

## Chinese-U.S. joint venture scouting Austin for possible battery plant

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An affiliate of a major Chinese rechargeable battery maker toured Austin this week looking for a site for its proposed U.S. manufacturing operation.

**Ionex Advanced Energy Storage Systems, which is a joint venture involving China's ThunderSky Energy Group, met with City of Austin and state economic development officials and toured several potential plant sites for what it described as a \$200 million project that would generate about 700 jobs in its first phase. The U.S. partner in Ionex is Rare Earth Inc.**

Ionex plans to use battery-making technology and manufacturing know-how from ThunderSky to build next-generation lithium-ion batteries for electric vehicles and for electric utility storage systems.

The company expects to raise money for the project in the next 90 days and decide on a plant site by the end of this summer, said CEO Phillip Roberts, who added that he is seeking equity and debt financing for the project from investment companies and U.S. electric utilities. ThunderSky also has agreed to invest

\$40 million into the U.S. project, he said.

Ionex plans to look at potential sites in Michigan, California and Massachusetts before choosing a location. It will consider state and local incentive offers from Austin and other potential sites as it makes up its mind on where to locate.

Alternative-energy experts say that finding ways to make more efficient high-performance batteries and to make them less expensively are vital for the future of electric vehicles and for electric utilities.

Roberts said ThunderSky's advanced battery technology is well-proven and its manufacturing costs are about half that of potential U.S. competitors.

ThunderSky, based in Shenzhen, China, has been making batteries since 2006. The company's shares are traded on the Hong Kong Stock Exchange under the name of Jia Sheng Holdings Ltd. The company has a market value of about \$500 million.

The company wants to be able to start manufacturing batteries in this country before the end of 2011. It could be in operation even sooner if it can find the right building to move into, Roberts said.

Ionex was invited to Austin by local alternative energy entrepreneur Dan Vogler, who met Roberts at a recent conference in California. When Roberts mentioned his company was looking for a U.S. manufacturing site, Vogler told him Austin was the right location.

Roberts said he likes Austin for its experienced technology work force, for its plant sites and for the advanced battery research going on at the University of Texas' College of Engineering.

Lonex looked at several sites in the Austin area, including vacant chip manufacturing space at Spansion Inc. and vacant manufacturing buildings at Applied Materials Inc. in far northeast Austin.

Austin last year recruited a battery research and manufacturing project that was seeking economic stimulus-related funding from the U.S. Department of Energy. Austin courted the National Alliance for Advanced Transportation Batteries but lost that proposed project to Kentucky, which offered more incentives. Most of the federal stimulus funds for developing advanced batteries was awarded last summer to companies and universities in either Michigan or Indiana.

"I think they are a high-quality, very focused operation that has a solid business plan," said Austin lawyer Pike Powers, who is negotiating with Lonex to represent the company as it works with the City of Austin and the governor's division of economic development and tourism. "They have been very taken with Austin. I think they want a thoughtful, well-defined and structured incentives package that will help them make the right kind of long-range decision."

**Courtesy of JB Goodwin**