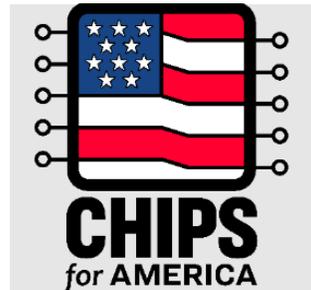


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CHIPS PROGRAM OFFICE

CHIPS CONCEPT PLAN NARRATIVE GUIDANCE





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Overview

The purpose of this document is to provide applicants with guidance on how to complete the Concept Plan Narrative, which will be a pdf upload that complements a detailed web form in the Concept Plan Application Portal. This guidance document lists all the sections that applicants are required as part of the Concept Plan Narrative, along with content required to complete these sections. This document also provides brief descriptions in each section explaining what a good Concept Plan Narrative should look like in terms of content and length.

This document provides guidance on the following six sections:

1. Description of Project
2. CHIPS Incentive Justification
3. Economic and National Security
4. Commercial Viability
5. Project Feasibility and Readiness
6. Availability of Funds

Supporting documentation can be uploaded via the **'Supporting Upload'** feature in the Concept Plan Application Portal. Examples of supporting documentation include support letters, off-take agreements, letters of intent, etc. and should be referenced in the primary narrative.

The below guide is for informational purposes only and is intended solely to assist potential applicants in better understanding the application requirements set forth in the CHIPS Incentives Program – Facilities for Semiconductor Materials and Manufacturing Equipment Notice of Funding Opportunity (NOFO) for this program. The guide does not and is not intended to supersede, modify, or otherwise alter applicable statutory or regulatory requirements, or the specific application requirements set forth in the NOFO. In all cases, statutory and regulatory mandates, and the requirements set forth in the NOFO, shall prevail over any inconsistencies contained in the below guide. For additional guidance please refer to the [Concept Plan Instructions](#), [FAQs](#) or [Fact Sheet](#).

Description of Project

This section of the Concept Plan Narrative should be at most 2 pages. Applicants should provide a detailed description of the project and the applicant. Please note, most of this information will also be collected in the web portal. The list below outlines the basic requirements for all project descriptions, but please refer to the NOFO for an exhaustive list.

Project Description

- Describe the construction, expansion, or modernization activities proposed.
- Describe what will be produced and their end market applications.
- Describe the scale, size, and capacity of production.

Applicant Description

- Applicant profile

Any information provided for the applicant should also be provided for the corporate parent.

CHIPS Incentives Justification

This section of the Concept Plan Narrative should be at most 1 page. Applicants should explain how the CHIPS Incentives requested will encourage the applicant to make investments in the facility and equipment in the United States that would not occur in the absence of the incentives.

- Explain how the project would not occur without CHIPS funding:
 - A good Concept Plan Narrative will include how the project's size, scale, or execution timing will be materially impacted by CHIPS funding.
- Explain the reasoning behind the CHIPS incentive amount as a % of Capital Investment (*Note: CPO generally expects CHIPS incentives to be 10% of the project's capital investment*):
 - Why the project needs CHIPS incentives to be successful.
 - If the request is for 20% or 30% of project capital investment, the Concept Plan Narrative should further demonstrate how their project advances the Department's economic and national security objectives, and that the additional funding is necessary to make the project commercially viable. Projects eligible for the Advanced Manufacturing Investment Credit (Investment Tax Credit) will not receive an award of more than 20 percent of project capital expenditures.

Economic and National Security

This portion of the Concept Plan Narrative should be at most 4 pages. As a reminder, the economic and national security portion of the Concept Plan weighs the most heavily in the review so we encourage applicants to use this opportunity to provide specificity regarding how the proposed project will further the economic and national security objectives of the United States, as laid out in the [NOFO](#) and [Vision for Success](#).

- Projects aligned with CPO's goals will:
 - (1) Strengthen supply chain resilience,
 - (2) Advance U.S. technology leadership in semiconductor material and manufacturing equipment, and/or
 - (3) Support vibrant U.S. fab clusters
- The explanation of how the proposed project will help strengthen supply chain resilience, advance US technology leadership, and/or support vibrant US clusters could demonstrate some of the following:
 - Supply Chain Resilience:
 - Projects could demonstrate how they will help reduce chokepoint risks due to geographic concentration.
 - Projects could also include how they will reduce the risks of production disruptions due to chronic shortages of critical inputs.
 - Projects could evidence why their produced equipment/material is critical to the semiconductor manufacturing process.
 - An example of supply chain resilience is noted in the [Vision For Success](#), “[projects that are] promoting supply chain traceability, recovering chemicals and metals, identifying alternative raw materials sources in low-risk geographies, and increasing the domestic production of shortage-prone materials will all help prevent supply disruptions.”
 - Good Concept Plan Narratives will provide a robust explanation for how the project is creating capacity that could help reduce supply disruptions.
 - Technology Leadership:
 - Projects that aim to advance technological leadership should demonstrate how they will develop new and innovative capabilities in the US.
 - Projects should also include evidence of a commitment to participate in [CHIPS Act R&D initiatives](#).
 - As noted in the [Vision for Success](#), “Innovations in semiconductor process technology benefit from close collaboration between chipmakers and suppliers.”
 - Good Concept Plan Narratives will detail how the innovation they are proposing could create downstream improvements that could lead to innovations in chipmaking technology or reinforce American technology leadership in the supply chain or contribute to the U.S. innovation industry.

- Cluster Support:
 - Projects that advance clusters by closing critical gaps in the U.S. supplier landscape should demonstrate how their location could benefit either a new or existing semiconductor cluster.
 - Projects could also include details on who will primarily benefit from their location and other beneficial side effects of their location.
 - As noted in the [Vision for Success](#), “supporting vibrant fab clusters involves making the United States as attractive as possible to chipmakers to ensure continued investment in the United States.”
 - Good Concept Plan Narratives will detail how a project is helping to create an attractive ecosystem for semiconductor investment.

Commercial Viability

This section of the Concept Plan Narrative should be at most 3 pages. Applicants should include as much specificity as possible on end markets and customer demand.

- Demonstrate existing customer demand for their project's equipment/material:
 - Concept Plan Narratives could show evidence of customer demand through key off-take agreements, letters of reference or intent, and/or a list of top customers for each major product and associated volumes.
 - Clear letters of support that represent actual offtake are highly encouraged over unsubstantiated recommendations.
 - Good Concept Plan Narratives will include detailed, robust, and credible evidence of customer demand (this could include copies of the offtake agreements, or letters of reference).
 - Concept Plan Narratives could also include market data to demonstrate strong underlying demand (current as well as future) for the proposed project.
 - Good Concept Plan Narratives will include evidence of specific customer or market growth trends.
- Demonstrate the project's scalability:
 - Concept Plan Narratives should explain how the project will reach sufficient scale to be commercially viable over the long term.

Project Feasibility and Readiness

This section of the Concept Plan Narrative should be at most 3 pages. Applicants should provide detailed evidence as to why and how their project will be successful. This section will be very important in determining the likelihood of success of the project and therefore should outline all the relevant qualifications/tools the applicant holds.

- Build a notional construction schedule:
 - Good Concept Plan Narratives will outline tasks required to finish construction, dependencies between different tasks, construction deadlines and task durations, budget and costing of involved parts, etc.
- List the experiences and qualifications of key management personnel:
 - Good Concept Plan Narratives will outline experiences with projects of similar size and scope, credible construction and management experience, and credible technology experience.
 - Concept Plan Narratives could also include evidence that they can execute on both the construction and technology being proposed in the project.
- List any comparable facilities previously commissioned by the applicant or its parent companies.
- Demonstrate the ability to effectively manage the environmental review process:
 - Good Concept Plans will outline a plan to manage the environment process.
 - Concept Plan Narratives could also include evidence of previous experience with environmental analysis.

Availability of Funds

This section of the Concept Plan Narrative should be at most 2 pages. Detail specific, credible evidence of the availability of the listed sources of funds.

- Demonstrate the availability of funding to complete the proposed project.
 - The Concept Plan Narrative should include a description of all the financing the applicant has received or intends to receive and credible evidence of those funds.
 - The financing can come from:
 - Equity (sponsor, third-party, etc.)
 - Debt (sponsor, third-party, government (non-CHIPS))
 - State and local governments
 - The Investment Tax Credit
 - Other federal funding programs
 - Other types of financing structures (customer pre-payments, etc.)
 - A good Concept Plan Narrative will include substantial evidence and a clear explanation of the sources of funds beyond the CHIPS grants and the state of those funds. The evidence will be tangible, and the descriptions of funding sources will be specific and detailed. An applicant can provide evidence from:
 - Company financials demonstrating the availability of cash
 - Commitment letters from potential investors
 - Term Sheets
 - Grant Letters
 - Other evidence of commitment to receiving the required funding