



## FACT SHEET: Dedicated Supply Chain Notice of Funding Opportunity Full Application Process

*On April 26<sup>th</sup>, 2024, the CHIPS for America Program invited a select subset of applicants to participate in the Full Application for its second Notice of Funding Opportunity (CHIPS Incentives Program – Facilities for Semiconductor Materials and Manufacturing Equipment). This fact sheet provides an overview of the Full Application process.*

On September 29<sup>th</sup>, 2023, the CHIPS Program Office (“CPO”) in the Department of Commerce released its [second funding opportunity](#) for small-scale supply chain projects involving the construction, expansion, or modernization of commercial semiconductor materials and manufacturing equipment facilities for which the capital investment falls below \$300 million (“Small-Scale Supplier NOFO”). Applicants were provided a two-month window to submit Concept Plans with a deadline of February 1st, 2024.

**The Department anticipates awarding up to \$500 million in CHIPS Incentives under this funding opportunity.** Awards made pursuant to the Small-Scale Supplier NOFO will be in the form of direct funding. Most direct funding awards will equal 10% of project capital expenditures.

**The Small-Scale Supplier NOFO was highly competitive.** CPO received 165 Concept Plans representing over \$13 billion in capital investment across 30 states. After a completeness and eligibility scan, as well as a review based on the five Evaluation Criteria (see Section V.A and V.D.1 of the [Small-Scale Supplier NOFO](#)) and nine Selection Factors (see Section V.B in the NOFO), CPO was only able to select 30% of projects (representing roughly \$6 billion capital expenditures) to advance to the Full Application stage.

### Key Dates

Full Applications for the Small-Scale Supplier NOFO must be submitted into the [incentives application portal](#) by July 1<sup>st</sup>, 2024 at 5pm EST. If you have been invited to the Full Application phase and decide not to move forward with the Full Application process, please email [apply@chips.gov](mailto:apply@chips.gov) your decision.

## Overview of Full Application Process



All applicants who seek funding under the [Small-Scale Supplier NOFO](#) are required to submit a Full Application. The goal of the Full Application process is to conduct a thorough merit assessment to determine whether a project fulfills the evaluation criteria outlined in the NOFO and supports CHIPS strategic goals. It is also to determine which meritorious projects should advance to the due diligence stage followed by a negotiation of award terms.

CPO conducts a thorough process to evaluate each application holistically on its own merits and terms. The Full Application process may involve engagement between CPO and applicants to maximize the chance of achieving the program’s economic and national security objectives. We encourage applicants to take into consideration all resources available on [chips.gov](https://chips.gov) and feedback received during the Full Application process to make sure they submit the best Full Application possible. For more information, please refer to the [Small-Scale Supplier NOFO](#).

### Eligibility Considerations

Only applicants who submitted a Concept Plan for the Small-Scale Supplier NOFO and were invited to advance to the Full Application phase will be able to submit a Full Application.

Once CPO has received a Full Application, it will first conduct an eligibility, completeness, and responsiveness scan, including assessing for the following eligibility criteria:

- Covered Entity:** To receive CHIPS Incentives, an applicant must be a “covered entity” – a nonprofit entity; a private-sector entity; a consortium of private-sector entities; or a consortium of nonprofit, public, and private sector entities with a demonstrated ability to substantially finance, construct, expand, or modernize a facility relating to fabrication, assembly, testing, advanced packaging, or production, or research and development of semiconductors, materials used to manufacture semiconductors, or semiconductor manufacturing equipment. See 15 USC § 4651(2). To demonstrate the required ability, applicants can describe their prior experiences with financing, constructing, expanding, or modernizing a facility. Applicants without prior experience may be able to demonstrate their ability in other ways by submitting evidence of relevant experience in successfully managing and completing complex, multi-stakeholder construction projects; scientific and technical expertise applicable to the proposed project; previous contracts with construction contractors and managers for projects of a similar scale as the proposed project; committed financing for the proposed project; and previous experience of raising capital of the type and range required.
- Eligible Facility:** Funding must be for the construction, expansion, or modernization of facilities in the United States of the kind described in Section I.B.1 of the [Small-Scale Supplier NOFO](#) (which outlines the definitions of semiconductor materials facilities and semiconductor manufacturing equipment facilities with capital expenditures below \$300 million).
- Foreign Entities of Concern (FEOC):** The applicant cannot be a foreign entity of concern or



submit an application where a foreign entity of concern—through control, access to information, or other mechanisms—poses an undue risk to a project or U.S. national security interests. See 15 USC § 4652(a)(2)(C)(v); § 4657; and § 4651(8).

- **Covered incentive:** Applicants must have been offered a covered incentive from a state or local jurisdiction (state or local incentive) where the project is located, for the purposes of attracting the construction, expansion, or modernization of the facility. More information on what is considered a covered incentive can be found [here](#).

As laid out in Section I.B.2 of the [Small-Scale Supplier NOFO](#), all covered entities must also: make commitments to worker and community investments; secure commitments from regional educational and training entities and institutions of higher education to provide workforce training; have an “executable plan” to sustain the facility without additional CHIPS funding; have documented workforce needs and produced a strategy to meet such needs; have determined the types of semiconductor technology it will produce at the proposed facility and the customers to whom the items will be sold; have developed an “executable plan” to identify and mitigate relevant supply chain security risks.

Applicants who do not satisfy these above criteria may be asked for additional information; if any deficiencies cannot be cured, they may receive a final and non-appealable decision denying the application. Further submissions by the same applicant for the project(s) proposed in a denied application will not be reviewed.

### Merit Review

For eligible, complete, and responsive applications, CPO conducts a thorough merit review across the Evaluation Criteria outlined below to consider whether to advance the application through the process. CPO is looking for applicants to make a clear case for how their project will address the program’s strategic goals as laid out in the [Small-Scale Supplier NOFO](#). If an applicant cannot make a clear case, it is unlikely CPO will advance the project to the due diligence phase.

CPO assesses Full Applications on the Evaluation Criteria as laid out in the [Small-Scale Supplier NOFO](#):

- The extent to which an application advances **economic and national security** by supporting vibrant U.S. clusters, strengthening supply chain resilience, and/or advancing U.S. technology leadership.
  - If the project is proposed as part of a consortium, the Department will evaluate the strength of the consortium’s strategic vision and the extent to which the project is a core element of that vision.
- The extent to which an application addresses **national security considerations**, including cybersecurity, operational security, and supply chain resilience.
- The extent to which there is a **reasonable market environment and demand** for the project’s output, and the extent to which the project serves the semiconductor industry.
- The extent of a **project’s financial strength**, including the comprehensiveness and reasonableness of the projected capital expenditures; the likelihood that the project will generate sustainable earnings; and the degree to which the applicant has committed private investment and/or attracted third-party investment.
- The degree to which the **request for CHIPS Incentives is necessary** to make the project viable in the United States.



- The degree to which a project is **feasible to execute**, including the extent to which the applicant and key partners have the necessary experience to complete and operate the project; the extent to which the applicant has a viable construction plan; the strength of an applicant’s plans relating to environmental responsibility and climate resilience; and the likelihood and extent to which the project could face regulatory delays, such as in a permitting or environmental review process.
- The completeness, cohesiveness, and feasibility of the **applicant’s plans for workforce and community investment**, including the strength of the applicant’s strategy for investing in the project’s facility and construction workforce.

### Full Application Potential Outcomes

Based on the merit review, and other selection criteria as laid out in the [Small-Scale Supplier NOFO](#), such as whether the project duplicates other projects funded by the Department or other Federal agencies, the CPO Investment Committee will make a recommendation that: (1) the application appears eligible for an award and should advance to the due diligence phase (2) the application appears eligible for an award and should be held for further consideration, or (3) the application should be denied, which shall be a final and non-appealable decision.

Before entering into a final award for funding, the Department will conduct due diligence of the Full Application for—including, but not limited to—national security risks, financial and commercial information, environmental impacts, and other issues, to inform a final determination on whether to make a CHIPS Incentives Award and on what terms. When the due diligence phase is substantially complete, the Department and the applicant will negotiate the applicable terms of the CHIPS Incentives Award.

A denial of the application may be based on eligibility, completeness, and responsiveness to the [Small-Scale Supplier NOFO](#), as outlined above. A denial may also be based on the Evaluation Criteria described above as well as the availability of funds available to distribute to applicants. In either scenario, the decision will be a final and non-appealable decision. Awards will be subject to requirements set forth in the award terms, which may include but are not limited to terms to ensure the appropriate use of Federal funds, compliance with programmatic requirements and commitments made by the applicant in the application, and conditions to mitigate project or applicant specific risks identified in the review process. For consortium applicants, it is important to note that awards will happen on a per project basis and therefore not all projects in a consortium may receive an award.