

THE DEPARTMENT OF ENERGY
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**Department of Energy Offers \$17 Million Conditional Commitment
to Improve Reliability of New York State's Electrical Grid**

*First Battery-Based Energy Storage System Project to Be Selected by DOE for a Conditional
Loan Guarantee Commitment*

Washington D.C. --- Energy Secretary Steven Chu today offered AES Energy Storage, LLC a conditional commitment for a loan guarantee for \$17.1 million to support the construction of a 20 megawatt (MW) energy storage system using advanced lithium-ion batteries. The AES project, located in Johnson City, New York, will help provide a more stable and efficient electrical grid for the state's high-voltage transmission network.

"Effective energy storage systems are crucial to harnessing the power of renewable energy and getting it onto the grid," said Secretary Chu. "Projects like these are helping us to meet the President's goal of doubling our renewable energy generating capacity by 2012."

"This loan guarantee will allow for renewable energy sources like solar and wind to play a greater role in the Southern Tier," said Congressman Maurice Hinchey. "It will also make the area's electrical grid more efficient and reliable, helping to cut energy costs over the long run. It represents another step forward in our efforts to take control of our energy future."

"A smart electric grid is a win-win for New York consumers and the environment," said Senator Kristen Gillibrand, a member of the Senate Environment and Public Works Committee. "As we transition to clean energy production, we need to have infrastructure in place like a battery-based energy storage system. New York is leading the way by building on clean energy investments they have already made. These federal dollars would help fuel the new economy, creating good paying, green jobs right here in New York."

Traditionally, grid frequency regulation, which is needed to balance power generation and consumption on the grid, is maintained by burning additional fossil fuels at power plants. The AES project eliminates the need to burn fossil fuels and instead uses battery technology and new software that will provide the same regulation at a lower price. This advanced frequency

regulation capability will allow renewable electricity generation to play a larger role in New York's transmission network. The AES technology can help reduce carbon emissions by 70 percent compared to frequency regulation provided by fossil energy suppliers.

The AES project will include advanced lithium-ion battery cells from A123System, Inc., a leading supplier of lithium-ion batteries that provide grid stabilization more efficiently and with less environmental impact than existing resources. The contained battery and related electrical systems are assembled, tested and validated in an A123 manufacturing facility in Hopkinton, MA.

Including today's announcement, the Department of Energy has offered conditional commitments for loan guarantees to support 14 clean energy projects. This conditional commitment is another step toward making the United States a global leader in the generation and manufacturing of clean energy technology. For more information on this program, please visit www.lgprogram.energy.gov.

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