

**NASEO State Financing Committee Call**  
Thursday, December 6, 2012, 3:00-4:00pm ET

**Attendees**

Alabama Department of Economic and Community Affairs  
ASHRAE  
Energy Initiatives LLC  
Energy Programs Consortium  
Indiana Office of Energy Development  
Kansas Energy Office  
Missouri Department of Natural Resources  
National Association of State Energy Officials  
Nevada State Office of Energy  
New Hampshire Office of Energy and Planning  
New York State Energy Research and Development Authority  
Washington State University Energy Program

**Announcements**

Jeff Pitkin, NYSERDA Treasurer and NASEO Financing Committee Co-Chair, opened the call. He announced changes to the committee schedule. Beginning in January 2013, calls will take place on a bi-monthly schedule. Unless otherwise announced, they will occur on the first Thursday of odd-numbered months from 3pm to 4pm Eastern time.

Sandy Fazeli, NASEO Program Manager, and Roya Stanley, President of Energy Initiatives LLC and former director of the Iowa Office of Energy Independence, next described a state energy financing report that NASEO is developing. The study, which will be released in February 2013, will review and evaluate a number of selected state and local financing programs covering a range of sectors and approaches. Sandy and Roya welcome NASEO members who are interested in providing input or information on their programs to get in touch. If interested, contact Sandy at [sfazeli@naseo.org](mailto:sfazeli@naseo.org).

**Presentation: “Incubators and Clean Energy Entrepreneurship in New York”**

Jeff introduced the presenter, Mike Shimazu, Senior Project Manager at NYSERDA. Mike’s presentation is available at <http://naseo.org/committees/financing/notes/2012-12-06-IBD-Overview.pdf>.

Mike discussed his work supporting NYSERDA’s Clean Energy Business Incubator Program, established in 2009

**1. Mike Shimazu’s presentation on “Incubators and Clean Energy Entrepreneurship in NY”**

- NYSERDA mission: advance innovative energy solutions in ways that improve NY’s economy and environment; NYSERDA is an energy agency; instrument of NYS’s energy policy, not just economic development to help commercialize new clean energy technology. The state has numerous incubators, and NYSERDA used a competitive solicitation to select six to receive funding for clean technology: Directed Energy at the University of Buffalo; Clean Energy Incubator at RIT Venture Creations; the Cleantech Center at Centerstate CEO; iClean at E2TAC/CNSE; NYIC-ACRE and NYU-Poly; and the Clean Energy Business Incubator at LIHTI.

The selected recipients were awarded \$1.5 million each over four years. NYSERDA has taken a milestone-oriented approach to disperse the funding, with tranches of funds awarded when the incubators reach certain organizational, financial, and business milestones.

Mike highlighted some exemplary clients. ThinkEco, Inc., a company working in plug load technology, has raised \$92 million to date, hired 25 employees, and partnered with ConEdison and Best Buy to conduct a demand response demonstration project. Another company, OptiCool Technologies, is commercializing refrigerant-based data center cooling technologies. OptiCool organized a demonstration site at RIT's computing laboratory, which achieved a 90% energy reduction.

At the three-year mark of the program (end of the second quarter 2012), NYSERDA expended \$5.4 million, serving 94 clients who have raised \$74 million in capital.

Since the creation of the incubator program, NYSERDA has incorporated other initiatives to support it. Green Capital Empire is a web-based database platform serving private equity and venture capital investors developed and administered by a contractor, CB Insight. Through Green Capital Empire, CB Insight highlights clean energy projects to investors in New York and facilitates partnerships and marketing between investors and project leads.

NYSERDA has also introduced the Entrepreneur-in-Residence (EIR) program, which is administered by High Tech Rochester. It creates a mentor program led by companies that are participating in the incubator program or have received NYSERDA research and development funds in another capacity. These mentors help startups with financial plans, fundraising strategies, and other business development activities. The impact of the EIR has been significant, generating over \$4 million revenue, raising over \$5.6 million in capital, and creating or retaining 76 jobs as of December 2012. NYSERDA estimates that the program has had \$22 million worth of total impact.

Finally, NYSERDA is also rolling out its Proof-of-Concept Center Initiative. It has made awards of \$5 million each over five years for three teams to build centers. These centers will improve the deal flow and technology licensing process for startups by connecting them with venture capitalists at the early stages of technology research and development. NYSERDA expects to announce the award recipients shortly.

### **Question and Answer (Q&A)**

Q: Has NYSERDA found that there are particular attributes or company characteristics that are success drivers in the path to commercialization?

A: Startups should focus on one product at a time—it often hurts, rather than helps, to pursue of number of candidate products. Their personnel and leadership should also be open-minded—this trait makes it easier to coach them and navigate them through the business development process. Finally, companies with teams tend to be more successful.

Q: How does the funding work—are there any federal R&D funds that go into the incubator projects?

A: NYSERDA put up \$1.5 million, derived out of ratepayer/public benefit program funds approved through the public service commission. Selected incubators were asked to match that with \$500,000 over course of the four year award, most of which has been in in-kind institutional funding.