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BLOG

LPO Announces Conditional Commitment for Loan to BlueOval SK to Further Expand U.S. EV Battery Manufacturing Capacity

Announcing a conditional commitment for a loan of up to \$9.2 billion to BlueOval SK LLC for the construction of three manufacturing plants to produce batteries for Ford Motor Company's future Ford and Lincoln electric vehicles.

[Loan Programs Office](#)

June 22, 2023



3 min



BLUEOVAL SK

**GLENDALE, KENTUCKY
&
STANTON, TENNESSEE**



BlueOval SK will
manufacture battery
cells in the U.S.
to support expanded
EV deployment.

**DIRECT LOAN:
CONDITIONAL
COMMITMENT**

**FINANCED BY
U.S. DEPARTMENT OF
ENERGY**



LPO
Loan Programs Office

The U.S. Department of Energy's (DOE) Loan Programs Office (LPO) today announced a conditional commitment for a loan of up to \$9.2 billion to BlueOval SK LLC (BOSK) for the construction of three manufacturing plants to produce batteries for Ford Motor Company's future Ford and Lincoln electric vehicles (EVs). Together, the plants, one located in Tennessee and two in Kentucky, will enable more than 120 gigawatt hours of U.S. battery production annually and displace more than 455 million gallons of gasoline per year for the lifetime of the vehicles powered by these batteries. The project is expected to create a total of approximately 5,000 construction jobs in Tennessee and Kentucky, and 7,500 operations jobs once the plants are up and running.

This effort supports President Biden's [Investing in America](#)[®] agenda to onshore and re-shore domestic manufacturing of technologies that are critical to reaching the clean energy and transportation future. Expanding domestic production of American-made batteries is critical to reaching the Biden-Harris Administration's goals to have EVs represent at least 50% of all new car sales in the U.S. by 2030, reach net-zero electricity by 2035 and a net-zero economy by 2050.

BOSK is a joint venture between Ford Motor Company (Ford) and SK On, a global leading Korean EV battery manufacturer. BOSK was created to supply Ford with batteries for its growing EV product line.

BOSK is actively engaging with local stakeholders to develop a diverse local workforce and network of suppliers. To ensure the availability of skilled labor for construction, BOSK is constructing the projects under project labor

agreements. In addition, LPO works with all borrowers to create good-paying jobs with strong labor standards during construction, operations, and throughout the life of the loan and to adhere to a strong Community Benefits Plan.

Additionally, through Ford's workforce development team, BOSK is partnering with the Tennessee and Kentucky state governments to develop curricula that supports new technical schools in Kentucky and Tennessee to train members of the community for quality jobs at those facilities.

The project also supports President Biden's [Justice40 Initiative](#), which established the goal that 40% of overall benefits of certain federal investments, including LPO financing, go to DOE-identified disadvantaged communities (DACs). The Tennessee site is located in a DAC, and communities surrounding both Kentucky sites are identified as DACs.

The announcement is one of several recent LPO conditional commitments under the [Advanced Technology Vehicles Manufacturing](#) (ATVM) Loan Program in the last year, demonstrating LPO's leadership in building a strong domestic supply chain for EVs.

Through ATVM, LPO provides loans to projects related to fuel-efficient vehicles and eligible component manufacturing in the United States. Recent announcements have spanned the critical mineral and battery supply chains and involved mineral processing, battery manufacturing, and battery recycling.

While this [conditional commitment](#) demonstrates DOE's intent to finance the project, several steps remain for the project to reach critical milestones, and certain conditions must be satisfied before DOE issues a final loan.

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