

# SCALEUP WEBINAR: INFORMATION SESSION FOR POTENTIAL PARTNERS

## QUESTIONS AND ANSWERS

This is a summary of the questions received through the WebEx chat feature, as well as, the [arpa-e-comms@hq.doe.gov](mailto:arpa-e-comms@hq.doe.gov) email address during the Webinar on February 24, 2020. Questions may have been edited for clarity and combined when covering same topic.

### 1. What are the areas of focus that ARPA-E is most interested in funding?

In SCALEUP, ARPA-E is interested in funding projects focused on scaling transformational technologies across the range of ARPA-E's funded technologies. As noted during the Webinar presentation, as well as in the Program Objectives in Section I.C of the SCALEUP FOA, the purpose is to "support the scaling of high-risk and potentially disruptive new technologies across the full spectrum of energy applications."

### 2. How many applications were received in the first round? How many proposals will be invited to submit a Full Application?

Over 100 Preliminary Applications were received and found to be compliant and responsive. ARPA-E anticipates inviting approximately 20 to 30 Semi-Finalists to participate in the Workshop and submit a Full Application.

### 3. How often is the SCALEUP FOA going to be issued?

ARPA-E anticipates releasing opportunities similar to SCALEUP in the future. As this is ARPA-E's pilot attempt at a FOA focused on scaling transformational technologies, ARPA-E will evaluate SCALEUP's process and impact. Participation from Commercialization Partners is critical (and Financial Partners are very beneficial) to ensure SCALEUP will be a success.

### 4. Is there a deadline to sign up for the SCALEUP Workshop? Is it possible to sign-up after Semi-Finalists are announced?

There is no deadline to sign up for the Workshop, and potential Partners may sign up after Semi-Finalists are announced on April 20, 2020 (1 month before the May 20, 2020 Workshop). To sign up please email [arpa-e-comms@hq.doe.gov](mailto:arpa-e-comms@hq.doe.gov) with "SCALEUP Workshop" in the subject line. Interested potential Partners may also visit <https://arpa-e.energy.gov/?q=scaleup-workshop> to find more information on the Workshop and register.

### 5. Can Partners get information on Semi-Finalists before going to the Workshop?

Yes, ARPA-E will invite Semi-Finalists to be publicly listed on the SCALEUP website and their identities e-mailed to Workshop attendees prior to the event date. Semi-Finalists will also be offered the option to create a public profile on the website to provide more information about their organization/company and proposed project. (Note that Semi-Finalists are not required to be listed or attend the Workshop).

**6. I am representing a potential Commercialization Partner. My question is, how would we be able to get in touch with Semi-Finalists looking for an industrial SCALEUP partner that could benefit from our expertise?**

Attending the Workshop on May 20, 2020 at SLAC in Menlo Park, California is the best way to identify and communicate with selected Semi-Finalists. The Workshop will include pitches from each Semi-Finalist, as well as dedicated time for networking between potential Partners and Semi-Finalists. Rooms will be available for one-on-one confidential meetings.

As noted above, Semi-Finalists will also be invited to be publicly listed on the SCALEUP website and to create a public profile with information about their organization/company and proposed project.

**7. I am currently a Partner with a SCALEUP Preliminary Applicant - is there any benefit to me attending the Workshop?**

Yes, because:

1. Partners may – and are encouraged – to participate in multiple SCALEUP applications. Attendees will have the opportunity to meet other Semi-Finalists seeking SCALEUP Partners.
2. Due to the competitive nature of the SCALEUP FOA, many Preliminary Applicants will not move on to the Semi-Finalist stage; thus, even if you are currently on a Preliminary Application, it's a good idea to attend the Workshop if interested in additional opportunities to participate in SCALEUP.
3. Of the many Preliminary Applications received by ARPA-E, many do not yet have a committed manufacturing or financing Partner.

**8. What is the difference between Partners and Project Team members? Do all Commercialization and Financial Partners need to be listed as Project Team members?**

Commercialization Partners may or may not be considered Subrecipients (and consequently Project Team members) depending upon the nature of their participation in the project. Financial Partners, as that term is defined at FOA Section II.A.2, are not considered Project Team members.

Project Teams, as defined in FOA Section X, include “...*Prime Recipient, Subrecipients, and others performing any of the research and development work under an ARPA-E funding agreement...*” As defined at 2 C.F.R. § 200.93, Subrecipient means “*a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program...*” and 2 C.F.R. § 200.92 states in pertinent part, “[a] subaward may be provided through any form of legal agreement (*emphasis added*)...”

Accordingly, regardless of the form any legal agreement takes, ARPA-E will examine that agreement to assess whether a Federal assistance relationship is established using the characteristics of a Subrecipient relationship described at 2 C.F.R. § 200.330(a).

**9. Are Letters of Intent (LOIs) needed from each Partner?**

Per Section IV.D.2 of the SCALEUP FOA, Applicants must provide letters of intent from all Commercialization and Financial Partners when submitting the Full Application. A Letter of Intent from at least one Commercialization Partner is required for the Full Application; Letters of Intent from Financial Partners are optional but will be considered a factor in awardee selections.

**10. Is the LOI similar to a letter of support? Does it need to be legally binding? Can you please provide a template/example LOI?**

A Letter of Intent would be similar to a Letter of Support, and does not need to be legally binding. Given the range of different ways Partners could be supporting a SCALEUP project team (performing project work, cash contributions, advice/consulting, equipment/facilities), ARPA-E has not provided a template letter. However, as noted in Section IV.D.2 of the SCALEUP FOA:

Each letter should state the intended role of the third-party, including their authority within the proposed project, and clearly describe any constraints/restrictions. Any letters should also specify whether the third-party is committed to providing a specific minimum dollar amount of cost share for the Total Proposed Project Cost. If committed to providing cost share, in the budget justification, identify the following information: (1) the name of the organization; (2) the proposed dollar amount to be provided; (3) the amount as a percentage of the total project cost; and (4) the proposed type of cost share – cash, services, or property (e.g. equipment or facilities). Where equipment or facilities are offered, each should be described and the basis for their value provided in the budget justification if their use will be charged to the project.

**11. Is ARPA-E research funding provided up front? If not, how is it provided?**

ARPA-E reimburses allowable costs incurred by Project Teams following submission of a proper invoice. Monthly invoices are encouraged, but invoicing is required at least quarterly.

**12. For the reduced 30% Cost-Share for small businesses: my firm is partnering with a small business, but a large business will conduct some of the research. Would this impact the reduced cost share requirement?**

First, to summarize the general rule: SCALEUP requires Prime Recipients to provide at least 50% of the Total Project Cost as cost share. The Prime Recipient is legally responsible for cost share; however, each Project Team can determine how much each Project Team member will contribute to cost share. There is no minimum percentage or amount of cost share that must come from Commercialization or Financial Partners. For cost-share, the Project Team may make cash or in-kind contributions.

For your question about small businesses: Project teams will qualify for a cost share reduction to 30% if at least 80% of the project work is to be completed by small businesses. If this requirement is met, project teams may also elect to participate in the cost share grace period with 0% cost share for the first 12 months of the project. Then, the total cost share would be paid over the remainder of the term of the Project.

**13. Does 50% cost share mean fed money: private money is 1:1?**

50% cost share means the Project Team must provide 50% of the Total Project Cost, so, yes: 1:1. The Total Project Cost is defined in Section X of the SCALEUP FOA as: The sum of the Prime Recipient share and the Federal Government share of total allowable costs. The Federal Government share generally includes costs incurred by Federal Laboratories (operated by the Government or by its contractors, including Federally Funded Research Centers).

**14. Does cost share need to be committed at the time of the full application? Can you please provide details on what "later" means on slide 26?**

Project Teams must make a commitment to provide cost share by submission of the Full Application, but the amount can be revised by mutual agreement during award negotiations. Cost share is generally provided over the course of the project's period of performance.

"Later" on slide 26 was meant to convey the responsibilities of Partners during the project's period of performance. It is opposed to "now" where potential Partners should be identifying and providing Letters of Intent for Semi-Finalists.

**15. Should we list all Commercialization or Financial Partners as Subrecipients to qualify their costs as cost share?**

All Commercialization and Financial Partners need to be listed in a Full Application. A Partner does not need to be listed as a Subrecipient to have its in-kind or cash contribution counted as cost share. A Subrecipient may or may not be receiving Federal funding. Please refer to Q8 above for additional information.

**16. Are you looking for investor syndicates or single investors for whole round?**

ARPA-E is not focused on any particular “round of financing;” rather, ARPA-E is focusing on discrete projects and welcomes all investors/Partners that can help SCALEUP awards meet their project goals.

**17. What is the requirement for the Commercialization Partner and the level of involvement in the project? For example, too much involvement from one end-customer may limit the access from other customers?**

There is no required level of involvement for Commercialization Partners and the Project Team must determine the appropriate role for all Partners. ARPA-E may provide input during negotiations of the project’s milestones and deliverables.

**18. Do we need a document to prove we are a small business?**

Small businesses are domestically incorporated entities that meet the criteria established by the U.S. Small Business Administration’s (SBA) “Table of Small Business Size Standards Matched to North American Industry Classification System Codes” (NAICS) (<http://www.sba.gov/content/small-business-size-standards>). Applicants must comply with these criteria, but certification or documentation of status as a small business is not required for Federal financial assistance, including the SCALEUP FOA.

**19. Do manufacturers and suppliers who are paid by the Prime to do the work needed in the project count as Commercialization Partners? Is more tangible involvement from Commercialization Partners needed other than the financial transactions between the Partners and the Prime? Can we limit the involvement of Commercialization Partner to financial transactions to avoid IP contamination?**

Commercialization Partners may include manufacturers and suppliers who are Subrecipients, performing research and development work, whether or not they receive Federal funds. Projects will likely benefit from more involvement from Commercialization Partners than just financial contributions; however financial contributions are adequate to meet the criteria for being a Commercialization Partners under the SCALEUP FOA.

It is unclear what is meant by “IP contamination” in the question. For Intellectual Property rights within the Project teams: teams funded under SCALEUP are responsible for negotiating how IP rights for inventions and products developed during the SCALEUP awards are shared among team members. Project teams will submit IP and Data Management Plans to ARPA-E after award have been granted to demonstrate that they are considering IP-related issues such as: data management, joint inventions, licensing of technology, and processes for dispute resolution.

**20. Are there any controls on what terms the Partners can ask for from the applicant in exchange for support?**

The terms and conditions of ARPA-E’s award will apply to all SCALEUP awards. Partners and SCALEUP Applicants can negotiate any additional terms and conditions.

**21. As a potential Financial Partner, we have non-US investors in our firm. Is this permitted for SCALEUP? Does all SCALEUP project work need to be conducted in the United States? Do Commercialization and Financial Partners need to be US-based?**

Financial Partners are not required to be based in the United States, and their investors may include foreign funding; however, any SCALEUP project work funded by ARPA-E or funded by a Partner's cost-shared must be performed/spent in the United States. A partial waiver may be requested from ARPA-E where the Applicant explains the necessity of performing part of the work outside of US. The Prime Recipient and Project Team members also remain bound by U.S. Manufacturing requirements as described at FOA Section VI.B.7.

**22. My company is a potential SCALEUP manufacturing Partner, it's important for the applicant that we support gain control of intellectual property resulting from the research project– please summarize what rights does the SCALEUP Awardee obtain vs those the government keeps.**

Awardee project teams obtain title to any subject inventions developed or reduced to practice under SCALEUP – and can commercialize such inventions/products. 'Reduced to practice' is when a prior concept is actually demonstrated to work correctly for its desired purpose.

The government obtains a royalty-free right to practice the invention by or on behalf of the Government; this right in ARPA-E funded inventions has not – in 10 years and over 800 awards – been exercised by the Government. As a practical matter, for energy products, commercial purchases are the most efficient means to procure such products for government use.

For Intellectual Property rights within the Project teams: teams funded under SCALEUP are responsible for negotiating how IP rights for inventions and products developed during the SCALEUP awards are shared among team members. Project teams will submit IP and Data Management Plans to ARPA-E after award have been granted to demonstrate that they are considering IP-related issues such as: data management, joint inventions, licensing of technology, and processes for dispute resolution.

**23. As a venture firm, we fund several companies that manufacture outside the US – where costs are normally lower – what are the exception to the SCALEUP US manufacturing requirement?**

Products resulting from SCALEUP inventions must be substantially manufactured in the United States for use or sale anywhere in the world. A partial waiver may be requested (either before, during, or after the SCALEUP award), if manufacturing in the U.S. is commercially infeasible and there is an alternative net benefit to the U.S. economy. Examples of alternative net benefits include, but are not limited to: creation of new and/or higher quality U.S.-based jobs; direct or indirect investment in a U.S.-based plant or equipment; enhancement of the domestic skills base; further domestic development of the technology, etc.