

DOCKETED

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Additional submitted attachment is included below.



November 10, 2016

*Janea A. Scott, Lead Commissioner
Transportation California Energy Commission
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Dear Commissioner Scott;

Romeo Power is submitting formal comments to the Draft Staff Report for the 2017-2018 Investment Plan Update for the Alternative and Renewable Fuel and Vehicle Technology Program: Docket No. 16-ALT-02. Romeo Power's concerns are focused on a reallocation of funds for battery systems production, identified in Chapter 6 of the report, Related Needs and Opportunities. The manufacturing solicitation, PON-14-604 includes manufacturing of vehicle components, including battery systems, as outlined in the previous awards listed in Table 23. Our current process of establishing EV battery pack systems manufacturing in Vernon, CA directly aligns with the purpose of the 2017-2018 Investment Plan, securing additional funding to successfully establish manufacturing processes in clean energy.

Background

Romeo Power designs, engineers, and manufactures lithium-ion battery packs for electric vehicles in the United States and globally. We have begun building engineering and operations in a 113,000 sq. foot manufacturing facility at 4380 Ayers Ave, Vernon, CA 90058. We are seeking additional funding for capital equipment and related needs to better accommodate our unique advanced manufacturing requirements to produce the most energy dense and powerful EV battery packs on the market today.

Romeo Power has been in business for the past two years and has signed development agreements with over ten major, brand name automobile manufacturers. Thanks to Romeo's founding engineer and design talent, Romeo has developed the market-leading Battery Management System that utilizes our proprietary thermal management and energy density systems. The result is delivering the world's safest and most efficient lithium-ion battery packs. Early testing and modeling indicates that our battery packs outperform competitors by approximately 30% and out perform on price as well.

Comments

Romeo Power's concern is that the ARFVTP investment plan historically has allocated \$12.1 million in funding, while the need to create the safest, most efficient, energy dense, outperforming battery packs requires a great deal of capital in personnel, capital equipment, and related expenses to establish manufacturing processes.

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The investment plan allocates much higher funding amounts for the production of Electric Trucks and Buses, \$23.7 million. As a company, we understand that the battery packs we produce are one component of these vehicles, our vehicle battery packs address the single most expensive input into electric vehicles and will introduce much-needed competition to help drive down price. It is our contention that the mass adoption of electric vehicles by California automotive consumers will be driven by incentives and by price. The State of California has presented terrific consumer incentives while waiting for the market to compete on price.

Romeo respectfully requests consideration for singular award amounts of up to \$20 million to help drive down the high start-up costs in this sector and allowing Romeo to get to market faster. The environmental impacts and considerable positive externalities associated with electric vehicles cannot be overstated - we share the State of California's Zero Emissions mindset and see ourselves as an important driver to the end-goal.

Romeo Power is also committed to driving wealth generation and job creation in California. We are investing \$40 million in capital improvements and high-end tooling for our 113,000 sq foot, world-class manufacturing facility in the Los Angeles area. Within the next six months, Romeo intends to support the assembly and production of up to 50,000 EV battery packs annually. This effort will employ between 350 - 400 Californians, generate \$300 million in 2018 revenue, while also contributing to the State and local economies and housing markets.

Romeo Power ultimately needs the State of California to provide some level of financial assistance to help with the establishment of this state-of-the-art EV battery pack manufacturing facility. Given how integral our product is to the operation of electric vehicle and the direct impact it has on zero-emission initiatives, job creation, and economic stimulation, we urge you to adjust the investment plan for a modification of funds allocated to battery systems production.

Sincerely,



Mark Schwager, Chief Production Officer

Enclosures:

High Level Battery Pack Manufacturing Facility Plan: *Romeo_BatteryPackMFG_16-ALT-02.pdf*

CC:

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