

**CALIFORNIA ALTERNATIVE ENERGY AND
ADVANCED TRANSPORTATION FINANCING AUTHORITY**

Request to Approve Project for Sales and Use Tax Exclusion (STE)¹

**ChargePoint, Inc.
Application No. 17-SM019**

Tuesday, April 18, 2017

Prepared By: *Ellen Hildebrand*

SUMMARY

Applicant – ChargePoint, Inc.

Location – Campbell, Santa Clara County

Industry – Advanced Electric Vehicle Charging Station Manufacturing

Project – Electric Vehicle Charging Station Manufacturing Facility (Advanced Manufacturing)

Value of Qualified Property – \$1,660,000

Estimated Sales and Use Tax Exclusion Amount² – \$139,772

Application Score –

Fiscal Benefits Points:	2,440
<u>Environmental Benefits Points:</u>	<u>30</u>
Net Benefits Score:	2,470

<u>Additional Benefits Points:</u>	<u>105</u>
Total Score:	2,575

Staff Recommendation – Approval



¹ All capitalized terms not defined in this document are defined in the Program’s statute and regulations.
² This amount is calculated based on the average statewide sales tax rate of 8.42%.

THE APPLICANT

ChargePoint, Inc. (“ChargePoint” or the “Applicant”) is a Delaware Corporation founded in 2007 with a mission of both getting as many people as possible behind the wheel of an electric vehicle and providing a place for them to charge wherever they are. ChargePoint manufactures a variety of charging station types and represents that it currently operates the largest and most open electric vehicle charging network in the world, with more than 32,500 total charging spots and 430 Express DC fast charging locations.

The major shareholders (10.0% or greater) of ChargePoint, Inc. are:

- Linse Capital
- Rho Ventures
- Braemar Energy Ventures




The corporate officers of ChargePoint, Inc. are:

- Pasquale Romano, President and CEO
- Tony Canova, Chief Operating Officer
- Jonathan Kaplan, General Counsel
- Colleen Jansen, Chief Marketing Officer

THE PROJECT

ChargePoint is seeking an STE award to build an electric vehicle charging station manufacturing facility in Campbell, California (the “Project”). The facility will manufacture the ChargePoint Express and Express Plus DC Fast Charging Platforms. ChargePoint’s announcement of the new ChargePoint Express and Express Plus platforms made headlines in early 2017, due to the fact that these products can charge up to eight times faster than today’s mainstream fast chargers. The platforms can charge today’s newest electric vehicles, such as the Chevy Bolt EV, at their maximum rate, and are equipped to charge upcoming electric vehicles such as the Tesla Model 3. The Express Plus can deliver up to 400 kilowatts to an electric vehicle, and has a modular and scalable design that allows one Power Cube (pictured in Figure One) to serve up to eight charging stations.

Figure One: Express Plus Platform Primary Components

Express Plus Station	Power Module	Power Cube
-Supports up to three connectors (CHAdeMO, CCS, Type 2, and others) -Capable of 400 A max @ 1000 V max (400 kW output) 	-31.25 kW max power output -78 A max current -Supports 200V – 1000V vehicle batteries 	-Delivers up to 500kW of DC power distributed to connected stations (max 1000V, max 1250 A) -Houses 1 to 16 power modules 

The Project requires highly skilled and experienced engineers to design automated test systems that will load software, process, and test the product to ensure it works correctly and will last for its five year lifespan. Multiple high precision tools such as meter calibrators are used in the manufacturing process to certify that the meters are accurate to a 1% rate. ChargePoint also utilizes advanced automated shop floor control and automated tests to collect data and ensure that every unit leaving the factory is high quality. This data collection also allows for advanced field support, which allows ChargePoint to troubleshoot field failures quickly and in some instances predict and correct failures before they happen. The Applicant represents that the manufacturing process will also make use of a regenerative load, which allows the energy that runs through the station to be stored and re-used in the manufacturing of the next unit, an 80% energy savings over the current process.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Construction Materials	\$ 250,000
Plastics Manufacturing Tools	300,000
Other Manufacturing Equipment (Forklifts, Crane, Fixtures)	150,000
Electronic and Other Testing Equipment	<u>960,000</u>
Total	<u>\$1,660,000</u>

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. At the termination of the master regulatory agreement a finalized project equipment list will be prepared detailing the value of the Project equipment acquired and detailing the actual tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variance from the costs shown in the Application and in this report may occur prior to the closing due to increased costs of certain components (of the Project) over original estimates, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation, or for other reasons.

TIMELINE

ChargePoint is targeting mid-2017 for an operational manufacturing facility, and expects the first electric vehicle charging stations to be available for shipment in late 2017.

PROJECT EVALUATION

NET BENEFITS

The total cost of the Qualified Property purchases is anticipated to be \$1,660,000 and the total net benefits are valued at \$201,333 for the Project. The Project received a Total Score of 2,575 points, which exceeds the required 1,000 point threshold and a total Environmental Benefits Score of 30 points, which exceeds the 20 point threshold.

- A. Fiscal Benefits (2,440 points).** The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant’s sales taxes, personal income taxes paid by the firm’s employees, firm taxes on profits, property taxes and other indirect fiscal benefits of the Applicant which amounts to \$341,105 resulting in a Fiscal Benefits score of 2,440 points for the Project.
- B. Environmental Benefits (30 points).** The Project will result in an Environmental Benefits Score of 30 points. The Applicant received points in the following category:
- 1. Energy Consumption (30 of 30 points).** The Applicant represents that its manufacturing process will result in an 80 percent reduction in energy consumption relative to the industry standard manufacturing process.
- C. Additional Benefits (105 points).** Applicants may earn additional points for their Total Score. The applicant submitted information and received 105 additional points.
- 1. Permanent Jobs (60 of 75 points).** The Applicant represents that the Project will support a total of 32 permanent jobs at its Facility. CAEATFA estimates that approximately two of these jobs will be attributable to a marginal increase in jobs created due to the approved STE resulting in a Permanent Jobs Score of 60 points for the Project.
 - 2. Construction Jobs (20 of 75 points).** The Applicant represents that the Project will support a total of three construction jobs at its Facility. CAEATFA estimates that a portion of one of these jobs will be attributable to a marginal increase in jobs created due to the approved STE resulting in a Construction Jobs Score of 20 points for the Project.
 - 3. Research and Development Facilities (25 points).** The Applicant has verified that it has a facility located in California that performs research and development functions related to the electric vehicle charging station development and manufacturing process.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

The Applicant represents that no permits are required for the manufacturing and assembly of the electric vehicle charging stations. ChargePoint will secure building permits required for construction and renovation as needed.

LEGAL QUESTIONNAIRE

Staff reviewed the Applicant’s responses to the questions contained in the Legal Status portion of the Application. The responses did not disclose any information that raises questions concerning the financial viability or legal integrity of this Applicant.

CAEATFA FEES

In accordance with CAEATFA Regulations,³ the Applicant has paid CAEATFA an Application Fee of \$830 and will pay CAEATFA an Administrative Fee of \$15,000.

RECOMMENDATION

Staff recommends approval of Resolution No. 17-SM019 for ChargePoint, Inc.'s purchase of Qualified Property in an amount not to exceed \$1,660,000 anticipated to result in an approximate sales and use tax exclusion value of \$139,772.

³ California Code of Regulations Title 4, Division 13, Section 10036

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A MASTER
REGULATORY AGREEMENT WITH CHARGEPOINT, INC.**

April 18, 2017

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of **ChargePoint, Inc.** (the “Applicant”), for financial assistance in the form of a master regulatory agreement (the “Agreement”) regarding tangible personal property utilized in an Advanced Manufacturing process or for the design, manufacture, production or assembly of Advanced Transportation Technologies or Alternative Source products, components, or systems (“Qualified Property”) as more particularly described in the staff summary and in the Applicant’s Application to the Authority (collectively, the “Project”); and

WHEREAS, the Applicant has requested the Authority to enter into the Agreement to acquire Project equipment with an estimated cost not to exceed \$1,660,000 over a period of three years; and

WHEREAS, the Applicant believes that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Qualified Property pursuant to California Revenue and Taxation Code Section 6010.8; and

WHEREAS, approval of the terms of the Agreement and authority for the Executive Director, Deputy Executive Director, or Chair of the Authority to execute the necessary documents to effectuate the Agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Project constitutes a “project” within the meaning of Public Resources Code Section 26003(a)(8)(B).

Section 2. The requested master regulatory agreement constitutes “financial assistance” within the meaning of Public Resources Code Section 26003(a)(6).

Section 3. The Applicant is a “participating party” within the meaning of Public Resources Code Section 26003(a)(7).

Section 4. The Executive Director, Deputy Executive Director, or Chair of the Authority (the “Authorized Signatories”) are hereby authorized for and on behalf of the Authority to approve any changes to the Project as the Executive Director shall deem appropriate, provided that the amount of the Qualified Property to be purchased may not be increased above the amount approved by the Authority.

Agenda Item – 4.A.2
Resolution No. 17-SM019
Application No. 17-SM019

Section 5. The proposed form of the Agreement between the Applicant and the Authority, as filed with the Authority prior to this meeting, is hereby approved. The Authorized Signatories are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Applicant the Agreement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein as the Authorized Signatory executing the same may require or approve, and with particular information inserted therein in substantial conformance with the staff summary and in the Applicant's Application to the Authority, such approval to be conclusively evidenced by the execution and delivery thereof. The Authority understands and agrees that pursuant to the terms of the Agreement, the obligations of the Applicant may, under some circumstances, be carried out or assumed by a successor or assignee entity, or by an affiliate of the Applicant.

Section 6. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including (without limitation) the execution and delivery of any and all documents and certificates they may deem necessary or advisable in order to consummate the Agreement and otherwise effectuate the purposes of this Resolution.

Section 7. The Applicant shall assure CAEATFA that all Qualified Property listed in the semi-annual reports pursuant to the Agreement shall be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Agreement shall only apply to Qualified Property that the Applicant certifies will be installed, maintained and operated at facilities within the State of California.

Section 9. The adoption by the Authority of this Resolution for the Applicant shall not be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to acquire, construct or operate the Project.

Section 10. This Resolution is effective immediately and will remain in full force and effect unless the Regulatory Agreement, as defined in CAEATFA Regulations Section 10035(a), is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty days if necessary.