



The Vehicle Suppliers Association

July 25, 2023

The Honorable Jennifer Granholm
Secretary
U.S. Department of Energy
Washington, D.C. 20585

Dear Secretary Granholm,

MEMA, the Vehicle Suppliers Association, is the leading trade association in North America for vehicle suppliers, parts manufacturers, and remanufacturers. Automotive and commercial vehicle suppliers are the largest employer of manufacturing jobs in the United States, employing over 900,000 people throughout the country. Direct, indirect, and induced vehicle supplier employment accounts for over 4.8 million U.S. jobs and contributes 2.5 percent to U.S. GDP. Suppliers lead the way in new vehicle innovations. Vehicle suppliers conceive, design, and manufacture the OE systems and technologies that make up two-thirds of the value of every new vehicle and supply the aftermarket with the parts that keep millions of vehicles on the road, fueling international commerce, and meeting society's transportation needs.

Vehicle suppliers play a significant role in developing and deploying new technologies and are partners with vehicle manufacturers in transitioning to net-zero vehicle emissions transportation. We encourage you to ensure that suppliers can equally participate in the federal programs created by the Inflation Reduction Act (IRA). These programs, such as the Domestic Manufacturing Conversion Grant Program and other funding mechanisms, are critical to meet the goals of the Administration to transition into advanced, zero-emission vehicles. Federal funding and tax credit programs are important tools to ensure the strength of the domestic supply chain and to safeguard the long-term health of the vehicle supplier industry.

MEMA urges the Department of Energy (DOE) to reconsider the anticipated Total Project Value outlined in the Notice of Intent released on June 28, 2023. The Notice describes three sizes of anticipated projects, ranging from small-scale projects valued at \$50 million to large-scale projects valued at \$500 million. Based on the current reality of supplier projects, these project sizes are too large and will do little to assist suppliers with project investment.

As MEMA shared in our response to the Department's Request for Information in May, the average range of capital investment for a vehicle supplier to manufacture components, systems, or technologies for zero-emissions vehicles is between \$10 million - \$80 million. These investments may include launching a new e-product line, which costs between \$10 million - \$20 million, or refitting an entire facility, which costs between \$40 million - \$80 million. These estimates vary based on the equipment and tooling required. In short, the \$50 million minimum project requirement fails to encompass the financial needs of the supplier industry.

A grant program is of particular interest to small and medium vehicle suppliers. The scope of investments covered by other programs such as the 48C Advanced Energy Project Investment Tax Credit or the Advanced Technology Vehicle Manufacturing (ATVM) Loan

MEMA, The Vehicle Suppliers Association

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re: Domestic Conversion Grant Program**

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Program are out of reach for small and medium suppliers. The costs of applying for and participating in these programs are so great that smaller suppliers are unable to successfully secure loans or tax credits. In many ways, grants offer greater flexibility and accessibility to these small suppliers. This flexibility will not be met without changes to the anticipated award amounts.

The goals outlined in IRA cannot be achieved without suppliers, including small and medium suppliers, up and down the supply chain. Previous federal funding programs for advanced vehicle technology have not fully recognized the investment and importance of the supplier industry in the deployment and manufacturing of advanced vehicle technology. At the same time, the supplier industry has made significant financial investments across the United States to meet prior vehicle technology advances with little to no support from federal programs. MEMA urges you to take advantage of the opportunity to ensure that federal funding programs work for both vehicle suppliers and vehicle manufacturers.

Thank you for your attention to this important issue. If you have questions or need additional information, you can contact me at 202-320-7293 or awilson@mema.org or Catherine Boland, vice president, legislative affairs, at 301-509-2791 or cboland@mema.org.

Sincerely,



Ann Wilson
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