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S&P 500	1,343.36	-20.97	-1.54%
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Id 1,675.00 -1.70% EUR-USD 1.3113 -0.7857% Nasdaq 2,910.32 -1.36% Dow 12,759.20 -1.57% S&P 500 1,343.36 -1.54% FTSE 100 5,765.80 -1.86% S

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Electric-Car Loans Dry Up Ahead of Election on Solyndra

By Angela Greiling Keane - Mar 4, 2012 9:00 PM PT

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Four times, the U.S. Energy Department offered terms to Bright Automotive Inc. for a loan the startup company was seeking to finance production of electric commercial vans.

Each successive, conditional offer arrived with stiffer terms, Chief Operating Officer Mike Donoughe said in an interview. He likened the experience to offering to buy a car for \$20,000 and having the dealer try to bargain up to \$40,000. Chrysler Group LLC Chief Executive Officer [Sergio Marchionne](#) made similar comments before the company last month withdrew its application to the same program.

Enlarge image



Bright Automotive said last week it's shuttering the company because it can't wait any longer to receive money from the Advanced Technology Vehicles Manufacturing Program. Source: Bright Automotive

Chart: [Automakers Get Energy Dept Loans for Clean Energy](#)

While Energy Secretary Steven Chu says the vehicle program is evaluating applications, it hasn't awarded new money since the bankruptcy of solar-panel maker Solyndra LLC, which won a \$535 million loan guarantee through another department program.

"In an election year, there will be more caution and delay as a result," said [Julian Zelizer](#), a political historian at [Princeton University](#). Solyndra's bankruptcy filing put a damper on all Energy Department loans, Zelizer said in an e-mail.

"Inevitably it will slow down the program the closer we get to the election," he said.

The \$25 billion vehicle-loan program, created in 2008, last made an award in March 2011.

Republicans subpoenaed documents about the Solyndra loan from President Barack Obama's administration, questioning whether campaign fundraiser [George Kaiser](#), whose family foundation was the company's biggest investor, pressed for the loan guarantee.

Bright, Chrysler

Bright, based in Rochester Hills, [Michigan](#), said last week it's shutting down because it can't wait any longer to receive money from the Advanced Technology Vehicles Manufacturing Program.

Chrysler, based in [Auburn Hills](#), Michigan, and controlled by [Fiat SpA \(F\)](#), withdrew its

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application for less than \$3.5 billion in loans Feb. 16, about six weeks after Marchionne told reporters at the North American International Auto Show in [Detroit](#), "You ask yourself whether it's worth it -- that's the question I keep on asking myself."

In January, the department canceled a loan commitment of \$730 million to [OAO Severstal \(SVST\)](#), [Russia's](#) second-largest steelmaker, saying the company had done much of the work for which it had requested the loan in 2009.

Fisker Automotive Inc., which was awarded \$529 million in loans in April 2010, last month halted work on the Wilmington, Delaware, auto factory where it planned to produce its first U.S.-made plug-in electric vehicle. It disclosed that the Energy Department had blocked access to most of its loan money since May because of unmet milestones.

Taxpayer Interests

Aptera Motors Inc., a California electric-car company supported by Representative [Darrell Issa](#), chairman of the U.S. House committee leading a probe of the department's loan programs, closed in December after it couldn't get private financing to match a \$150 million conditional loan commitment from the Energy Department.

The department is proceeding with loan application reviews carefully even as markets for private capital improve, Chu said.

"We're continuing to look at the loans and process the loans," Chu told reporters on March 1. "In all the loans, we are certainly committed to looking out after the taxpayer money. This is a very fundamental part of this. While we were asked through the Congress to invest in innovative new technologies, we also have to balance that with looking out after the taxpayer money."

Ford, Nissan

The Energy Department has awarded \$8.4 billion from the vehicle-manufacturing loan program since 2009 to companies including [Nissan Motor Co. \(7201\)](#), which sells the Leaf plug-in car; [Tesla Motors Inc. \(TSLA\)](#), maker of the electric Roadster; and [Ford Motor Co. \(F\)](#), which last week said its plug-in Focus was certified by the U.S. Environmental Protection Agency to offer the equivalent of 105 miles (169 kilometers) per gallon of gasoline.

Bright wanted to benefit from Obama's push to buy more energy-efficient vehicles for the U.S. government fleet, Donoughe said. The company planned to manufacture vehicles at a closed AM General LLC plant in Indiana and had the support of Senator [Debbie Stabenow](#), a Michigan Democrat, and Democratic and Republican Congress members from Indiana, according to letters provided by the Energy Department.

"It's unfortunate that more companies have not been approved, but we are looking at options to ensure that the initiative will continue to help manufacturers create American jobs," Stabenow, who helped create the program, said in an e- mailed statement.

'Disband It'

Obama, who has set 2015 for all light-duty vehicles bought for the U.S. fleet will be alternative-fuel, on March 1 said in a speech in Nashua, [New Hampshire](#), that by that year, all vehicle purchases will be of "fuel efficient" cars and trucks.

Energy Department staff were in Bright's offices as recently as last month, spending three days reviewing the operations for the loan, Donoughe said, estimating the agency spent as much as \$10 million reviewing the application, which was submitted in December 2008.

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By the fourth offer, the loan terms “were so one-sided to make the applicant say ‘I can’t meet those terms so we’ll go away,’” Donoughe said. “They kept ratcheting up the terms to the point at which we just couldn’t abide by them.”

Chu today is scheduled to deliver the keynote address at a conference on fuel-efficient technologies for commercial vehicles. The speech will be in Indianapolis, less than an hour’s drive from Anderson, [Indiana](#), where Bright plans to wind down operations and look for new jobs for its workers.

“In my mind, not only should they close the program, they should take the whole lot of the loan-program office and disband it,” Donoughe said.

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