

**Appendix A. April 2023 Press Release
& Letter from the Ministry
of Energy (August 2023)**

Volkswagen's New Electric Vehicle Battery Plant Will Create Thousands of New Jobs

April 21, 2023

[Office of the Premier](#)

ST. THOMAS — From mining critical minerals to building batteries and cars, Ontario and Canada continue to attract historic, transformational investments across the electric vehicle supply chain to secure more good-paying jobs for workers today and for decades to come.

Last month, Ontario and Canada secured a historic investment from Volkswagen, Europe's largest automaker. Volkswagen is investing \$7 billion to establish its first overseas electric vehicle battery manufacturing plant in St. Thomas, Ontario. This is the largest electric vehicle-related investment in Canadian history, signaling a strong vote of confidence in Ontario and Canada's highly-skilled workers, strong economies, and competitive business environments.

Premier Doug Ford and Prime Minister Justin Trudeau were joined today by Vic Fedeli, Minister of Economic Development, Job Creation and Trade, and the federal Minister of Innovation, Science and Industry, François-Philippe Champagne, to highlight this generational deal for St. Thomas, Ontario, and Canada's entire electric vehicle supply chain.

The plant, Volkswagen's largest to date, will create up to 3,000 direct jobs and up to 30,000 indirect jobs. Once complete in 2027, the plant will produce batteries for up to one million electric vehicles per year, bolstering Canada's domestic battery manufacturing capacity to meet the demand for electric vehicles now and into the future. The plant, which will generate about \$200 billion in value, will be the largest manufacturing plant in Canada. Construction is expected to begin next year.

To strengthen and grow St. Thomas and the surrounding communities, Ontario will invest in other important infrastructure projects across the region, including improvements to roads, highways, utility services, and police and fire services.

Since 2020, historic new investments have been made in Ontario by global automakers and electric vehicle batteries and battery materials suppliers. From mining critical minerals to building batteries and electric vehicles, Ontario and

Canada have the resources and skilled workers to continue leading the world. This means a strong economy, good-paying jobs, and clean air now and into the future.

Quick Facts

- Canada has committed to providing Volkswagen with production support to match the United States Inflation Reduction Act's (IRA) Advanced Manufacturing Production Credit, equalling USD\$35 per kWh. Just like in the U.S., Canada's support will only be for what is produced and sold and will phase out by 25 percentage points every year beginning in 2030 (after 2032, the credit would be eliminated). The agreement also has the flexibility to be adjusted should the U.S. Advanced Manufacturing Production Credit change in the U.S.
- Per battery investment with PowerCo SE ranges between \$8 billion and \$13.2 billion, depending on production levels. This is a part of an overall electric vehicle battery investment partnership by Canada and Ontario. Projections show that the full economic impact of the project will be equal to the value of government investment in less than five years.
- To support Volkswagen's investment, the Government of Ontario is providing \$500 million in direct incentives to the company and investing hundreds of millions of dollars more to strengthen and grow St. Thomas and the surrounding communities. This includes infrastructure improvements to roads, railways, water, electricity, and police and fire safety.
- Canada's automotive sector supports over 500,000 workers, including nearly 100,000 auto plant workers in Ontario, and contributes \$16 billion annually to Canada's gross domestic product, and is one of the country's largest export industries.
- Ontario's auto supply chain is comprised of over 700 parts firms, over 500 tool, die, and mold makers, and over 300 connected and autonomous companies. The province is the only place in North America where five major automakers build their vehicles, including Honda, Toyota, Ford, General Motors, and Stellantis.
- Volkswagen Group is one of the world's largest automakers with a portfolio of 10 companies.
- Volkswagen's new EV battery manufacturing facility will be approximately 370 acres, which is larger than 378 American football fields. The entire industrial and supplier park will be 1,500 acres.
- In August 2022, the Government of Canada signed a Memorandum of Understanding with Volkswagen to advance cooperation on electric vehicle battery manufacturing in Canada.
- Since the beginning of 2022, the governments of Ontario and Canada have helped attract other historic investments across our electric vehicle supply chain – from mining to manufacturing – and provided funding to position

Ontario and Canada as global leaders in battery manufacturing. This included support to:

- Retool Honda Canada's manufacturing operations in Alliston, Ontario, to launch the next generation of hybrid-electric vehicles; and
- Modernize automaker Stellantis' assembly plants in Windsor and Brampton, Ontario, to help the company increase production of electric vehicles.
- *Canada's 2030 Emissions Reduction Plan: Canada's Next Steps for Clean Air and a Strong Economy* is an ambitious and achievable roadmap that outlines a sector-by-sector approach for Canada to reach its climate target of cutting emissions by 40 per cent below 2005 levels by 2030, and to put us on track toward our goal of achieving net-zero emissions by 2050.
- Transportation accounts for about a quarter of our emissions in Canada. That's why the Government of Canada has an ambitious target of 100 per cent zero-emission vehicle sales by 2035, coupled with a suite of support measures from charging infrastructure to purchase incentives.
- Phase 2 of Driving Prosperity, Ontario's 10-year vision for the automotive sector, focuses on transforming the auto sector by building electric, autonomous and connected vehicles and supporting a broader supply chain that includes the exploration, mining and production of critical minerals for the fabrication of electric batteries in Ontario.

Quotes

"This investment, the largest auto investment in our province's history, is a big win for Ontario, the people of St. Thomas and surrounding areas. We're thrilled to welcome Volkswagen and PowerCo SE to Ontario and thank them for their tremendous confidence in our province, our workers and our growing electric vehicle supply chain. Welcome to Team Ontario, Volkswagen!"

**- The Hon. Doug Ford
Premier of Ontario**

"When we talk about our made-in-Canada plan, we're talking about creating good, middle-class jobs now and into the future, we're talking about clean air for our kids and grandkids, and we're talking about a strong economy that works for all Canadians. That's what Volkswagen's new electric vehicle battery plant in St. Thomas – the largest manufacturing plant in the country once built – is all about. It's a win for workers, for the community, and for the economy."

**- The Rt. Hon. Justin Trudeau
Prime Minister of Canada**

"Last October, we met with Volkswagen in Germany to discuss the possibility of a new EV battery manufacturing facility. Six months later, we're proud to say this potential will become a reality. Volkswagen's historic investment will strengthen our end-to-end electric vehicle supply chain and create more good-paying jobs for workers in St. Thomas and across the province. Our government continues to create the right conditions for businesses and workers to succeed now and in the future. Thank you, Volkswagen, for choosing Ontario."

- The Hon. Vic Fedeli
Minister of Economic Development, Job Creation and Trade

"Today's announcement is a true testament to our highly skilled workforce and Canada's strong and growing battery ecosystem. VW's decision to establish its first overseas gigafactory in Canada speaks to our country's competitiveness when it comes to attracting major investments. It is also a vote of confidence in Canada as the green supplier of choice to the world. With Volkswagen and PowerCo SE, our government looks forward to working together toward a cleaner, more sustainable and resilient economy."

- The Hon. François-Philippe Champagne
Federal Minister of Innovation, Science and Industry

"Careers in the auto sector are meaningful, well paying and offer a path to a better life. Today's announcement is fantastic news for our community and will build a stronger southwestern Ontario for generations to come."

- Monte McNaughton
MPP for Lambton—Kent—Middlesex

"This is a generational investment by Volkswagen and PowerCo SE that will create good-paying and sustainable jobs for St. Thomas, Elgin County, London, and throughout Southwestern Ontario. Economic prosperity is occurring in our region and our government, under the leadership of Premier Ford, is getting it done by creating the right environment for businesses such as Volkswagen and their employees to prosper. Thank you, Volkswagen, and welcome to Elgin County!"

- Rob Flack

Member of Provincial Parliament, Elgin—Middlesex—London

"North America plays a key role in our global battery strategy. The region will become PowerCo's second pillar beside Europe, with battery cells made in North America for North America. Gigafactory St. Thomas opens the door to a key market for e-mobility and battery cell production. We aim to make PowerCo a global player in the battery business and to pave the way for clean, sustainable mobility. Gigafactory St. Thomas is an important milestone in our roadmap."

- Thomas Schmall

Volkswagen Group Board Member for Technology

"We are honoured to partner with Canada, Ontario, and the City of St. Thomas to take the EV industry to a new level. PowerCo was founded in Europe to make a difference in the battery business, offering cutting-edge cell technology and sustainable manufacturing. That includes the creation of up to 3,000 new jobs and great working conditions for our employees in the St. Thomas area. We share the same values and are committed to be a reliable partner for the people in St. Thomas and Ontario."

- Frank Blome

CEO of PowerCo SE

Additional Resources

- [Budget 2023 Backgrounder: A Made-in-Canada Plan: Affordable Energy, Good Jobs, and a Growing Clean Economy](#)
- [2030 Emissions Reduction Plan: Canada's Next Steps for Clean Air and a Strong Economy](#)
- [Canada's Action Plan for Clean On-Road Transportation](#)

- [*Driving Prosperity: The Future of Ontario's Automotive Sector*](#)
- [*2023 Ontario Budget: Building a Strong Ontario*](#)
- [Government of Canada releases Budget 2023](#)
- [*Budget 2023—A Made-in-Canada Plan: Strong Middle Class, Affordable Economy, Healthy Future*](#)
- [Strategic Innovation Fund](#)
- [Canada and Ontario welcome historic investment from Volkswagen](#)
- [Ontario Fosters New Opportunities with Trade Mission to Germany and Austria](#)
- [Volkswagen Canada](#)

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August 31, 2023

Mr. Spencer Gill
Vice President of Planning
Hydro One Networks Inc.
483 Bay Street, 13th Floor, North Tower
Toronto, Ontario
M5G 2P5

Dear Spencer,

Re: Enabling Economic Growth and Connecting the St. Thomas EV Battery Facility

I write in order to reinforce the importance of the transmission connection and related work that Hydro One Networks Inc. ("Hydro One") is anticipated to complete in terms of the connection of the soon to be constructed electric vehicle battery cell manufacturing facility by a subsidiary of Volkswagen AG, namely 1000511515 Ontario Inc., in St. Thomas, Ontario (the "St. Thomas EV Battery Facility"), and to express the Government of Ontario's strong support for this high-priority project and the criticality of Hydro One's role in ensuring the timely connection of this important project.

As you are aware, the Government of Ontario is committed to economic growth in the Province and, currently, global companies are looking to invest in jurisdictions with affordable, reliable, and clean energy. Hydro One plays a critical role in enabling the infrastructure required to support this growth and transformation, including the development and connection of the recently announced St. Thomas EV Battery Facility. The Government's support for this high priority project is evidenced by the Minister of Economic Development, Job Creation and Trade having entered into a support agreement with 1000511515 Ontario Inc.

The Government of Ontario recognizes that this project was not contemplated in Hydro One's 2023-2027 Joint Rate Application, which was recently approved by the Ontario Energy Board. The Government of Ontario also understands that Hydro One is working on many concurrent and competing projects in Ontario and has advised the Government that it will endeavour to deliver the requested work on a best-effort basis.

I understand that Hydro One has recently identified new infrastructure requirements on its system necessary for the connection of the St. Thomas EV Battery Facility. As noted above, I want to convey the Government of Ontario's commitment to the timely connection of the St. Thomas EV Battery Facility and urge Hydro One to make this project a priority and undertake the necessary activities to deliver this work on an expedited basis, consistent with industry timelines and in a manner that respects 1000511515 Ontario Inc's other arrangements, including the support agreement referred to above. I also understand the necessity of executing connection agreements in a timely manner and would like to express our long-term commitment to 1000511515 Ontario Inc. as a means of providing you with sufficient comfort as you assess the balance of risk required to execute the Connection Cost Recovery Agreement with 1000511515 Ontario Inc.

Thank you for supporting the government's efforts to enable economic growth in Ontario.

Sincerely,



Karen Moore
Assistant Deputy Minister
Strategic, Network and Agency Policy Division

c: Samir Adkar, Director, Energy Networks and Indigenous Policy, Ministry of Energy
Robert Reinmuller, Senior Director, Transmission Planning, Hydro One Networks Inc.