to turn efforts to ensure America's future greatness into a petty political issue. Doing so risks leaving America unprepared to compete in the future.

Never mind the problems FDR's commitment to oil in 1945 brought about. Never mind overselling the importance of his 1945 meeting. Both are details Republicans will never point out.

More importantly, by posing Republican opposition to alternative energy as a refusal to take care of America's future, it would turn GOP favoritism for oil into a national security weakness. As it really is.

But Obama won't say that (or at least he hasn't yet, and he's had over a year of Solyndra attacks in which to do so).

So I hope when Mitt brings up the A123 bankruptcy tonight, Obama is at least prepared to call it what it is: capitalist consolidation just like the kind that Mitt has built his quarter billion fortune on. And this one is probably a net win for the US all around.

A123, one of the more innovative battery companies, announced this morning that it will file for bankruptcy. Mitt is likely to bring it up because A123 received energy stimulus funds for battery plants in MI.

But not only is A123 in negotiations to sell the rest of its business areas, it has already announced Johnson Controls (disclosure: I own stock) will purchase its auto related holdings—the stuff that benefitted from stimulus dollars.

A123 this morning said that it has agreed to sell its automotive business assets, including facilities in Livonia and Romulus, Michigan, its manufacturing facilities in China and its stake in the joint venture Shanghai Advanced Traction Battery Systems Co., to Johnson Controls for \$125 million.

A123 said it “continues to engage in active discussions regarding strategic alternatives for its grid, commercial, government and other operations, and has received several indications of interest for these businesses.”

Say what you will about diminishing competition in a field where competition really serves innovation. But as far as stimulus dollars goes, this represents a consolidation. JCI—which received multiple energy grants itself, including for a battery factory in Holland, MI—has gotten expanded facilities at a discount. It will also benefit from the money the Chinese have invested in A123.

One more neat part to this: JCI is headquartered in Milwaukee, WI. They’re not in Paul Ryan’s

district, but they do bleed into his WI ideological home, Waukesha. So when Mitt attacks the A123 investment, he will ultimately be attacking his running mate's neighborhood.

It's likely Mitt will bring up the A123 bankruptcy tonight. If he does, I hope Obama is prepared to use it to flip GOP attacks back on Mitt.

Update: The Department of Energy is talking about consolidation too.

In an emerging industry, it's very common to see some firms consolidate with others as the industry grows and matures. Accordingly, today Johnson Controls, a world leader in energy technologies based in Milwaukee, Wisconsin, has offered to purchase two Michigan manufacturing facilities built by A123 Systems, along with other assets in A123's automotive battery business. As part of a bankruptcy filing today, A123 announced that it has obtained bridge financing from Johnson Controls to continue operation of its facilities.

A123, which has been building batteries for electric vehicles as well as for the nation's power grid, quickly established itself as an innovative player in the market. Today's news means that A123's manufacturing facilities and technology will continue to be a vital part of America's advanced battery industry.

A123's promising technology has a long history of bipartisan support. In 2007, the company received a \$6 million dollar grant as part of the Bush Administration's efforts to promote advanced battery manufacturing, and the company has used \$132 million of a 2009 grant from the Department of Energy.

From Columbus, Georgia to Batesville, Arkansas to Brownstown, Michigan, our investments in manufacturing advanced

batteries and other electric vehicle components are putting Americans to work and helping make our country more competitive. Here are just a few examples of this progress:

- *This summer, Rockwood Lithium announced the opening of their expanded manufacturing facility in Kings Mountain, North Carolina. They have hired 75 workers and plan to hire even more as their business continues to grow.*
- *The Delphi plant in Kokomo, Indiana, which had been hit by devastating layoffs during the great recession, is growing again as workers produce components for hybrid electric vehicles.*
- *Earlier this year, EnerG2 celebrated the opening of its new electric vehicle battery components manufacturing facility in Albany, Oregon.*
- *Envia Systems of Newark, California, building off technology invented at Argonne*

National Laboratory and developed with the help of a decade of sustained support by the Department of Energy, recently achieved a breakthrough that will triple the energy density of their batteries while cutting the cost of batteries in half.

Prior to this investment, a battery with a 100 mile range cost \$33,000. Because of technology improvements and the high volume manufacturing capability we have today, the estimated cost is down to about \$17,000 and is expected to drop to \$10,000 by 2015. As costs come down even further, the market for hybrids and electric vehicles – which has nearly doubled in the U.S. since last year – will grow even further.

Most importantly, more and more of those cars and their components will be built right here in America – continuing to support American workers and new technologies that will reduce our dependence on foreign oil.