

**FINDING OF NO SIGNIFICANT IMPACT
FOR THE
COMPACT POWER, INC. ELECTRIC DRIVE VEHICLE BATTERY AND COMPONENT
MANUFACTURING INITIATIVE APPLICATION, HOLLAND, MICHIGAN**

RESPONSIBLE AGENCY: U.S. Department of Energy (DOE)

ACTION: Finding of No Significant Impact (FONSI)

SUMMARY: DOE completed the *Final Environmental Assessment for the Compact Power, Inc. Electric Drive Vehicle Battery and Component Manufacturing Initiative Application, Holland, Michigan* (DOE/EA-1709). Based on the analyses in the environmental assessment (EA), DOE determined that its Proposed Action, awarding a federal grant to Compact Power, Inc. (CPI) to facilitate the construction and operation of a plant to build advanced lithium-ion cells and batteries for automotive applications, would result in no significant adverse impacts. DOE further determined that there could be beneficial impacts to the nation's air quality and transportation industry from implementation of CPI's proposed project. In addition, beneficial local socioeconomic impacts would occur from increased employment opportunities and spending in surrounding communities

BACKGROUND: As part of the *American Recovery and Reinvestment Act of 2009* (Recovery Act; Public Law 111-5, 123 Stat 115), DOE's National Energy Technology Laboratory, on behalf of the Office of Energy Efficiency and Renewable Energy's Vehicle Technologies Program, is providing up to \$2 billion in federal funding for competitively awarded agreements to facilitate the construction (including increase in production capacity at existing plants) of U.S. manufacturing plants to produce advanced batteries and electric drive components

The federal action of providing funding for these projects, known as the *Electric Drive Vehicle Battery and Component Manufacturing Initiative*, requires compliance with the *National Environmental Policy Act of 1969*, as amended (NEPA; 42 U.S.C. 4321 et seq.), Council on Environmental Quality regulations (40 CFR Parts 1500 to 1508), and DOE's NEPA implementing procedures (10 CFR Part 1021). DOE prepared an EA to evaluate the potential environmental consequences of providing a grant for this proposed project under the initiative.

PURPOSE AND NEED: The overall purpose and need for DOE's action pursuant to the Vehicle Technologies Program and the funding opportunity under the Recovery Act are to accelerate the development and production of various electric drive vehicle systems by building or increasing domestic manufacturing capacity for advanced automotive batteries, their components, recycling facilities, and electric drive vehicle components in addition to stimulating the U.S. economy. This and the other selected projects are needed to reduce the U.S. petroleum consumption by investing in alternative vehicle technologies. This proposed project will also assist with the nation's economic recovery by creating manufacturing jobs in the United States in accordance with the objectives of the Recovery Act

DESCRIPTION OF THE PROPOSED ACTION: DOE's proposed action is to provide a financial assistance grant to partially fund the construction and operation of a high-volume manufacturing plant to

make advanced lithium-ion cells and batteries for automotive applications. These applications include hybrid electric, plug-in hybrid electric, pure electric vehicles for commercial purposes, and military hybrid vehicles, as well as for aviation, smart grid support, broadband backup power, and energy storage for renewable energy. The 850,000-square-foot facility would be built on about 80 acres, mostly located in the City of Holland, with a small portion of the proposed site located in the adjacent Fillmore Township. CPI's facility would employ approximately 450 workers when fully operational. DOE would provide a \$151 million grant in a cost-sharing arrangement with CPI. The total cost of the proposed project is estimated at \$303 million.

ALTERNATIVES CONSIDERED: In addition to the proposed action, DOE considered the No-Action Alternative as required under NEPA. Under the No-Action Alternative, DOE would not provide funds for the proposed project. For the purposes of the EA, DOE assumed that the project would not proceed without DOE funding. This assumption establishes a baseline against which the potential environmental impacts of the proposed project are compared.

ENVIRONMENTAL CONSEQUENCES: DOE evaluated the potential environmental consequences of the proposed project and the No-Action Alternative. DOE considered the following resource areas for its analysis: land use; air quality; noise; aesthetics and visual resources; geology and soils; water resources; biological resources; cultural resources; socioeconomic; environmental justice; occupational health and safety; utilities, energy, and materials; waste; and transportation. The EA prepared for this proposed project identified no significant adverse impacts to these resources, with the exception of impacts to wetlands at the proposed site.

Four small interconnected wetlands were identified at the proposed site. DOE determined that the proposed project would impact approximately 2.21 acres of wetlands regulated by the Michigan Department of Natural Resources and Environment under Part 303, Wetlands Protection, of the *Michigan Natural Resources and Environmental Protection Act*. Since greater than 0.3 acre of a wetland would be disturbed, compensatory mitigation measures, in the form of mitigation banking, would be required. In its Part 303 Wetland Permit Application, which contains a compensatory mitigation proposal, CPI proposed to mitigate the wetlands impact by replicating approximately 3.5 acres of wetlands at the VanRaalte Farm Park in Holland. The Michigan Department of Natural Resources and Environment published a public notice of this proposal on February 20, 2010. Compensatory mitigation measures would ensure that wetlands impacts associated with this proposed project would not be significant.

DOE's regulations in 10 CFR Part 1022, "*Compliance with Floodplain and Wetland Environmental Review Requirements*," implement Executive Order 11990, "Protection of Wetlands." These regulations require, among other things, that the Department notify appropriate government agencies and interested parties of a proposed wetland action; conduct a wetlands assessment to evaluate the impacts of that action on wetlands in an EA or environmental impact statement; consider alternatives that would avoid or minimize impacts to wetlands; design or modify the action to minimize potential harm to wetlands; and allow for public review and comment of the analysis. The analysis documented in the EA for this proposed project meets the requirements of 10 CFR Part 1022 and Executive Order 11990.

The following beneficial impacts could be realized from the proposed project. High-volume output of lithium-ion batteries resulting from the facility is expected to reduce reliance on fossil fuels and improve air quality through replacement of fossil fuels. The proposed project is anticipated to result in small increases in local employment opportunities and local spending, potentially providing a minor benefit to the local economy.

Under the No-Action Alternative, the project would either be delayed, as CPI sought other funding sources, or abandoned altogether. The potential environmental consequences, if the project was delayed, could be different if the project was modified. If abandoned, the potential environmental consequences would not occur. Furthermore, the potential beneficial impacts would change or not occur.

PUBLIC AVAILABILITY: DOE issued the Draft EA on January 8, 2010, and advertised its release in the *Holland Sentinel* and the *Grand Rapids Press* on January 8, 9, and 10. In addition, the Department sent copies for public review to the Herrick District Library in Holland. DOE also posted the Draft EA on the National Energy Technology Laboratory (NETL) web site. DOE established a 30-day public comment period that began January 8, 2010 and ended February 7, 2010.

The Draft EA was distributed to various federal, state, and local agencies. DOE initiated consultations with the Michigan State Historic Preservation Office, the Michigan Department of Natural Resources, the Natural Resources Conservation Service (NRCS), and the U.S. Fish and Wildlife Service. A response from the State Historic Preservation Office supported DOE's determination that no historic properties would be affected by the proposed project. The NRCS provided a completed Farmland Conversion Impact Rating Form, scoring the project site low in relative value of the farmland. DOE received no other comments from these agencies. DOE also sent letters to seven separate federally recognized Native American tribes and received no comments.

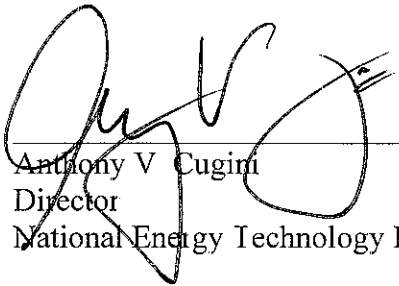
The Southeast Michigan Council of Governments acknowledged receipt of the Draft EA and commented that the project should consider using an existing vacant building. DOE contacted the West Michigan Regional Planning Commission, as recommended by the Southeast Michigan Council of Governments, and it echoed support for the project. Other comments expressed support for the project by local governmental agencies, businesses, and individuals. Two individuals expressed concern regarding the City of Holland's continued use of a coal-fired plant for electricity in general, and specifically for the proposed project.

Copies of the Final EA and this FONSI will be sent to stakeholders that provided comments or consultation, and will be available at DOE's National Energy Technology Laboratory web site at <http://www.netl.doe.gov/publications/others/nepa/ea.html>.

DETERMINATION: On the basis of the evaluations in the Final EA, DOE determined that its proposed action – to provide a \$151 million federal grant – and CPI's proposed project – to construct and operate an advanced lithium-ion battery plant in Holland, Michigan – would have no significant effect on the human environment. Although the proposed project would increase air emissions and require new construction and operating permits, these changes would be minor and the project

proponent would be required to comply with permit requirements. The proposed project would impact approximately 2.21 acres of small interconnected wetlands regulated by the Michigan Department of Natural Resources and Environment. However, approved and permitted compensatory mitigation measures would ensure that wetlands impacts associated with this proposed project would not be significant. Beneficial local socioeconomic impacts are expected to occur from increased employment opportunities and spending in the surrounding community. All other potential environmental impacts identified and analyzed in the EA would be negligible. Therefore, preparation of an environmental impact statement is not required, and DOE is issuing this Finding of No Significant Impact.

Issued in Pittsburgh, PA, this 23 day of April 2010.



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