CALIFORNIA ALTERNATIVE ENERGY AND
ADVANCED TRANSPORTATION FINANCING AUTHORITY

Board Meeting Date: Tuesday, September 15, 2026

Request to Approve Project for a Sales and Use Tax Exclusion[1]

Peak Energy Technologies, Inc.
Application No. 26-SM020

Prepared By: *Lindsay Guthrie, Program Analyst*

SUMMARY

Applicant: Peak Energy Technologies, Inc.

Location: Sacramento, Sacramento County

Industry: Battery Energy Storage Systems

Project: New Battery Energy Storage Systems Manufacturing Facility (Alternative Source)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount[2]
$41,680,000	$3,542,800

Estimated Net Benefit[3]	Dollar Value	Points Earned[4]
Estimated Fiscal Benefits	$3,112,735	879
Estimated Environmental Benefits	$19,891,293	5,615
Additional Benefits	N/A	170
Total	**$23,004,028**	**6,663**
Estimated Quantifiable Net Benefit	$19,461,228	N/A

Competitive Criteria Score: 230

Staff Recommendation: Approval

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[1] All capitalized terms not defined in this document are defined in the STE Program’s statutes and regulations.
[2] This amount is calculated based on the average statewide sales tax rate of 8.50%.
[3] Applications that earn a Total Score of at least 1,000 points and an Environmental Benefits Score of over 20 points may be recommended for approval. (California Code of Regulations Title 4, Division 13, Section 10033(c)(6).)
[4] Dollar values and point values in the staff summary may not add up correctly due to rounding in the Application worksheet.

THE APPLICANT

Peak Energy Technologies, Inc. (the "Applicant") formed in Delaware as a corporation in 2023. Headquartered in Burlingame, San Mateo County, California, the Applicant specializes in passively-cooled sodium-ion based battery energy storage systems for grid-scale deployment.

The Applicant received a $10,500,000 income tax credit under the California Competes Tax Credit Program[5] administered by the Governor's Office of Business and Economic Development on April 30, 2026.

The major shareholders (10.0% or greater) of the Applicant are:

- Eclipse Fund IV, L.P. (21.948%)
- Landon Mossburg (16.722%)

The corporate officers of the Applicant are:

- Landon Mossburg, CEO, Secretary, Treasurer
- Gardner Cameron Dales, President, Chief Commercial Officer
- Liam O'Connor, Chief Operating Officer
- Geoff Brown, Chief Strategy Officer

THE PROJECT

Peak Energy Technologies, Inc. requests a sales and use tax exclusion ("STE") award to build a new battery energy storage systems facility located in Sacramento (the "Project"). The Project will produce a first-of-its-kind, passively-cooled sodium-ion battery energy storage system (BESS) product that eliminates routine maintenance, reduces auxiliary energy consumption by 95%, lowers fire risk, and significantly decreases the cost of energy storage. The sodium-ion battery cells address a key need to diversify battery storage products.

The proposed gigafactory will manufacture fully integrated, grid-scale BESS units through a vertically integrated production process that includes submodule assembly, module manufacturing, and complete system build-out. Facility operations will encompass electro-mechanical assembly, high-voltage electrical integration, embedded controls installation, structural fabrication, and full-system validation. Upon completion, the Project will expand Peak Energy's domestic manufacturing capacity to 4 gigawatt-hour (GWh) of energy storage systems per year, create more than 250 high-quality clean energy manufacturing jobs, and support continuous 24-hour operations.

[5] California Code of Regulations, Title 10, Chapter 13, Article 1 (commencing with Section 8000).

Anticipated Costs of Qualified Property

Anticipated Qualified Property Purchases	Cost
Semi-Automated Submodule Manufacturing Equipment	$5,700,000
Semi-Automated Module Manufacturing Equipment	$2,000,000
Unit Manufacturing Equipment	$6,800,000
Automated Submodule Manufacturing Equipment	$15,200,000
Automated Module Manufacturing Equipment	$9,550,000
Vehicles and Loading/Unloading Equipment	$740,000
Charging and Discharging Infrastructure	$490,000
End of Line Test Equipment	$1,200,000
Total	**$41,680,000**

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. In accordance with the Regulatory Agreement, a finalized Project equipment list will be prepared detailing the value of the Project equipment actually acquired, and the estimated 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, those costs may vary after closing due to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in statute or regulation, or for other reasons.

Timeline
Design and construction will commence upon approval of the main building permit in October 2026. The target construction completion date is at the beginning of Q1 2027.

Status of Permits/Other Required Approvals
Building permit issuance is anticipated in October 2026. Fire suppression and fire alarm permits will submitted as deferred items. A Hazardous Materials Use/Storage Permit will be required due to on-site storage of Sodium Iron Phosphate Pyrophosphate ($Na_4Fe_3(PO_4)_2P_2O_7$) cells, with delivery expected around October 2026. All planned facility operations align with the site's existing industrial zoning designation.

COMPETITIVE CRITERIA SCORE

The Applicant received 230 Competitive Criteria points as follows:

1. **Environmental Benefits (100 of 100 points).** The Application has a Project that produces an Alternative Source product, component, or system, and, therefore, 100 points are awarded.

2. **Unemployment (0 of 50 points).** The Applicant's Project is located in Sacramento County, which has an average annual unemployment rate of 5.0%.[6] When compared to the statewide average annual unemployment rate of 5.5%, the Project location earned the Applicant zero points.

[6] Unemployment rates are based on data available in March 2026.

3. **Job Creation (40 of 75 points).** The Applicant anticipates the Project will support a total of 252 production-related jobs at its Facility. CAEATFA estimates that approximately 17 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 40 points.

4. **California Headquarters (15 of 15 points)**. The Applicant maintains its Corporate Headquarters in Burlingame, California, 15 points are awarded.

5. **Natural Disaster Relief (0 of 50 points).** The Project is not to rebuild or relocate the Applicant's Facility due to a fire, flood, storm, or earthquake identified in a state of emergency proclaimed by the Governor within two years of the time of application, and, therefore, zero points are awarded.

6. **Eligibility for Manufacturing and Research and Development Equipment Exemption (0 of 50 points).** The Applicant is eligible to use one or more of the exemptions established pursuant to Section 6377.1 of the Revenue and Taxation Code, and, therefore, zero points are awarded.

7. **Emerging Strategic Industry (75 of 75 points).** The Project's industry, Grid Energy Storage, is in an Emerging Strategic Industry, and, therefore, 75 points are awarded.

PROJECT EVALUATION

Project Benefits

The Project received a Total Score of 6,663 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 5,615 points, which exceeds the 20-point threshold.

1. **Fiscal Benefits (879 points).** The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales and use taxes, personal income taxes paid by the firm's employees, firm taxes on profits, property taxes, and other indirect fiscal benefits of the Applicant. The total fiscal benefits amount to $3,112,735, resulting in a Fiscal Benefits score of 879.

2. **Environmental Benefits (5,615 points).** The Project is anticipated to result in $19,891,293 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 5,615 points. These benefits derive from the capacity to store energy from alternative sources by charging during peak renewable generation, thereby reducing the need for greenhouse gas energy.

3. **Additional Benefits (170 points).** Applicants may earn "Additional Benefits" points in the categories listed below. The Applicant received 170 Additional Benefits points.

A. <u>Production Jobs (40 of 75 points)</u>. The Applicant anticipates the Project will support a total of 252 production-related jobs at its Facility. CAEATFA estimates that approximately 17 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 40 points.

B. <u>Construction Jobs (0 of 75 points)</u>. The Applicant anticipates the Project will support a total of 18 construction jobs at its Facility. CAEATFA estimates that approximately one of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned zero points.

C. <u>Unemployment (0 of 50 points)</u>. The Applicant's Project is located in Sacramento County, which has an average annual unemployment rate of 5.0%. When compared to the statewide average annual unemployment rate of 5.5%, the Project location earned the Applicant zero points.

D. <u>Non-CA Environmental Benefits (40 of 40 points)</u>. The Applicant's total value of out-of-state non-greenhouse gas emissions pollution benefits are valued at $697,775.03 resulting in a Non-CA Environmental Benefits Score of 40 points for the Project.

E. <u>Research and Development Facilities (25 of 25 points)</u>. The Applicant has verified that it has a facility located in California that performs research and development functions related to battery energy storage systems, with proprietary unit design occurring in-house, as well as on-site small-scale R&D testing on submodules and components.

F. <u>Benefits and Fringe Benefits (25 of 25 points)</u>. The Applicant states it provides medical, health, dental & vision benefits, retirement contributions, transportation subsidies, employee discounts, and paid leave to its employees, earning the Applicant 25 points.

G. <u>Emerging Strategic Industry (40 of 40 points)</u>. The Project's industry, Grid Energy Storage, is in an Emerging Strategic Industry, earning the Applicant 40 points.

<u>LEGAL STATUS QUESTIONNAIRE</u>

The Applicant indicated they had nothing to report for the questions contained in the Legal Status portion of the Application. Staff conducted a broad online search of publicly available sources, including SEC Form 10-K filings and OSHA records, as well as other relevant sources as appropriate, and did not find any matters affecting the financial viability or legal integrity of the Applicant.

CAEATFA FEES

In accordance with STE Program regulations,[7] the Applicant paid CAEATFA an Application Fee of $10,000 and will pay CAEATFA a total Administrative Fee of up to $166,720 should the Applicant be approved for an award. Upon execution of the Regulatory Agreement, the Applicant shall pay $83,360.

RECOMMENDATION

Staff recommends the approval of Resolution No. 26-SM020-01 for Peak Energy Technologies, Inc.'s purchase of qualifying tangible personal property in an amount not to exceed $41,680,000 anticipated to result in an approximate STE value of $3,542,800. The initial term of the Regulatory Agreement will be for a period of five years, until September 15, 2031, and the full term shall be for a period of twelve years, until September 15, 2038, for providing annual compliance reports.

[7] California Code of Regulations Title 4, Division 13, Section 10036

RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A REGULATORY AGREEMENT WITH PEAK ENERGY TECHNOLOGIES, INC.

September 15, 2026

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the "Authority") has received the Application of **Peak Energy Technologies, Inc.** (the "Applicant") for financial assistance under the Sales and Use Tax Exclusion Program, as established in Public Resources Code Section 26011.8; and

WHEREAS, the Applicant qualifies as a Participating Party under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8; and

WHEREAS, the Applicant's qualifying tangible personal property meets the requirements of a Project under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8 (the "Project"); and

WHEREAS, after the Authority approves an Application, the Authority enters into a Regulatory Agreement, as described in Authority Regulations Section 10035(a), with the Applicant for the Project; and

WHEREAS, the Applicant has stated the Project has an estimated cost not to exceed $41,680,000 over a period of five (5) years; and

WHEREAS, the Applicant asserts 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 Project pursuant to Revenue and Taxation Code Section 6010.8; and

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

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

<u>Section 1</u>. The Regulatory Agreement includes a Project within the meaning of Public Resources Code Section 26003(a)(8)(B).

<u>Section 2</u>. The Regulatory Agreement constitutes financial assistance within the meaning of Public Resources Code Section 26003(a)(6).

<u>Section 3</u>. The Applicant is a participating party within the meaning of Public Resources Code Section 26003(a)(7).

Section 4. The 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 that do not affect eligibility, provided that the amount of the qualifying tangible personal property to be purchased for the Project may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Regulatory Agreement between the Applicant and the Authority, as filed with the Authority prior to this public meeting, is hereby approved. For, on behalf and in the name of the Authority, the Authorized Signatories are hereby authorized and directed to execute, acknowledge, and deliver to the Applicant the Regulatory Agreement in substantially the form filed with or approved by the Authority.

The Regulatory Agreement may contain insertions, deletions or changes as the Authorized Signatories executing the Regulatory Agreement may require or approve, including particular information inserted in substantial conformance with the staff summary and in the Application to the Authority. The approval of the Regulatory Agreement will be conclusively evidenced by the execution and delivery of the final Regulatory Agreement.

The Authority understands and agrees that, pursuant to the terms of the Regulatory Agreement, the obligations of the Applicant, under some circumstances, may 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 to consummate the Regulatory Agreement and otherwise effectuate the purposes of this Resolution.

Section 7. The Applicant shall ensure that all of the qualifying tangible personal property acquired as part of the Project that is listed in the semi-annual reports provided to the Authority pursuant to the Regulatory Agreement will be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Regulatory Agreement shall only apply to qualifying tangible personal property acquired as part of the Project that the Applicant certifies will be installed, maintained and operated at facilities physically located within the State of California.

Section 9. Neither the adoption by the Authority of this Resolution for the Applicant nor the Regulatory Agreement may be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project and may not be referred to 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 is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty (30) days for up to an additional thirty (30) days, if necessary.