

# Green Energy Company on Brink of Bankruptcy Months After Winning \$375 Million Biden Loan

## Biden's green energy loan czar personally urged Li-Cycle holdings, which recycles lithium batteries, to apply for the funds

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A battery recycling company that the Biden administration urged to apply for a \$375 million green energy loan in November warned investors this week that it's at risk of going out of business.

Li-Cycle Holdings's annual report filed with the SEC on Monday states that it has "incurred significant losses since inception" and that there is "substantial doubt" about its ability to continue operating.

The Department of Energy's Loan Programs Office finalized the loan for Li-Cycle just [two days](#) after former president Joe Biden lost the November election. It was part of a flurry of last-minute loan approvals, totaling [over \\$20 billion](#), issued by the Biden loan office in the final weeks of the administration.

Li-Cycle's CEO Ajay Kochhar has said he was initially reluctant to apply for the loan due to concerns about whether his company, which has struggled financially, would be able to repay the government. But Biden's green energy loan czar, Jigar Shah, urged him to barrel forward. "Get your ass to Pittsburgh," Shah told Kochhar in September 2023, [according to](#) the *Wall Street Journal*. There, the two men met for coffee and moved forward on the deal.

Li-Cycle is one of several DOE loan recipients facing financial turmoil, reflecting viability issues that have plagued the Biden administration's signature green energy loan program.

Sunnova Energy, a solar panel company that the DOE approved for a [\\$3 billion loan guarantee](#) in 2023, is in [negotiations with its creditors](#) after warning it was on the verge of bankruptcy last month. Plug Power, a battery company that was approved for a \$1.6 billion loan guarantee in the final week of the Biden administration, announced it was [laying off over 200 workers](#) in New York last week.

It's unclear how much of the Biden-era funding has been distributed. President Donald Trump ordered a freeze on federal funding programs after taking office, and the DOE did not respond to questions about the Sunnova loan guarantee. Li-Cycle said it has yet to receive any money from the government, but even if Trump wanted to give the company the funds, it does not currently have enough money to meet the federal requirements needed to access the loan, the company disclosed Monday.

The news is likely to draw scrutiny from Republican lawmakers, who had accused the Biden administration of pushing out loans to green energy companies without sufficient vetting. The Li-Cycle

loan faced criticism from Republicans before it was finalized. Sen. John Barrasso (R., Wyo.) flagged the company's financial struggles in a 2023 letter to Shah.

"The bad judgment of pushing for a taxpayer-backed loan to a company with a huge risk profile demonstrates the lack of internal controls in your loan-making process," [wrote](#) Barrasso.

The DOE loan to Li-Cycle was intended to help build a battery recycling facility in Rochester, N.Y. The company paused construction on the project two years ago, however, due to financial issues.

In its annual report [filing](#) this week, Li-Cycle said it operated at a \$137 million net loss last year and expects to lose money "for the foreseeable future." The company said it hasn't been able to access the DOE loan and will need to raise "significant additional capital" to meet the conditions required in the loan agreement.

Under the Biden administration, the DOE loan program's shoestring budget ballooned to \$400 billion, thanks to funding from the Inflation Reduction Act and other spending bills. Late last year, the DOE inspector general [warned](#) that the loan office wasn't complying with conflict-of-interest rules and that the loan program carried a "significant risk of fraud."

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