

TO: Members of New Jersey Commission on Science, Innovation, and Technology

FROM: Judith Sheft
Executive Director

DATE: March 22, 2024

RE: Approval of Pilot Clean Tech Demonstration Grant Program, Round 2

Request:

The Members of the New Jersey Commission on Science, Innovation, and Technology (CSIT) are requested to approve the following:

- i. The Pilot Clean Tech Demonstration Grant Program, Round 2 (“Program”), a competitive program that will provide grants to support New Jersey-based companies accelerating the commercialization and deployment of innovative clean energy technologies. The Program specifications remain substantially similar to the prior round (Round 1), however eligibility requirements have been amended to limit multiple applications from one company, to limit applications from current grant recipients, add bonus points for companies that have a New Jersey LGBTQ+ certification, and to slightly refine scoring to align with other CSIT R&D Seed Grant programs.
- ii. Allocation of \$3,750,000 to this Program, which will be funded by the 2023 BPU Funds provided to CSIT under the 4th Clean Energy and Clean Tech Innovation Memorandum of Understanding between NJEDA and NJCSIT, executed on November 3, 2023.

Background:

The NJEDA Board has approved four MOUs between NJEDA and the New Jersey Board of Public Utilities (NJBPUB), which enabled the NJBPUB to provide funding to the NJEDA to support early-stage, New Jersey-based clean tech companies. Given the early-stage nature of this ecosystem building activity and alignment with the role of NJCSIT, NJEDA has executed clean tech programs in conjunction with the NJCSIT. Programs implemented with BPU funding have included the development and operation of a pilot Clean Tech Seed Grant Program, a pilot Clean Tech R&D Voucher Program and a pilot Clean Tech Demonstration Grant Program.

The Round 1 of the Pilot Clean Tech Demonstration Grant Program was approved by the CSIT Board on November 4, 2022, with a budget of \$2,500,000. On May 12, 2023, an additional amount of \$1,105,460 was approved by the CSIT Board, bringing the total funding to \$3,605,460.

The table below highlights the number of applications received, reviewed, and scored in Round 1 of the Pilot Clean Tech Demonstration Grant Program. A total of twenty complete applications were received, which was 1.5 times the number of applications that were originally targeted to be funded. On May 12, 2023, the Board approved fifteen grants for a total of \$ 3,605,460 in funding and declined five applications that did not meet the 30-point minimum score required by the program.

Summary of Pilot Clean Tech Demonstration Grant Program, Round 2

The Program will support fifteen (15) grants of up to \$250,000 each. The total budget for the Program is \$3,750,000. The goal of the Program is to support New Jersey-based companies accelerate the commercialization and deployment of innovative clean energy technologies by demonstrating capabilities in a real-world setting. Companies must be developing or testing clean technologies intended to avoid emissions of, or recapture, greenhouse gases and/or criteria pollutants, or to enable such avoidance or recapture.

The objectives of the Program are to:

- i. Provide funding for pilot demonstration projects to test and validate technological performance at customer sites
- ii. De-risk the commercialization process for early-stage companies

The Program will fund pilot demonstration projects between Technology Readiness Levels (TRL) 6 (Applied Research) through TRL 8 (Integrated Pilot System Demonstrated) The following technology areas are eligible under the program:

- Chemicals/Advance Materials
- Energy Distribution/Storage
- Energy Efficiency
- Energy Generation
- Green Buildings
- Transportation
- Waste Processing
- Water and Agriculture

Program Eligibility

Applicants must meet the following eligibility criteria at the time of submission and throughout the application review period. Each applicant must:

- Be authorized and in good standing to conduct business in New Jersey. Have a current valid New Jersey tax clearance certificate (listing New Jersey Commission on Science, Innovation and Technology). All certificates listing another state agency will be rejected.
- Have no more than 50 full-time equivalent (FTE) workers (FTE calculated on a 35-hour work week) at time of application.
- Have a minimum of two full-time workers (calculated on a 35-hour work week). A founder can be counted as a worker; a worker may be paid or unpaid.
- Demonstrate that 50% or more of the cumulative hours worked by all workers, founders, and contractors must be conducted in New Jersey (as calculated on a full-time equivalent basis of 35 hours per week).
- Have less than or equal to \$5,000,000 in prior calendar year sales revenue (excluding grant revenue).

- Have achieved a Technology Readiness Levels (TRL) 6 (Applied Research) through TRL 8 (Integrated Pilot System Demonstrated) for their project proposed for funding.
- Conduct their Pilot Demonstration Project in New Jersey. The Pilot Demonstration Project (“Project”) is defined as the core project proposed by the Applicant.
- Have a letter from one or more strategic partners confirming the strategic partner’s willingness to conduct the Project, subject to receipt of funding, and describing their role in the Project (e.g., providing a location/facility, conducting testing or evaluation).

New eligibility criteria for Round 2 of the Program are:

- Applicants are limited to a single application.
- Recipients of two or more active CSIT Seed and/or Demonstration Grants are ineligible for this Program.

The grant funding can be utilized to maintain direct project research and development activities. See the attached specification sheet (Attachment i) for additional eligible and ineligible uses of funds.

Applicants that meet the above eligibility criteria will be evaluated by a team of subject matter experts (SMEs) who will review each application. SMEs are required to sign an NDA prior to reviewing applications. An evaluation committee comprised of CSIT and NJEDA staff will review and assign a score to each application. Applicants will require a minimum of 70 points (out of a total 100 points) to be eligible for a grant award and to receive bonus points. Bonus points can be awarded only to those applicants that meet the minimum of 70 points. Details on scoring are included in the specification sheet (Attachment i). Bonus points have been expanded to include New Jersey LGBTQ+ certification, and to slightly refine scoring categories to align with other CSIT R&D Seed Grant programs.

Additional Requirements and Information

Applicants must be in good standing with both New Jersey Department of Labor ("DOL") and New Jersey Department of Environmental Protection ("DEP") to be eligible for a grant award.

For four years from the date of the grant agreement, workers and consultants for the company must conduct at least 50% of their work in a NJ location. Failure to comply will be a condition of default of the grant and may result in the full re-payment of the grant.

All grant awardees must provide an economic impact report to CSIT upon the completion of the project and every year for the four years from the date of the grant agreement.

All grant awardees are encouraged to participate in one check-in meeting (in-person or virtual) six months from the start of Project term with the CSIT team for update on the Project.

Applicants that are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter. An applicant may appeal a declination by submitting the basis for their appeal in writing to CSIT within 10 business days from the effective date of CSIT’s action. Appeals must include an explanation as to how the applicant has met the application criteria.

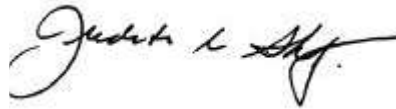
Project Modification

Any intended changes to Project scope of work or budget must be requested in writing to CSIT prior to modification of Project.

Request:

The Members of the New Jersey Commission on Science, Innovation, and Technology (CSIT) are requested to approve the following:

1. The Pilot Clean Tech Demonstration Grant Program, Round 2, to support New Jersey based companies accelerating the commercialization and deployment of innovative clean energy technologies; and
2. Allocation of \$3,750,000 to fund this Program. Funding will come from the 2023 BPU Funds provided to CSIT under the 4th Clean Energy and Clean Tech Innovation Memorandum of Understanding between NJEDA and NJCSIT executed on November 3, 2023.



Judith Sheft
Executive Director

Attachments

- i. Pilot Clean Tech Demonstration Seed Grant Program, Round 2 - Specification Sheet

Round 2 Pilot Clean Tech Demonstration Grant Program Grant Program

Specification Sheet

Funding Source	<p>Total funding for Round 2 of the Pilot Clean Tech Demonstration Grant Program (“Program”) will be \$3,750,000 from the 2023 BPU Funds provided to CSIT under the 4th Clean Energy and Clean Tech Innovation Memorandum of Understanding between NJEDA and NJCSIT executed (November 3, 2024)</p> <p>15 awards of \$250,000 each.</p>
Program Purpose	<p>The purpose of the Program is to enhance the State’s innovative economy by providing financial grants to early-stage clean tech innovation-based companies to accelerate development of technologies to transform new discoveries from research stage into commercially viable products and services. The grant funds should enable applicants to make significant progress by demonstrating capabilities in a real world setting and have a meaningful impact on their commercialization outcomes. Companies must be developing or testing clean technologies intended to avoid emissions of, or recapture, greenhouse gases and/or criteria pollutants, or to enable such avoidance or recapture.</p>
Target Industry Areas	<ul style="list-style-type: none"> • Chemicals/Advance Materials • Energy Distribution/Storage • Energy Efficiency • Energy Generation • Green Buildings • Transportation • Waste Processing • Water and Agriculture
Eligible Applicants	<p>Program applicants must meet the following eligibility criteria at the time of Program application submission and throughout application review:</p> <ol style="list-style-type: none"> a. Be authorized and in good standing to conduct business in New Jersey. Have a current valid New Jersey tax clearance certificate (listing New Jersey Commission on Science, Innovation and Technology). All certificates listing another state agency will be rejected. b. Have no more than 50 full-time equivalent (FTE) workers (FTE calculated on a 35-hour work week) at time of application. c. Have a minimum of two full-time workers (calculated on a 35-hour work week). A founder can be counted as a worker; a worker may be paid or unpaid. d. 50% or more of the cumulative hours worked by all workers, founders, and contractors must be conducted in New Jersey (as calculated on a full-time equivalent basis of 35 hours per week). e. Have less than or equal to \$5,000,000 in prior calendar year sales revenue (excluding grant revenue). f. Applicants should have achieved a Technology Readiness Levels (TRL) 6 (Applied Research) through TRL 8 (Integrated Pilot System Demonstrated) for their project proposed for funding.

	<ul style="list-style-type: none"> g. The Pilot Demonstration Project must be conducted in NJ. The Pilot Demonstration Project is defined as the core project proposed by the Applicant. h. Applicants must have a letter from one or more strategic partners confirming the strategic partner’s willingness to conduct the pilot demonstration project and describing their role in the Pilot Demonstration Project (e.g., providing a location/facility, conducting testing or evaluation etc.) i. Applicants are limited to a single application j. Recipients of two or more active CSIT Seed and/or Demonstration Grants are ineligible for this Program
<p>Eligible Uses</p>	<p>The grant funding can be utilized for project demonstration activities including:</p> <ul style="list-style-type: none"> • Labor costs related to the pilot demonstration • Materials, equipment, and supplies for the pilot demonstration • Travel expenses related to the pilot demonstration • Other operating costs incurred during the pilot demonstration. <p>NOTE: If the demonstration project will involve construction, reconstruction, demolition, custom fabrication, repair work, or maintenance work, including painting and decorating, with construction costs totaling \$2,000 or more, and award of a construction contract, the project must comply with the NJ Department of Labor’s Public Works Contractor Registration Act, the NJEDA’s Prevailing Wage statutes and rules, and NJEDA’s Affirmative Action statutes and rules.</p> <p>In addition, no more than 10% of the budget proposed for the applicant’s project, in the aggregate, may be spent on:</p> <ul style="list-style-type: none"> • IP patent prosecution and licensing-related expenses
<p>Ineligible Uses</p>	<p>The grant funding cannot be utilized for the following</p> <ul style="list-style-type: none"> • Direct services to individuals or organizations • Manufacturing of products for sale or commercial use • Real estate rental expenses • Patient clinical trial expenses • Travel, entertainment, and other similar expenses • Allocations of general overhead expenses • Marketing and customer discovery • Any expenditures incurred before the “Effective date”, the date representing the last signature on the Grant Agreement by the Parties • Any expenses for equipment and materials that Applicant does not use for the Project during the Project period • Fees related to Conferences

<p>Application Process and Board Approval</p>	<p>Application process:</p> <p>Applicants are limited to a single application.</p> <p>Recipients of two or more active CSIT Seed or Demonstration Grants are ineligible for this Program.</p> <ol style="list-style-type: none"> 1. Applications will be open for a limited timeframe 2. A document completeness review will be done as applications are received 3. Only complete applications will be evaluated and scored. Applicants that have not submitted a tax clearance certificate and/or any documentation that verifies bonus points, at the time of application submission will be given until August 1, 2024 to submit the tax clearance and bonus verification documents. If a tax clearance certificate is not submitted by August 1, 2024, the application will be considered incomplete and withdrawn from consideration. If bonus point documentation is not received by August 1, 2024, no bonus points will be awarded. 4. An evaluation committee comprised of CSIT and NJEDA staff will review and assign a score to each application, after receiving qualitative input from Subject Matter Experts (SMEs). SMEs will be required to sign an NDA prior to reviewing grant applications. 5. In order to be eligible for funding, an Applicant must receive a minimum of 70 of the available 100 points on the standard scoring. In order to receive bonus points, an applicant must also receive a minimum score of 70. 6. If more applications are received than available funding, priority will be given to applications that score the highest against the scoring criteria. 7. Denied Applications may appeal CSIT’s declination, provided they do so within the timeframe provided in CSIT’s declination letter. Appeals must be written and include an explanation as to how the applicant has met the Application criteria. <p>Board Approval: The CSIT Program Committee will review scored applications and make funding recommendations to the CSIT board. The CSIT Board will make final decisions on grant award winners.</p>
<p>Project Modification</p>	<ul style="list-style-type: none"> ▪ Any intended changes to project scope of work or budget must be requested in writing to CSIT prior to modification of project csitcleandemo@njcsit.gov
<p>Scoring criteria (Based Upon Technical Proposal/Milestone and Budget Proposal)</p>	<ul style="list-style-type: none"> ▪ Innovation (up to 30 points) ▪ Market Opportunity and Strategy (up to 20 points) ▪ Implementation Plan -Budget and Milestones (up to 20 points) ▪ Economic and Broader Impact (up to 10 points) ▪ Team (up to 20 points)

<p>Bonus Points (must have a minimum score of 70 points to receive)</p>	<ul style="list-style-type: none"> ▪ Company is using technology initially developed at a NJ university, under an executed License Agreement with such university (15 points) ▪ NJ Certified women-owned business (10 points) ▪ NJ Certified minority-owned business (10 points) ▪ NJ Certified veterans – owned business (10 points) ▪ NJ Certified LGBTQ+ owned business (10 points) ▪ Primary place of business/R&D located within an opportunity zone eligible census tract or Government restricted municipality (Trenton, Paterson, Atlantic City) (5 points) ▪ Has not previously received a CSIT grant or voucher (10 points)
<p>Grant Amounts/Duration</p>	<p>Eligible applicants can propose a project of up to two years in duration and with a maximum budget of \$250,000. An extension for up to an additional 3 months may be permitted at the sole discretion of CSIT.</p>
<p>Grant Disbursement</p>	<p>Funds will be dispersed on a milestone basis. Each milestone will have deliverables, which must be submitted and approved before receiving the funding for that specific milestone.</p> <p>Sixty percent (60%) of the grant will be disbursed upon execution of a grant agreement.</p> <p>Thirty percent (30%) will be disbursed when interim milestones stated in the proposal are reached, and with submission of an approved interim Project Completion Report (approximately 12-months after execution of grant agreement).</p> <p>Final ten percent (10%) of the grant will be disbursed upon submission of an approved an Economic Impact Report and Final Project Completion Report (approximately 24-months after execution of grant agreement).</p>
<p>Additional Requirements and Information</p>	<p>Applicants must be in good standing with both New Jersey Department of Labor ("DOL") and New Jersey Department of Environmental Protection ("DEP") to be eligible for a grant award.</p> <p>For four years from the date of the grant agreement, workers and consultants for the company must conduct at least 50% of their work in a NJ location. Failure to comply will be a condition of default of the grant and may result in the full re-payment of the grant.</p> <p>All grant awardees must provide an economic impact report to CSIT upon the completion of the project and then every year for the next four years from the date of the grant agreement.</p> <p>All grant awardees are encouraged to commit to participate in one check-in meeting (in-person or virtual) six months from the start of Project term with the CSIT team for update on project.</p>
<p>Cost</p>	<p>There is no fee to apply</p>