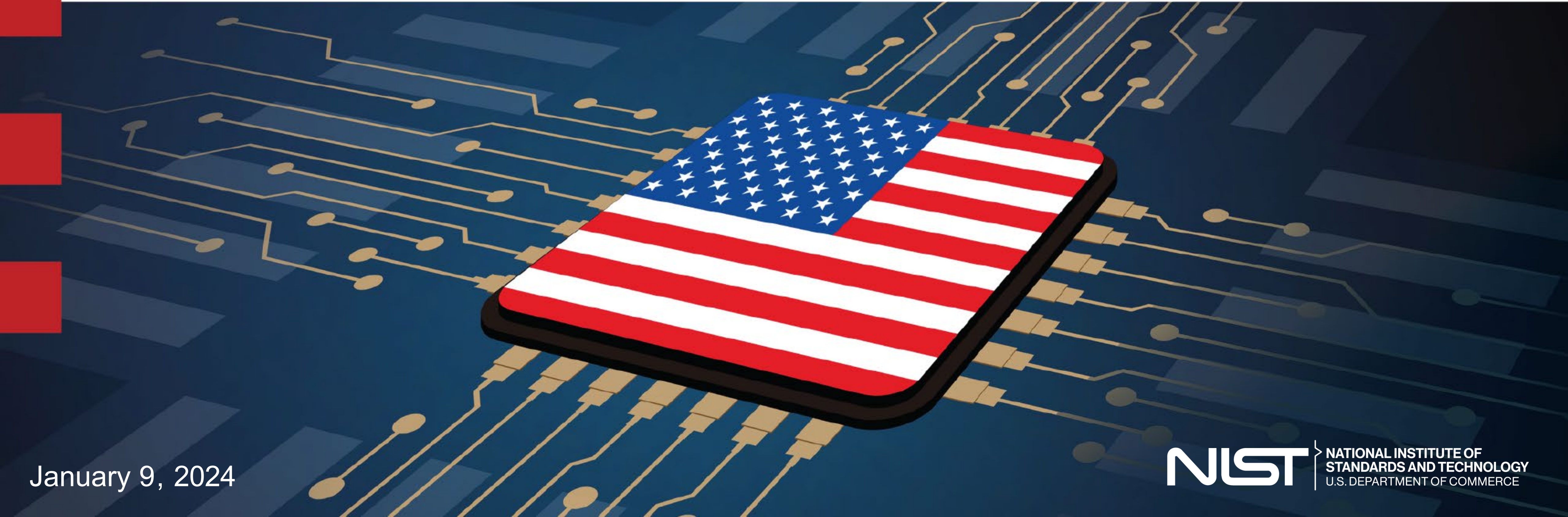
CHIPS for America
Small Supplier NOFO Q&A Session

Semiconductor materials and manufacturing equipment facilities



January 9, 2024

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY
U.S. DEPARTMENT OF COMMERCE

WELCOME

- We will answer as many questions as possible today. Please submit any questions through the Q&A button at the base of the screen.
- Visit CHIPS.gov
    - Get the Notice of Funding Opportunity
    - Access additional resources for applicants and stakeholders
    - Sign up for email updates
    - Register for future webinars

Today’s CHIPS Program Office Speakers

Adam Schafer
Head of Supply Chain Strategy

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Investment Principal

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Investment Principal

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Funding Opportunities

February 28, 2023

Funding Opportunity (Released)

For **commercial leading- edge, current,** and **mature node fabrication facilities**

June 23, 2023

Funding Opportunity (Released)

For **large semiconductor materials** and **equipment facility projects $300M+**

September 29, 2023

Funding Opportunity (Released)

For **smaller semiconductor materials** and **equipment facility projects under $300M**

Focus of today’s webinar

Funding Opportunity

To support the construction of **semiconductor R&D facilities**

Facilities for Semiconductor Materials and Manufacturing Equipment

The **CHIPS Incentives Program – Facilities for Semiconductor Materials and Manufacturing Equipment NOFO** is the official funding announcement document. Nothing in this presentation or the accompanying materials is intended to contradict or supersede information in the NOFO. The NOFO controls in the event of any conflicts.

Vision for Success – Supply Chain for Success

By the end of the decade…

Strengthen Supply Chain Resilience

- ✓ The **U.S. and its allies** will **reduce chokepoint risks** flowing from **geographic concentration**
- ✓ Supply chain participants will improve the **transparency of demand and supply** to **reduce the risks of production disruptions**

Advance U.S. Technology Leadership

- ✓ The U.S. will have **incentivized major U.S. equipment and materials suppliers** to **increase their footprints** in the U.S.
- ✓ **Non-U.S. suppliers** of the world's most advanced equipment, materials, and subsystems will also **establish large-scale footprints** in the U.S.

Support Vibrant U.S. Fab Clusters

- ✓ Each **CHIPS-funded fab cluster** in the U.S. will be **supported by dozens of suppliers,** including many **investing in the U.S. for the first time**
- ✓ **State and local entities** encouraged to help **facilitate the expansion of these ecosystems**

Small Supply Chain Application Process

Phase	Purpose	Submission Dates
1 Concept Plan	**Individual merit assessment of eligible, complete, and responsive concept plans.** Once scored, a subset of submissions will be invited to the full application phase.	Accepted between **December 1, 2023,** and **February 1, 2024.**
2 Full Application	**Holistic and qualitative evaluation based on evaluation criteria and selection factors.** Based on the evaluation, it will be determined whether to recommend an application for award.	For **applications invited to the full application phase, the program will communicate submission dates individually** upon notifying them of their advancement.
3 Due Diligence	**Conduct due diligence on applications that have received the preliminary memorandum of terms**, which would include national security risks, financial and commercial information, environmental impacts, and other issues.	
4 Award Preparation and Issuance	**Application approval, modification, or rejection by selecting official.** Award decisions are final and may not be appealed.	

[Concept Plan submissions portal opened on November 17](). If you are planning to submit a Concept Plan by February 1, please register as soon as possible and familiarize yourself with the portal and resource materials.

Resources

Next Steps

- Submit a Concept Plan Application
- Visit CHIPS.gov for additional resources
- Join our mailing list
- Contact us: apply@chips.gov for application-related inquiries

Additional Resources

- Concept Plan Instructions
- NOFO 2
- NOFO 2 Fact Sheet
- NOFO 2 FAQ's
- NOFO 2 Launch Webinar

Accepted between **December 1, 2023,** and **February 1, 2024**

Frequently Asked Questions

Frequently Asked Questions

Can construction costs spent in 2023/Q1 2024 be included in overall project costs, or can we only include costs incurred after an approved CHIPS Act Application?

Applicants should include capital expenditures that cover the entire period of construction even if that period begins before the application was submitted.

Frequently Asked Questions

Can support documents for a Concept Plan such as customer reference letters be submitted after the 2/1/2024 portal close?

The Concept Plan portal will close on 2/1/2024. All application materials should be submitted by that date.

Frequently Asked Questions

Do non-profit research institutions count as subrecipients?

Members of consortia may include institutions of higher education, government entities, anchor institutions, workforce training providers, labor unions, economic development corporations, philanthropic foundations, industry organizations, Tech Hubs, or other relevant entities. Organizations that do not qualify as covered entities may participate in consortia and receive funding as subrecipients or contractors to an eligible covered entity (Page 8 of 45; NOFO 2 - Semiconductor Materials and Manufacturing Equipment).

The CHIPS Incentives Program seeks to further priorities relating to economic and national security, workforce, and other matters. Please refer to the “Concept Plan Evaluation Criteria” section in the NOFO for Semiconductor Materials and Manufacturing Equipment (page 38 of 45) for additional detail on project scoring.

Frequently Asked Questions

What are the minimum requirements to be qualified for this opportunity? Can a company with operations in the US but 100% owned by Japanese qualify?

Generally speaking, applicants should be domestic legal entities. As long as a domestic legal entity is applying, even if it is owned by a Japanese entity, it should still be eligible.

For projects, the minimum requirements are to have a project that is for the construction, expansion, or modernization of a semiconductor material or manufacturing equipment facility for which the capital investment falls below $300 million provided you also meet the other statutory requirements for funding under this NOFO (like being a covered entity – refer to Section I.B.2 in NOFO 2).

Live Questions

Process Additional Questions

Frequently Asked Questions

May I apply for loans or loan guarantees under the second NOFO?

No, the second NOFO offers awards only in the form of direct funding. However, the Department intends to facilitate opportunities to increase access to credit for smaller suppliers by connecting suppliers with credit providers of all sizes. This will include a dedicated effort within the CHIPS Investments Office as well as online tools to connect potential loan-seekers with a list of private-sector financial institutions, including direct lenders, banks, and asset managers. More information on these programs is forthcoming.

Frequently Asked Questions

How is the requested financial information for this funding opportunity different than what is required for the previous funding opportunity?

- This funding opportunity has been streamlined so that it's tailored for smaller businesses.
- Applicants will be asked to provide information about their planned capital investment and sources of funds via a Sources and Uses of Funds form during the Concept Plan phase. There is no financial model required in the Concept Plan phase.
- A substantially simplified model is required for the Full Application and a sample model is available on the CHIPS website.

Frequently Asked Questions

I am a supplier to a supplier. Am I eligible under the second funding opportunity?

As defined in the second NOFO, semiconductor materials facilities include facilities that manufacture or produce raw and intermediate materials, and semiconductor manufacturing equipment facilities include facilities that produce the subsystems that enable or are incorporated into manufacturing equipment. These suppliers to a supplier may apply for funding so long as their capital investment falls below $300 million, provided they meet the other eligibility requirements in the funding opportunity.

Frequently Asked Questions

Are there downsides to requesting an award of more than 10 percent of project capital expenditures?

If an applicant requests more than 10 percent in CHIPS Direct Funding, the Department expects that it may take substantially longer to evaluate the full application and prepare an award. In addition, the applicant will need to make a particularly compelling case that their project advances the Department's economic and national security objectives and that additional funding is necessary to make the project commercially viable.

Frequently Asked Questions

Materials facilities are not eligible for the Investment Tax Credit. Will they receive additional funding?

Most direct funding awards under NOFO 2 will equal 10 percent of project capital expenditures. In rare cases, applicants may receive an award of either 20 percent or 30 percent if they make a particularly compelling case that their project advances the Department’s economic and national security objectives, and that additional funding is necessary to make the project commercially viable. Projects that are eligible for the Investment Tax Credit will not receive an award of more than 20 percent of project capital expenditures.

Consortium Additional Questions

Frequently Asked Questions

How do I apply as part of a consortium?

Each member of a consortium seeking funding for a project eligible for CHIPS Incentives must submit their own separate concept plan and application. As part of the concept plan and application, consortium applicants will be asked to submit a “consortium narrative” detailing other members of the consortium and setting forth the overall strategic vision of the consortium, among other relevant information. Applicants that are part of the same consortium should submit the same information in their consortium narrative.

Frequently Asked Questions

Is the Department requiring consortia to have particular members?

No. However, the Department expects that strong consortia will include at least two suppliers, a state or local government entity, and an anchor institution such as a semiconductor fab. Other members may include workforce training providers, labor unions, economic development corporations, institutions of higher education, philanthropic foundations, industry organizations, Tech Hubs, or other relevant entities.

Frequently Asked Questions

Will the consortium receive funding as a whole?

Funding will be awarded on a per-project basis to consortium members proposing to construct, expand, or modernize a facility eligible under NOFO 2.

Frequently Asked Questions

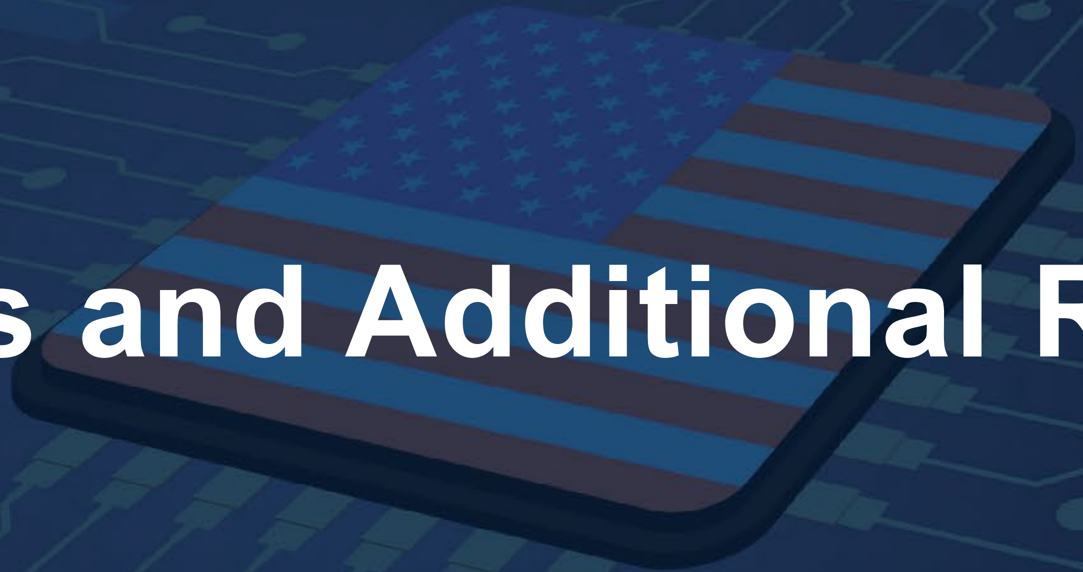
The Department expects strong consortia to include an anchor institution, like a semiconductor fab. Are there other examples of anchor institutions?

- In addition to semiconductor fabs, anchor institutions could include large suppliers, universities, and/or advanced packaging facilities
- In addition to anchor institutions, strong consortia will also include at least two suppliers and a state or local government entity and may include entities such as workforce training providers, labor unions, economic development corporations, institutions of higher education, philanthropic foundations, industry organizations, Tech Hubs, or other relevant entities.

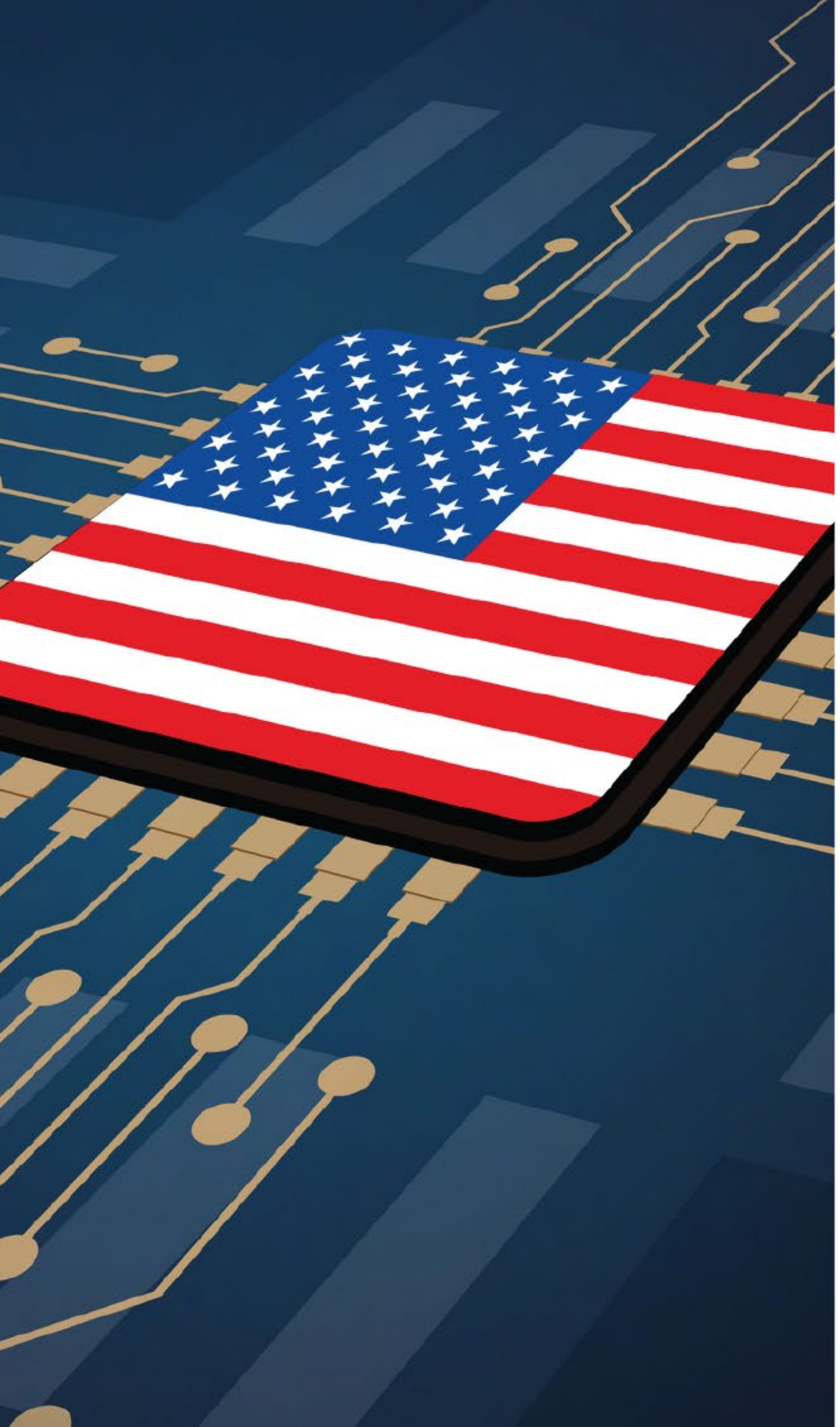
Frequently Asked Questions

For those of us who represent state and local governments, what does a good “letter of support” look like for applicants we are really excited about?

- Strong state and local incentives letters will include a description of the nature of collaboration between the applicant and state/local government; description and dollar value of both the project-specific and cluster incentives offered by your entities (including tax/direct financial incentives to the project; energy, water, or wastewater investments; and/or workforce development investments to support the project.
- Especially strong letters will spell out how the particular project or consortium is crucial to the development of a vibrant semiconductor cluster ecosystem in the state/region and fills critical gaps in the regional ecosystem.



Next Steps and Additional Resources



Additional Questions

- We will now answer any additional questions as time permits.
- If your question was not answered:
  - For more application-related questions, please email apply@chips.gov.
  - For general inquiries, email askchips@chips.gov.
  - We will be holding additional Q&A sessions in the new year.

Thank You!