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Battery Management & Materials

Re: Written Statement David Klanecky, CEO & President at Cirba Solutions
Committee: House Energy & Commerce Committee
Meeting title: Environment, Manufacturing, and Critical Materials Hearing: "Securing America's Critical Materials Supply Chains and Economic Leadership"
Date: Thursday, June 13, 2024

Thank you, Chairman Carter and Ranking Member Tonko and the subcommittee members, I appreciate the opportunity to address you today. The state of critical materials is at a pivotal moment in our nation's history. To reduce our reliance on foreign sources of these materials and secure the United States competitiveness globally, it is imperative that we strengthen our domestic capabilities and supply chains.

The market for these materials is growing at an exponential rate and the support of our government to ensure we have a sustainable domestic supply of these materials is paramount.

In 2023, more than two-thirds of the lithium chemicals supplied globally involved Chinese companies, and we are also aware that China controls processing for over 80% of all rare earth elements. Today, we are allowing American businesses, and more specifically the future automotive supply chains, to be controlled by foreign entities of concern. The on shoring of manufacturing and creating domestic supply is key to stabilizing the critical materials market, as well as protecting our national security. While the challenges we may face seem large, they are not insurmountable, and the partnership between private and public sectors is critical to resolve these matters.

The Bipartisan Infrastructure Law and Inflation Reduction Act have created opportunities in the clean energy sector that have not existed at this scale historically. These pieces of legislation have attracted billions of dollars of investments in the United States, driven job growth, and are contributing to the long-term benefit of our national security. However, without follow-on rules or laws that protect these investments and continued funding support, we risk losing this opportunity over the long term.

Cirba Solutions is at the frontlines of ensuring these critical materials remain in our domestic supply chain. We are a leader in the battery recycling industry, handling all types of batteries, such as consumer device batteries, energy storage systems, to electric vehicle batteries. We collect, package, transport, disassemble, and process batteries to extract critical materials and return them back into the battery supply chain to produce a new battery.

Cirba Solutions alone will be investing more than $2 billion domestically into the battery recycling sector over the coming years, creating more than 500 jobs in the U.S. market by 2028 in a new manufacturing sector. We have operational facilities in Ohio, Michigan, Arizona, California and are expanding into South Carolina.

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We are the proud recipient of two grants from DOE's Office of Manufacturing and Energy Supply Chains (MESC) to support the expansion of our Lancaster, Ohio facility. This project will bring battery-grade metal sulfates to the North American market – providing the U.S. battery supply chain with something that has not been able to be done at commercial scale before. This will provide both domestically sourced and processed materials for the battery supply chain, and support efforts to attract cathode and lithium ion battery manufacturing to North America for the automotive industry.

There is approximately 148 GWh of battery capacity today in the United States, and by 2030 it is expected to reach close to 1,000 GWh. That production is going to need large quantities of these critical raw materials, and we are setting the stage now for those future needs.

We must work now to address the challenges, including infrastructure expansion and domestic production. If we do not recycle the batteries from the cars on the road or energy storage systems, they will end up back in China. For the U.S. to win, we need a combination of mining ***and*** recycling to ensure battery materials stay in the United States – creating a holistic closed-loop critical materials strategy. Cirba Solutions can recover over 95% of these critical materials such as lithium, nickel, cobalt, and manganese. These materials are almost infinite in their recovery and reuse.

Once batteries reach their end-of-life, recycling serves as a pathway to ensure these critical materials don't end up in landfills, or back in China. This also enables traceability of these critical materials, which aligns perfectly with efforts needed to ensure they stay domestic. We would like to commend you, Representative Tonko, on your work in this topic and the introduction of the Critical Material TRACE Act, along with the admirable work being done by the EPA around their collection and labeling efforts happening as we talk today. Cirba Solutions is actively participating in this benchmark work creating a robust foundation for expanding the battery recycling segment.

In about 15 years, it is estimated that the U.S. will be able to have up to 34% of lithium supply and 40% of cobalt supply come from recycled content. We are building this infrastructure today to meet or exceed those estimates.

For the U.S. to not only be competitive but to win, we have to continue these investments in this sector in areas such as production tax credits, grants, and addressing key issues such as leakage of batteries out of the country.

We have the opportunity today to build a domestically sourced critical materials supply chain that will positively impact generations to come through jobs and economic growth. We must not lose sight of the fact that the largest operating mine in the world is currently driving around our roads today. We also need to ensure that these critical materials remain within our nation's borders. I believe this is a choice, and the U.S. can choose to be a leader in global critical materials supply chain.

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Thank you very much for your time, and I look forward to the discussion.