

Responses Due: October 28th, 2014 by 5:00 PM Eastern Time

The purpose of this Request for Information (RFI) is to acquire information that will assist the New York State Energy Research and Development Authority (NYSERDA) in partnering with one or more NYSERDA-sponsored clean energy technology business incubators and/or proof-of-concept centers to design, develop, maintain, and operate one or more public/private seed-stage investment fund program(s) of sufficient scale and duration to support clean energy technology start-up ventures in New York State.

NYSERDA's desire is that this RFI will open a dialogue with stakeholders from New York State's clean energy innovation ecosystem and the broader investment community to better understand the breadth of investment strategies and business models that are currently available in the market or could realistically be designed and implemented. Once completed, this RFI may lead to a competitive solicitation process that will best achieve the desired program.

NYSERDA will use the information received from this RFI to identify strategies, key issues, opportunities, current industry practices, and resources which may be most useful in determining future public/private seed-stage investment fund programs, including competitive solicitations and contracting strategies. Stakeholders from New York State's clean energy innovation ecosystem and the broader investment community including, but not limited to, incubators, proof-of-concept centers, investment organizations, start-up ventures, academic institutions, research centers, and manufacturing development facilities, as well as service providers and other stakeholders, are encouraged to respond to this RFI.

Over the long-term, the objectives of the program are to catalyze the formation of patient, early-stage private capital investment for New York State clean energy technology companies, increase the frequency and quality of venture capital deal flow resulting from NYSERDA-supported programs, and enhance activity and engagement with venture, corporate, and impact investors, as well as strategic partners.

Response Submission: Responses should include (1) paper copy and one (1) CD of the response. Responses should be clearly labeled and submitted to:

**Roseanne Viscusi, RFI 2980
NYS Energy Research and Development Authority
17 Columbia Circle
Albany, NY 12203-6399**

If you have technical questions concerning RFI 2980, contact Nicholas Querques at (518) 862-1090 ext. 3086 or Nicholas.Querques@nyserda.ny.gov.

No communication intended to influence this RFI is permitted except by contacting Nicholas Querques (Designated Contact) at (518) 862-1090 ext. 3086 or Nicholas.Querques@nyserda.ny.gov.

*Late responses will be returned. Faxed or emailed responses will not be accepted. Responses will not be accepted at any other NYSERDA location other than the address above. If changes are made to this RFI, notification will be posted on NYSERDA's website at www.nyserda.ny.gov.

Informational Webinar: NYSERDA will conduct an hour-long informational webinar on Tuesday, September 23rd, 2014 at 1:00 PM Eastern Time. NYSERDA staff will describe the RFI and answer questions relating to the program. Prior registration for the webinar is available, but not required. Participants can join up to 30 minutes before the webinar begins. Instructions to participate in the webinar are as follows:

Step 1 – Join the webinar to view the presentation slides and submit questions

- From a web browser, go to <https://nyserda-events.webex.com/nyserda-events/onstage/g.php?t=a&d=661090473>.
- Enter your name, email, and the event password 2980.
- When the meeting session launches, you will see a popup window with the call-in information. Please note your unique Attendee ID.

Step 2 – Join the audio conference

- Dial (415) 655-0001.
- Enter access code 661 090 473.
- Enter your unique Attendee ID, which is displayed when you login, to link your phone audio and internet presence.

I. Introduction

The purpose of this Request for Information (RFI) is to acquire information that will assist the New York State Energy Research and Development Authority (NYSERDA) in partnering with one or more NYSERDA-sponsored clean energy technology business incubators and/or proof-of-concept centers to design, develop, maintain, and operate one or more public/private seed-stage investment fund program(s) of sufficient scale and duration to support clean energy technology start-up ventures in New York State in the most efficient, effective, and economical manner possible.

NYSERDA's desire is that this RFI will open a dialogue with stakeholders from New York State's clean energy innovation ecosystem and the broader investment community to better understand the breadth of investment strategies and business models that are currently available in the market or could realistically be designed and implemented. Once completed, this RFI may lead to a competitive solicitation process that will best achieve the desired program.

NYSERDA will use the information received from this RFI to identify strategies, key issues, opportunities, current industry practices, and resources which may be most useful in determining future public/private seed-stage investment fund programs, including competitive solicitations and contracting strategies. Stakeholders from New York State's clean energy innovation ecosystem and the broader investment community including, but not limited to, incubators, proof-of-concept centers, investment organizations, start-up ventures, academic institutions, research centers, and manufacturing development facilities, as well as service providers and other stakeholders, are encouraged to respond to this RFI.

NYSERDA supports six business incubators and three proof-of-concept centers (POCCs) across New York State. These programs are designed to mentor and support clean energy technology start-up ventures through various stages of development. The objective of the POCC program is to utilize entrepreneurial teams as a catalyst for accelerating the transition of intellectual property from New York State's leading academic institutions and laboratories into the market. Across the POCCs, there are currently 21 teams – out of the initial application set of 111 – that are being mentored under the Lean LaunchPad customer development model. These teams receive funding support to perform customer discovery and market validation, develop minimally viable products, and build out management teams. The most promising teams will move on to start companies and continue to receive support from the POCCs and incubators. This is the inaugural cohort for the

POCC program and four more annual cycles are expected as part of the program. The NYSERDA incubator program was first launched in 2009. Six NYSERDA-sponsored incubators are located across New York State and provide mentorship to client companies through a combination of physical and virtual incubation programs and support services. At the end of 2013, 145 companies have been involved with NYSERDA-sponsored incubators. Approximately 50 of those companies have raised one or more rounds of venture capital funding from private investors.

According to CB Insights' 2013 Venture Capital Financing and Exit Report, venture capital financing in New York reached an eight quarter high in Q4 2013. However, of the amount invested in 2013, almost 7 out of 10 deals, and 3 out of 4 investment dollars, went to the internet and software sectors. The next highest sectors receiving investment were mobile and telecom at 9% and healthcare at 3% of the overall funding share. In 2013, venture funding deals also moved to later stages with Series D deals more than doubling from 2012 (18% vs. 7%) while Series E+ deals increased from 10% in 2012 to 15% in 2013. Seed-stage deals dropped from 6% of total funding deals in 2012 down to 5% in 2013.

The Silicon Valley Bank's 2014 report on the Innovation Economy Outlook in the United States outlines the results of a survey of 1,200 company executives ranging from start-up ventures through large corporations. The survey shows an optimistic attitude for the future, but outlines three major obstacles: (1) growing operations to scale; (2) access to equity; and (3) finding skilled employees. The respondents identified the challenge of raising equity as being particularly acute for the clean energy technology sector. Ninety-six percent of the clean energy technology executives that raised capital say that the fundraising environment is somewhat (54%) or extremely (42%) challenging.

Lastly, according to the Research Foundation for the State University of New York, New York State ranks second in the nation for academic research and development, and this research is split almost evenly between upstate and downstate universities. Eighty-nine percent of this academic research and development is in the physical and life sciences, which includes the clean energy technology space. However, only fifteen percent (\$270 million) of the \$1.8 billion of venture capital investments in New York State in 2012 went to physical and life sciences start-up ventures, and only a fraction of that funding went to clean energy technology companies.

The immediate objective is to partner with one or more NYSERDA-sponsored clean energy technology business incubators and/or proof-of-concept centers to design, develop, maintain, and operate one or more public/private seed-stage investment fund program(s) of sufficient scale and duration to support clean energy technology start-up ventures in New York State. Over the long-term, the objectives of the program are to catalyze the formation of patient, early-stage private capital investment for New York State clean energy technology companies, increase the frequency and quality of venture capital deal flow resulting from NYSERDA-supported programs, and enhance activity and engagement with venture, corporate, and impact investors, as well as strategic partners.

II. Information Requested

The New York State Energy Research and Development Authority (NYSERDA) wishes to identify opportunities to develop the public/private seed-stage investment fund program in such a way that maximizes the use of existing resources and dovetails with standard market practices while also considering strategies that would support the creation and operation of one or more public/private seed-stage investment fund program(s) of sufficient scale and duration in the most efficient, effective, and economical manner possible.

Respondents should understand that any and all responses provided through this RFI will be treated as preliminary and non-binding. Respondents should provide clear distinction between proprietary and public information in their responses. Information submitted to NYSERDA that the respondent

wishes to have treated as proprietary, and confidential trade secret information, should be identified and labeled "Confidential" or "Proprietary" on each page at the time of disclosure. NYSERDA does not intend to publish the respondents' individual responses.

Through this RFI, NYSERDA seeks to leverage stakeholder and industry expertise in the following areas:

1. **Organization Identification/Background:** Identify and provide general background information about your organization, including a summary of any previous experience that could be relevant to this RFI. Current or prior NYSERDA awardees should identify themselves accordingly.
2. **Gap Analysis:** Using a non-proprietary format, outline the types and amounts of public and private investments received by client companies in your programs. Discuss the investment gaps for the stage of funding, technology area, and development stage of your client companies and/or the start-up ventures that you work with in the clean energy technology space. Based on the existing and forecasted client base, estimate the annual deal flow for seed-stage investments over the next 5 years.
3. **Investment Partners:** Investment partners potentially bring market discipline, credibility, deal structuring expertise, and investment syndicates to the program. Characterize and identify the types of investment partners that might have an interest in participating in the program. Define the role that you would want the investment partners to play in the program.
4. **Operational Model:** Outline the recommended investment/legal structure (limited partnership or other) and business model of the program. What is the level of staffing and human capital required to successfully operate the program? Describe the types of financing instruments that would be used. What type of governance model would you use for the fund? What is the level of public investment and length of the program necessary to build adequate momentum for it to operate without public funds?
5. **Value Proposition:** Describe the value proposition of the program and how you would make it attractive to potential investment partners, client companies, and other start-up ventures. What best practices currently available in the market or new approaches would you employ to ensure the program's lasting success? In addition to the financial support, what value-added resources and services would you provide to the portfolio companies that receive funding through the program?
6. **Program Implementation:** In general terms, explain the expected due diligence process that would be used for evaluating and making seed-stage investments through the program. Outline the program timeline and organizational plan for making investments and developing portfolio companies.
7. **Impact on Other Incubators/Proof-of-Concept Centers:** Explain the impact that the program would have on other incubators and/or proof-of-concept centers (POCCs) that may not receive NYSERDA funding for this initiative. Describe your strategy for working with client companies and teams from other NYSERDA incubators and/or POCCs that would potentially apply for funding through the program. Do you expect to work with companies and teams that are not affiliated with any NYSERDA incubators and/or POCCs?
8. **Financial Management:** Based on the Gap Analysis and Operational Model, discuss the expected size of individual seed-stage investments. Clarify what percentage of the total funding from NYSERDA and investment partners would be used for administrative costs and what percentage of the total funding would be used for seed-stage investments.
9. **Sustainability Plan:** Discuss the value of the program to the incubator and/or POCC relative to the future sustainability of the incubator and/or POCC and the quality of the client

companies and teams. Explain the role that the program would play in catalyzing a stand-alone investment program at the conclusion of NYSERDA funding. Describe your strategy for attracting follow-on funding from private investors for the program.

10. Limitations/Challenges: Discuss any potential limitations and/or challenges that you foresee having to address and overcome as a result of developing and implementing the program.
11. Measures of Success: Outline the measures of success for the program. Based on investment partner requirements and the desire for the program to operate at the conclusion of NYSERDA funding, outline the expected outcomes for the program.
12. Other: Please include any other information or ideas that you would like to provide in response to RFI 2980.

III. Content of Response

Responses should not be excessively long or submitted in an elaborate format that includes expensive binders or graphics. Each page of the response should state the name of the respondent, the RFI number, and the page number. Responses should adhere to the format outlined in the previous section.

Please respond to the information above and provide the name of your organization, its location, a contact person, phone number, and email address when replying to this RFI. A response does not bind, obligate, nor preclude the respondent to any current or future agreement of provision or procurement of services referenced.

IV. General Conditions

Proprietary Information - Careful consideration should be given before confidential information is submitted to NYSERDA as part of your response. Review should include whether it is critical for evaluating a response, and whether general, non-confidential information, may be adequate for review purposes. The NYS Freedom of Information Law, Public Officers law, Article 6, provides for public access to information NYSERDA possesses. Public Officers Law, Section 87(2)(d) provides for exceptions to disclosure for records or portions thereof that "are trade secrets or are submitted to an agency by a commercial enterprise or derived from information obtained from a commercial enterprise and which if disclosed would cause substantial injury to the competitive position of the subject enterprise." Information submitted to NYSERDA that the respondent wishes to have treated as proprietary, and confidential trade secret information, should be identified and labeled "Confidential" or "Proprietary" on each page at the time of disclosure. This information should include a written request to exempt it from disclosure, including a written statement of the reasons why the information should be exempted. See Public Officers Law, Section 89(5) and the procedures set forth in 21 NYCRR Part 501. However, NYSERDA cannot guarantee the confidentiality of any information submitted.

Disclaimers - This RFI is not a contract offer, and does not commit NYSERDA to award a contract, pay any costs incurred in preparing a response, or to procure or contract for services or supplies. Respondents are encouraged to respond to this RFI; however, failure to submit a response will not impact a respondents' ability to respond to any future competitive solicitation process (if any) for projects. NYSERDA reserves the right to accept or reject any or all information received, or to modify or cancel in part or in its entirety this RFI at any time. Respondents are advised that all costs associated with responding to this RFI will be solely at their expense. There are no representations or warranties regarding the accuracy or completeness of the information contained in this RFI. Respondents are responsible for making their own evaluation of information and data contained in this RFI and for preparing and submitting responses to this RFI.