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Bright Automotive gets dimmed, will shut down because of DOE loan program delays

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<u>Bright Automotive</u> will shut down after the maker of the extended-range plug-in utility vehicles said the federal government took too long to make good on its planned loans to the Michigan-based company, the *Wall Street Journal* reports, citing a letter company executive sent to U.S. Energy Secretary Steven Chu yesterday.

Bright Automotive, which applied for about \$400 million in loans in 2008, had been told <u>for the past 18 months</u>, that the loan was close to funding, but things just took too long. Bright warned the DOE that time was running short just a week ago, saying "If our ATVM application is not moved forward to the next level by March 2, 2012, our mission ends. Period." Yesterday's letter says, in part:

Last week we received the fourth hear final Conditional Commitment Letter since September 2010. Each new letter arrived with more onerous terms than the last. The first three were workable for us, but the last was so outlandish that most rational and objective persons would likely conclude that your team was negotiating in bad faith.

(Find the full text of the harshly worded letter after the jump.)

The company, which also received a \$5 million equity investment from General Motors, had planned to use an old <u>Hummer plant</u> in Indiana to build its Bright Idea utility van by 2014, the *Journal* said, but <u>reports of problems have surfaced before</u>.

Bright Chief Operating Officer Mike Donoughe <u>made a public statement</u> late last month saying it was ready to add as many as 2,500 direct and indirect jobs through its vehicle production but needed its loan request to be processed "swiftly." <u>Ford, Nissan</u> and <u>Fisker</u> are among advanced-powertrain vehicle makers that have received loans from the federal government.

"This program is an unmitigated disaster."

Michael Brylawski, who co-founded Bright and was an executive vice president there, told AutoblogGreen that the bigger question is about the ATVM program itself. When the government says it will dump \$25 billion into one sector of the economy, that changes things, he sadi. "In theory, this is not a hostile administration [to plug-in cars]," he said, so the disconnect between the expressed promotion on one hand and delays in getting ATVM money out the door on the other is incredible. "[The delay] hasn't only distorted the market, it killed the market," he said. "This program is an unmitigated disaster. There needs to be some real answers coming forth from our community."

Bright planned to make a vehicle that would be able to go about 40 miles on electric power alone before a gas-powered generator kicked in to give the van a range similar to that of the <u>Chevrolet Volt</u>. Bright was founded in 2007 by a consortium of Google.org, the Rocky Mountain Institute, the Turner Foundation, Alcoa, and Johnson Controls.

What happens next? Brylawski said that the technology and engineering in the van remains an asset of the company, so "we're trying to get value from that, but Bright Automotive is winding down." The business model and the product still has merit, and the vehicle was really progressing to be something special. The prototype (pictured above) is almost three years old, but because there is a need to protect the intellectual property, Bright can't disclose images of the updated van, but "it was looking awesome," he said. Who knows where it may appear next.

Sebastian Blanco contributed to this report.

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