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*Maryland Clean Energy Center (MCEC) was created as a not-for-profit corporate instrumentality of state in 2008 through an act of the Maryland General Assembly.*

*In 2019, MCEC launched the "Maryland Energy Innovation Accelerator (MEIA)," a **venture development program** that focuses on commercialization of climate-focused IP developed at Maryland-based universities, laboratories, and companies. MEIA is funded through Maryland's Strategic Energy Investment Fund, the US Economic Development Administration Build to Scale Program, and Corporate Sponsorships.*

### **HB 911/ SB 900- Maryland Clean Energy Center – Climate Technology Founder's Fund**

**Hearing Dates: 3.15.2023 Senate Budget and Taxation Committee**  
**Recommendation: FAVORABLE REPORT**

MEIA's primary objective is to facilitate the formation of higher quality entrepreneurial teams that will create and accelerate investible Maryland-based advanced energy businesses. MEIA teams develop a business model canvas and pitch deck. We have discovered a gap between the graduation of MEIA companies and the final preparation to create an investable company. This gap can be filled by the creation of the MCEC Founder's Fund.

The first investments in MEIA companies are not traditional equity investments like those made by TEDCO. The first investments, over \$22 million since 2019, are in the form of non-diluted federal grants like ARPA-e, the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs which de-risk an innovative climate tech product.

These Federal Grants are extremely helpful but do not cover certain cost like the improvement of patents, the creation of an executive team, or the establishment of a manufacturing space. All of which are needed to secure future equity investments.

The Founder's Fund will invest in Maryland's climate tech innovation companies with a one-to one match to fill this funding gap. These strategic investments, at the right time, will move our climate tech companies one step closer to a traditional equity investment.

The capital gains estimate for MCEC and MEIA are projections, and the timing of return on investment is over multiple years. Our best-case revenue estimate is based on 9 total investments of \$50,000:

- Five companies will not have any or little gains based on liquidity events. MCEC receives no return of capital, equating to a loss of \$200,000.
- Two companies return original investment to MCEC for a return of capital of \$100,000.

- One company completes a successful seed round and returns to MCEC 3 times a return on capital of \$150,000.
- One highly successful company returns 15 times the original MCEC investment in 8 years for \$750,000.

A realistic capital gain estimate is to double the return of the original \$500,000 over 5 to 8 years based on MCEC investment. The Founders Fund will require a one-to-one match at a minimum for each MCEC investment. MEIA will seek other opportunities to raise funds for the MCEC Founders Fund.

**MEIA urges your favorable support of HB911/ SB900 and thanks, Chairman Barve, Delegates Vogel and Qi for their leadership in sponsoring this legislation.**