



Agenda Date: 02/24/16

Agenda Item: 8A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE EDISON INNOVATION)
GREEN GROWTH FUND – SOLICITATION) ORDER
Eos Energy Storage, LLC)
) DOCKET NO. QG16020103

Parties of Record:

Sandy Zeglarski, New Jersey Economic Development Authority
Michael Oster, CEO, Eos Energy Storage, LLC

BY THE BOARD:

The New Jersey Economic Development Authority ("EDA") as administrator of the Edison Innovation Green Growth Fund ("EIGGF") for the New Jersey Board of Public Utilities ("BPU") Office of Clean Energy is recommending an award of \$2 million to Eos Energy Storage, LLC ("Eos" or the "Company"). The EIGGF award would provide support for growth capital needs associated with working capital for expanding their pilot manufacturing facility in Edison, NJ, as well as, research and development, product development and demonstration, hiring and training personnel, marketing, and purchasing inventory.

Board Staff reviewed EDA's underwriting analysis and recommendations for approval of the loan. Based upon that analysis, Board Staff recommends that the Board approve the EIGGF funding awards to Eos for a \$2 million loan to expand the pilot manufacturing facility and activities. Board Staff further recommends that the Board authorize President Mroz to sign the loan documents.

BACKGROUND

Eos was established in 2008 after the issuance of the patent for its core battery storage technology. The Company's mission is to develop cost effective, utility-grade, grid-scale energy storage solutions. To that end, Eos developed, and is now commercializing, a rechargeable zinc hybrid cathode battery technology it calls "Znyth™." Znyth™ is designed to be a safe, low-cost, long-life, energy dense, and highly efficient aqueous utility grade battery.

Eos' novel Znyth™ (zinc hybrid cathode) battery technology employs inexpensive, widely available materials within a robust, scalable design to achieve long-life at extremely low-cost.

After 10 years of development, Eos' Znyth™ technology is built on 21 patents and has patent applications with over 600 claims covering cell configuration and architecture, cathode design and materials, electrolyte and electrolyte additives, battery management systems, and low-cost manufacturing processes.

On November 26, 2012, a Solicitation for the EIGGF was Issued by EDA and BPU. The EIGGF offers financial assistance in the form of low interest loans with a performance grant component to support Class I Renewable Energy or Energy Efficiency Technology companies that have achieved "proof of concept," or demonstrated its feasibility by successful, independent beta results, and are seeking funding to grow and support their technology business. Applicants must be companies that have commercially available Class I Renewable Energy or Energy Efficiency Technology products, or systems generating commercial revenues.

Total funds awarded are subject to a minimum of \$250,000 and a maximum of \$2 million per company in the form of subordinated convertible debt. The \$2 million dollar loan has a fixed interest rate at 2% with no payments due for the first 12 months, followed by interest only payments from months 13 to 24. Beginning month 25 principal payments for 50% of the disbursed loan, plus interest payments, will begin for the remaining 3 year term, with a 7-year amortization. Interest is to be accrued and capitalized. Up to 50% of the amount disbursed may be converted to a performance grant if milestones are met during the first five years as agreed prior to closing. No more than 20% of the loan will be advanced at closing, with the remainder paid upon the satisfaction of the milestones. As a condition of the loan, the Board will have a first blanket lien on all business assets. Negative pledge and springing lien on Eos' intellectual property.

Products and services under this program will ultimately benefit the New Jersey consumer by providing long-term alternative energy needs in an environmentally sound manner, and by facilitating competitive and diverse electricity supply for New Jersey in accordance with the State of New Jersey Energy Master Plan and the "Global Warming Response Act", L. 2007, c. 112, ("GWRA") which provides long-term goals for advancing the use of energy efficient technologies and reducing greenhouse gas emissions in New Jersey.

Of note, Eos also participated in the Angel Investor Tax Credit Program and the Technology Business Tax Certificate Transfer Program, both administered by the EDA.

DISCUSSION AND FINDINGS

EDA recommends approval of the \$2 million loan from the EIGGF as proposed, based upon the experienced management team with a proven ability to raise capital, satisfactory feedback from reference calls, strong customer traction and the fact that Eos' solution should assist in Energy Storage and Efficiency. EDA also represents that the applicant meets all of the EIGGF program guidelines as detailed in the program solicitation. BPU Staff reviewed EDA's recommendation for award and concurs that the EIGGF loan be approved by the Board.

The Board **HEREBY FINDS** that Eos meets all of the EIGGF program guidelines as detailed in the program solicitation. The Board **FURTHER FINDS** that EDA conducted an underwriting review of the EOS application for the EIGGF loan, and recommends that the award be approved. The Board **FURTHER FINDS** that Board Staff reviewed the EDA's underwriting analysis of the proposed award and concurs with the EDA recommendation that the loan should be approved.

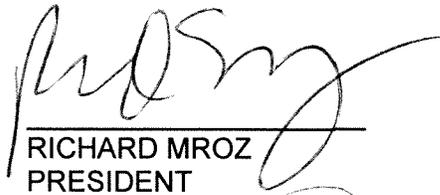
Based upon consideration of the unique facts and circumstances as stated in this Order, the Board **HEREBY FINDS** EDA's assessment to be reasonable, namely, that the loan will allow a clean energy manufacturing company to fund its working capital growth and continue on a positive trajectory consistent with the goals of the State of New Jersey Energy Master Plan and the GWRA.

The Board **HEREBY ACCEPTS** Board Staff's recommendation and **HEREBY APPROVES** the EIGGF loan to EOS Energy LLC. The Board **HEREBY AUTHORIZES** the President of the Board to sign the necessary loan documents, consistent with the terms of this Order.

The Order shall be effective on March 5, 2016.

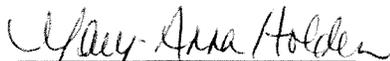
DATED: 2-24-16

BOARD OF PUBLIC UTILITIES
BY:

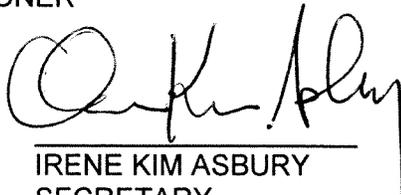

RICHARD MROZ
PRESIDENT


DIANNE SOLOMON
COMMISSIONER

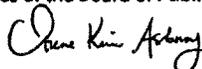

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF THE CLEAN ENERGY MANUFACTURING FUND SOLICITATION –
AWARD MODIFICATION

DOCKET NO. QG16020103

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