Value Assessment for an Energy Accelerator in Vermont

Sponsors: The Vermont Technology Council & The Burlington Electric Department
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Abstract

Vermont is poised to take a leadership role in the renewable energy economy. As new innovations are brought to market significant benefits could accumulate for utilities, energy sector employers, and consumers. The concept of an energy accelerator to support innovative businesses in the power industry was explored in this study.

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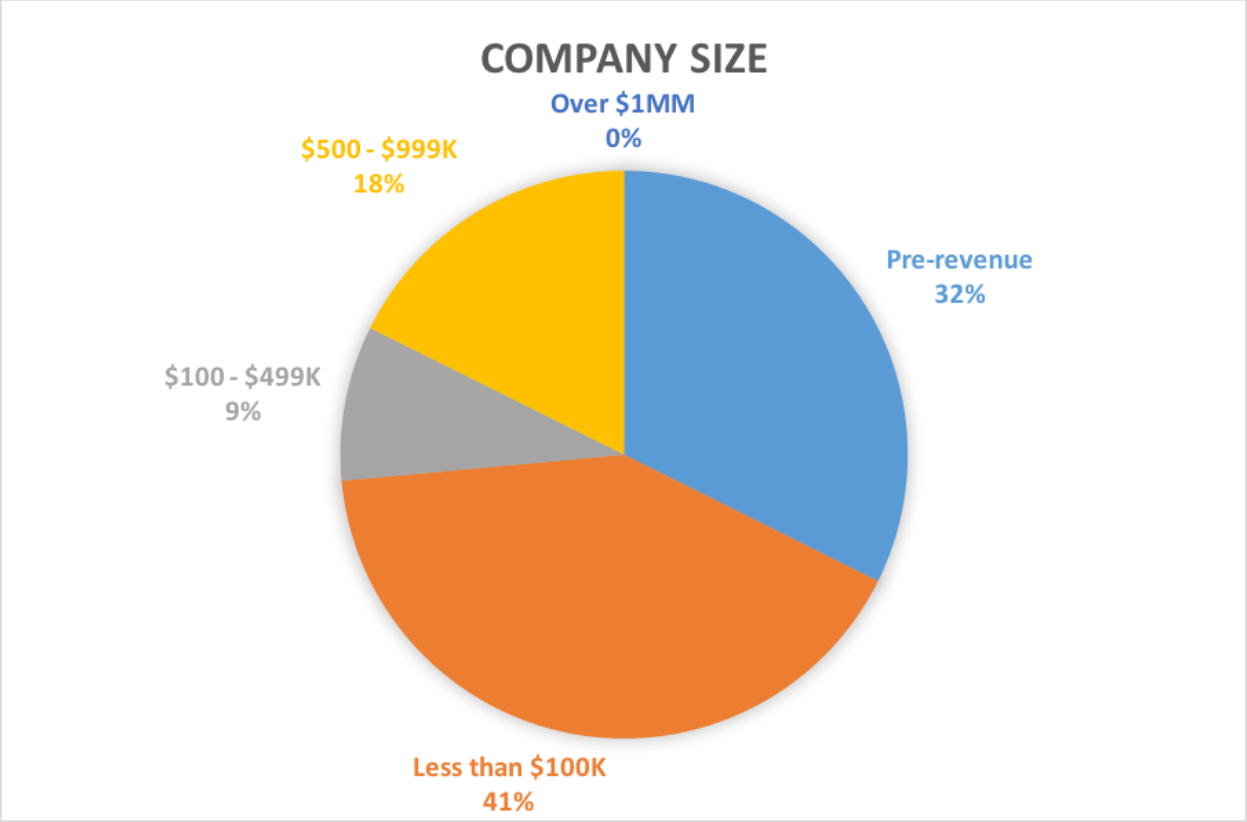
Section 1: Participant Demand

The website www.powerupvt.com was launched as a part of this study. The primary purpose of the website was to assess participant demand through a brief survey. A Press Release was prepared in collaboration with the Burlington Electric Department and distributed through a wide variety of channels (see Exhibits). Results are as follows:

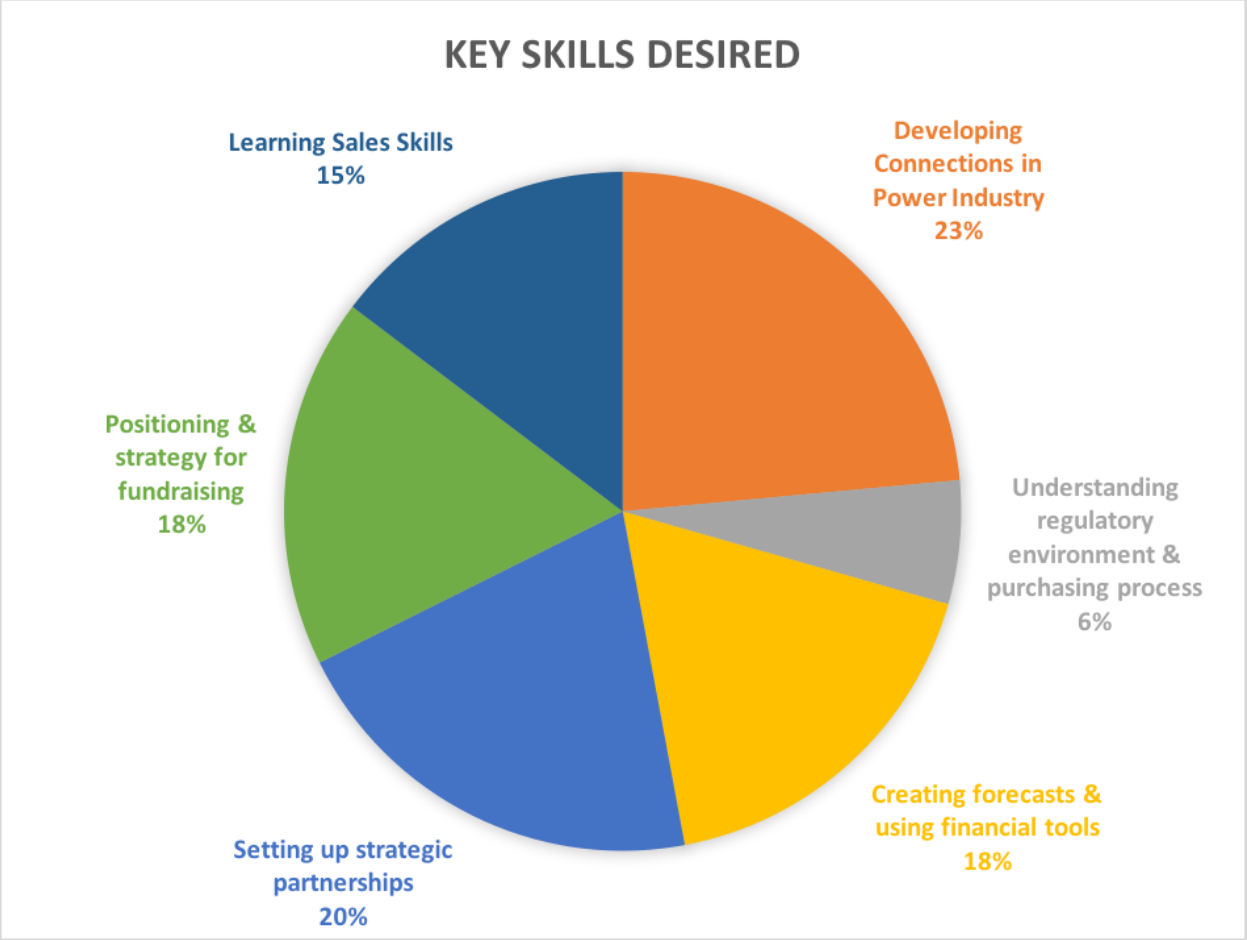
Participant Demographics

34 entrepreneurs participated in the PowerUpVT survey at various stages of growth. 76% of participants were in the energy generation, distribution, or management industry and 68% of participants were generating revenue.



Key Skills Desired

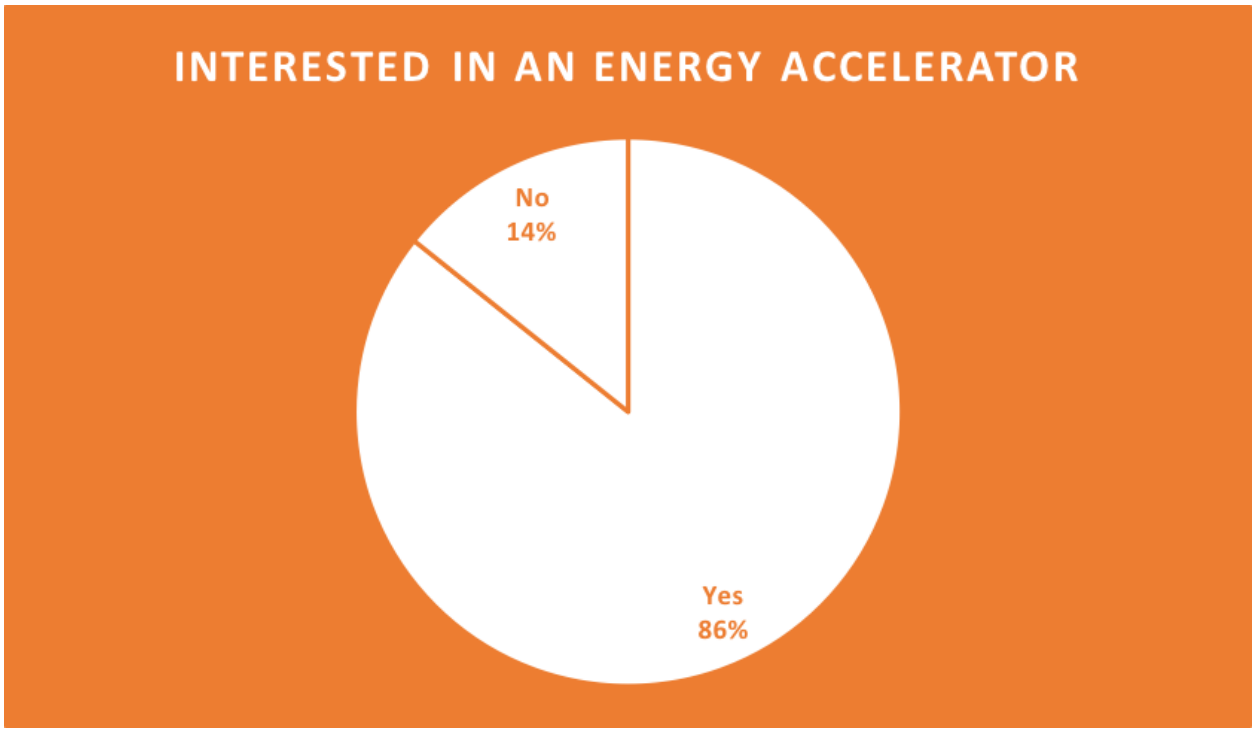
There was no standalone skill that was desired unanimously above all others; there was actually a pretty even distribution of interest across all skill options proposed. The skill that earned the highest number of votes, 8 out of 34, was "**Developing connections in the power industry."**



Interest in an Energy Accelerator

29 out of 34 participants were interested in an energy accelerator. The accelerator was defined on the website as " a 12-week, mentorship-driven program for a cohort of new businesses that are focused on energy innovation." Accelerator programs are for businesses that are ready to move beyond the incubation stage and engage in specific curriculum and mentor relationships in order to scale their businesses. Despite the fact that including an email address was not

required, all but one of the participants included their email address in the survey, when given the option, in order to receive updates on the progress of the accelerator.



Sample Participants

Local:

Ben Gordesky, DC Energy Innovation (Burlington, VT)
William Laberge, Grassroots Solar (Dorset, VT)
Michael Jordan, Tempurtech Manufacturing (Bennington, VT)

National:

Bill Southworth, Elecyr Corporation (Boston, MA)
Sudha Gollapudi, undisclosed new venture (Washington, DC)
Troy Wilsey, Amaresco (Boston, MA)

Section 2: Utility and Energy Sector Employer Demand

Through a series of interviews, it was confirmed that utilities and energy sector employers see a strong value in an energy accelerator.

Values identified by energy sector employers

1. More accessible talent pool to ameliorate staffing challenges
2. Development of innovations to offset costs
3. Community organization to find and develop leaders
4. Growth strategies dependent on strong strategic partnerships to deepen and expand engagement with existing customers
5. Ability to influence new companies to develop in a way that will be relevant and helpful

Values identified by utilities

1. Potential source of new talent
2. Development of new technology to reduce costs
3. Development of new technology to save consumers money
4. Development of new technology to simplify controls and communication systems
5. Fulfill community mission to help further green technology

Partial List of Interviewees

1. Mary Evslin, NG Advantage
2. John Ryan & Janice St Onge, VSJF
3. Kristin Carlson, Green Mountain Power
4. Neale Lunderville, Burlington Electric Department
5. Paul Hines, Packetized Energy
6. James Moore, SunCommon
7. Jay Bellows, Northern Reliability
8. David Barash, VEIC
9. Mike Schirling, BTV Ignite

Section 3: Funding Model Design and Sponsorship Demand

Financial Model: The first version of an estimated Operating Budget was completed as part of this study. It is available in a Google Sheet here.

	Year 1	Year 2	Year 3
Revenue			
Corporate Donations	$46,000	$36,000	$36,000
Fundraising	$120,000	$120,000	$120,000
Individual Contributions	$49,700	$9,700	$9,700
Grants	$5,000	$5,000	$5,000
Total	$220,700	$170,700	$170,700
Expenses			
Admin Supplies & Services	$5,000	$5,000	$5,000
Accelerator Fees	$75,000	25000	25000
Prize Money	$100,000	$100,000	$100,000
Rent	$1,000	$1,000	$1,000
Legal Fees	$500	$500	$500
Marketing	$2,500	$2,500	$2,500
Salary: Executive Director (3 mos)	$25,000	$25,000	$25,000
Signs	$200	$200	$200
Sweatshirts	$1,500	$1,500	$1,500
Travel & Conference	$10,000	$10,000	$10,000
Total	$220,700	$170,700	$170,700
3-Year Fundraising Goal	**$562,100**		

Section 4: Program options and design

Interviews and an evaluation of different accelerator program options and add-ons yielded the following options.

I. Program Options
   A. Village Capital
      1. Pros - Model that is focused and not generalized
         a) Focus on two major problem-solving areas: access to opportunity for underserved communities (through health, education, and financial inclusion ventures) and resource sustainability of the planet (through energy and agriculture ventures). “Albert Einstein once said, “If I had an hour to solve a problem I'd spend 55 minutes thinking about the problem and 5 minutes thinking about solutions.” Before we begin a program, we develop a “problem statement” that identifies an existing problem in underserved communities.” (http://vilcap.com/method/)
         b) Peer-selected investment is an award-winning strategy that democratizes the process, builds a strong and engaged community, and ultimately leads to better results
         c) Attachment to a national network
         d) Culture of social good and working towards a higher purpose
      2. Cons
         a) Less prestigious than a Y Combinator or TechStars
         b) Fewer high profile mentors than Y Combinator or TechStars
         c) Peer investment model discourages outside investment because investors cannot control who is funded
      3. Logistics
         a) Program management tool makes it simple
         b) 12 days total of facilitation - most accelerators are 12 weeks so only one day per week they’re sitting in front of someone *or* 4 days/month for three months to allow for broader geographic scope of participation
         c) Marilyn is energy program coordinator who would work directly with us
         d) $75,000 for first year then 25,000 per year afterwards
            (1) Rationale for continuing to pay is regular updates and access to the network, visibility
            (2) Monthly calls, ongoing collaboration

B. TechStars
    1. Pros
        a) Nationally recognized with an elite group of mentors
        b) Demo days attract significant investment which can increase a company's' likelihood of success
        c) Systematic and well-tested methodology for training entrepreneurs
    2. Cons
        a) High level of cost associated with continual lectures
        b) Extremely intense culture of competition driven by daily rankings between all of the companies
        c) Very little collaboration between companies
        d) Might be challenging to convinve them to set up in Vermont
        e) Not industry or issue focused
C. MassChallenge
    1. Pros
        a) No equity taken so participants might be more likely to apply
        b) Flexible curriculum that allows entrepreneurs to pick the events and sessions most relevant to them
    2. Cons
        a) Culture of competition used to create urgency
        b) Open to any size business at any stage and in any industry resulting in fewer opportunities for collaboration
        c) Would be expensive - testing out 250K program in Providence with no prize money, they manage and train someone on the ground - a challenge is that if you can't find someone to run it
        d) Would need 6-12 mos to build out a product better and would want their technology to work in order to do a smaller program
            (1) Would rather help create projects, support, etc - will help guide program development, fundraising, etc
D. Cleantech Open Northeast
    1. Pros
        a) Around for over a decade
        b) Oldest and largest cleantech accelerator
        c) Mentorship, training, visibility and access to capital
            (1) Network of 300 active mentors
            (2) Each company gets 3 mentors matched with them - 1 lead, 1 secondary, and a specialist
            (3) Training through summer workshops - one in Boston and one in NY, look at go-to market strategy, legal, fundraising and finance, executive summaries and pitches
            (4) 3 in-person events, ongoing webinars, weekly mentor meetings

(5) Accept companies in May, go through accelerator throughout summer and showcase in October with final pitches, then a panel of judges reviews each team
(6) Government agencies, CEO's, industry professionals make up panels of judges who do final round judging
(7) Give away $15K cash and $5K in-kind services to top 4 companies, and have an investor corporate connect event
(8) Innovation newsletter to market start-ups to alumni, also via social media

d) Webinars run by Cleantech Open national, then each region takes on a few of their own
e) They've had trouble finding teams from VT and partner with incubators in New York state
(1) They'd be happy to co-sponsor an event to recruit folks into their program
f) 107 teams applied last year (2 from VT) and final class was 31 startups and then the top 4 get money - applications are $100

2. Cons
a) Vermont entrepreneurs would apply to be a part of the one Northeast contingent, Boston and NY teams are competing with one another
3. Collaboration Potential
a) We could co-sponsor an event and they could help us leverage their brand

E. Energy Excelerator
1. Based in Hawaii
2. Many impressive public and private partnerships
3. Two programs - the "Go-to-Market" track is more of an incubator for early stage companies and ""Demonstration" is for companies that want to scale
a) Demonstration track invests up to $1M in companies
4. 3-4 trips to Hawaii throughout the program required, otherwise remote
5. Does not appear that they're looking to open another branch at this time, and their investment size would be difficult to reproduce here

F. Advanced Industries Accelerator
1. Based in CO with 6 different grant-funded tracks
2. Does not seem to be an accelerator - no programming

G. Other options
1. Greentown Labs
2. Telluride Venture Accelerator
3. https://www.bluechilli.com/
4. Hatch Innovation: http://hatchthefuture.org/
5. TenX.org: http://tenx.org/about/

Section 5: Final Recommendation

Client Demand

Client demand is present. 86% of survey respondents, or 29 entrepreneurs, were interested in an energy accelerator based in Vermont.

Program Structure

Conversations with entrepreneurs pointed towards widespread interest in a program that married a robust mentoring program with targeted educational programming. Village Capital appeared to be the most promising model among those researched due to its flexibility, issue-based structure, and feedback from companies who participated in Village Capital accelerators.

Cohort sizes in accelerator programs surveyed ranged from six to twelve teams accepted per year. Based on the early nature of this accelerator the recommendation of this report is to accept six to eight teams in the first year.

The skill that earned the highest number of votes in the survey, 8 out of 34, was “Developing connections in the power industry.” This finding points to the importance of an accelerator dedicated specifically to companies in the power industry.

Cost and Reward

An energy accelerator in Vermont would cost about $220,000 to launch and would be able to accelerate the growth of renewable energy ventures in all areas of Vermont while also bringing new talent to Vermont from places like Boston, MA and Washington, DC. This accelerator would help to grow the energy industry in Vermont, furthering Vermont’s reputation as a leader in the renewable energy economy and bringing fresh and important ideas to life.

Section 6: Exhibits

Exhibit 1: Press Release

FOR IMMEDIATE RELEASE

January 17, 2017
Contact: Bonnie Reese, 617.833.5746, PowerUpVT@gmail.com
Mike Kanarick, 802.735.7962, mkanarick@burlingtonelectric.com

Burlington Electric, Vermont Technology Council Create Exploratory Team to Assess Potential for Vermont Energy Startup Accelerator

Invite startups to complete survey to gauge interest in 12-week program, concluding with capital investment

Burlington, VT: The Burlington Electric Department and the Vermont Technology Council today announced the formation of an exploratory team to assess the potential for a Vermont energy startup accelerator – PowerUp Vermont – to help businesses focused on innovating in the power industry and driving the transition from fossil fuels to renewable energy. The 12-week program would be designed to provide growing energy businesses with a competitive advantage through a mentorship program and seminars that would address a variety of topics, including venture capital, fundraising, sales training, marketing, branding, business development, client acquisition, and power industry-specific advice. Energy entrepreneurs are invited to complete a survey found by visiting www.PowerUpVT.com that will gauge interest in and expectations from this type of program.

The idea to create PowerUp Vermont emerged from innovators and investors familiar with Vermont's startup scene, including Cairn Cross, Co-Founder and Managing Director of Fresh Tracks Capital, who stated: "The Vermont entrepreneurial ecosystem has grown dramatically in the past couple decades and, as a result, we need a more abundant and diverse offering of support networks for growing companies. An

accelerator program like PowerUp Vermont would provide companies with industry-specific connections, insights, and business skills to position them for success."

"At Burlington Electric, we are committed to leading through energy innovation, as we did when Burlington became the first city in the nation to source 100 percent of its power through renewable generation," said Neale Lunderville, General Manager of Burlington Electric Department. "PowerUp Vermont would provide Burlington Electric with a great opportunity to engage with and support local energy companies trying to move the City of Burlington, the State of Vermont, and our country away from fossil fuels and would line up very well with our 10-year strategic vision to transition Burlington to a net zero energy city. As the ecosystem of entrepreneurs in the power industry continues to grow, both large and small companies stand to benefit."

Paul Hines, Co-Founder of Packetized Energy, a growing Vermont-based business in the power industry, expressed enthusiasm for a program like PowerUp Vermont, stating: "An accelerator program focused on energy would further Vermont's position as a hub for energy innovation and could really help to advance Packetized Energy's business."

"We're excited to help entrepreneurs overcome growth challenges and create more job opportunities for Vermonters," said John Evans, President of the Vermont Technology Council.

Not only would more successful businesses in the power industry create jobs and help slow down climate change, but also they would help existing businesses in the power industry. According to James Moore, Co-President of SunCommon, "Startups in the power industry have the potential to help us deepen our client relationships and meet the increasingly complex needs of customers."

The success of this type of venture hinges on engagement from the entrepreneurial community, and the survey atwww.PowerUpVT.com will provide insight into the real potential for this program.

Please contact Bonnie Reese at PowerUpVT@gmail.com with questions.

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