CHIPS for America
Strategic Vision and Application Process for Semiconductor Supply Chain Projects

June 23, 2023
WELCOME

• We look forward to your questions. Click the Q&A button, type your question, and click “Post Question” to submit.

• We will answer as many questions as possible today.

• Visit CHIPS.gov
  • Get the Notice of Funding Opportunity and Vision for Success
  • Access additional resources for applicants and stakeholders
  • Sign up for email updates
  • See previous webinars and register for future ones
Today's Speakers

Michael Schmidt
Director of the CHIPS Program Office

Nikita Lalwani
Senior Advisor to the Director

Todd Fisher
Chief Investment Officer

Jesse Stoneman
Public Engagement
The CHIPS Act will strengthen supply chain security and increase economic resilience in critical sectors.

The CHIPS Act will support U.S. manufacture of high-quality and secure chips for defense and other critical infrastructure applications.

The CHIPS Act will spur innovation, increase competitiveness, and ensure long-term U.S. leadership in the sector.
CHIPS for America Programs

$39 billion for manufacturing

Components:
1. Attract large-scale investments in advanced technologies such as leading-edge logic and memory
2. Incentivize expansion of manufacturing capacity for mature and other types of semiconductors

$11 billion for R&D

• National Semiconductor Technology Center
• National Advanced Packaging Manufacturing Program
• Manufacturing USA institute(s)
• National Institute of Standards and Technology measurement science

Together with CHIPS initiatives from other agencies, including DOD, State, NSF, and Treasury

Workforce development
We are moving quickly to progress against program goals.

CHIPS & Science Act of 2022 passed into law and signed by President Biden.

CHIPS for America launched
A Strategy for the CHIPS for America Fund released
CHIPS Program and R&D offices founded
First meeting of Industrial Advisory Committee (IAC)

Incentives Request for Information
Manufacturing USA Request for Information

National Institute of Standards and Technology

Proposed Rule on National Security Guardrails

First Notice of Funding Opportunity

IAC 1st public meeting
IAC 2nd public meeting
IAC 3rd public meeting

Supply Chain Projects Vision and Process

Vision and Strategy for the National Semiconductor Technology Center released
Semiconductor Supply Chain Challenges & Opportunity

**Challenges**

- Highly varied, specialized, and complex landscape
- Geographic concentration of critical suppliers

**Opportunity**

- Threats to supply chain security and integrity
- Difficult to gain full visibility into entire supply chain

Build on U.S. strengths in the supply chain as a historic expansion of U.S. chipmaking capacity boosts domestic demand for manufacturing inputs

Continued U.S. leadership in semiconductor materials and manufacturing equipment supply chains is critical to establishing a vibrant U.S. manufacturing sector
Vision for Success – Materials and Equipment Facilities

**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.

**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.

**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.

By the end of the decade...
To achieve this vision, we are laying out two paths for materials and equipment suppliers

**Large Supply Chain Projects (≥$300M)**
- Large semiconductor materials and equipment facility projects with $300M or more in capital investments
- Apply through first funding opportunity

**Smaller Supply Chain Projects (<$300M)**
- Smaller semiconductor materials and equipment facility projects less than $300M
- Apply through a funding opportunity coming in the fall, tailored towards smaller projects and businesses
Funding Opportunities

Released
February 28, 2023

TODAY

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

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

Funding Opportunity
To support the construction of semiconductor R&D facilities

Statements of Interest currently being accepted for all funding opportunities
Large Supply Chain Projects*

*The CHIPS Incentives Program - Commercial Fabrication Facilities 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.*
Large Supply Chain Project Eligibility

For organizations that are…
- private
- non-profit
- consortia

that can substantially…
- construct
- expand
- modernize

a U.S. facility for…
- semiconductor materials
- semiconductor manufacturing equipment

with a capital investment…
- equal to or exceeding $300 million

*More details available in the funding opportunity announcement*
Large Supply Chain Project Evaluation Criteria

- Economic and national security objectives
- Commercial viability
- Financial strength
- Technical feasibility and readiness
- Workforce development
- Broader impacts

To what extent does the project strengthen supply chain resilience, help build productive and self-sustaining semiconductor ecosystems, and advance economic security?
Funding Instruments

Funding Availability

- Direct funding: $38.2B
- Loans: up to $75B
- Loan guarantees

Funding by project

- Direct funding expected to be 5-15% of project capital expenditures
- Expected total amount of a CHIPS Incentives Award expected not to exceed 35% of project capital expenditures

Ranges may be higher for projects that are not eligible for the Investment Tax Credit
Application Process

1. **Statement of interest (open to all)**
2. **Pre-application (optional)** Feedback
3. **Full application**
4. **Due diligence**
5. **Award preparation**

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<th>Submission accepted as of...</th>
<th>Large supply chain projects</th>
<th>Leading-edge</th>
<th>Current-gen, mature-node, and back-end</th>
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Smaller Supply Chain Projects
Smaller Supply Chain Project Overview

Construct, expand, or modernize a semiconductor material facility or semiconductor equipment facility

Capital investment below $300 million

Focus on supporting vibrant, competitive, self-sustaining U.S. fabrication clusters

More details will be made available in a dedicated notice of funding opportunity later this year
## Smaller Supply Chain Project Details

### Consortia
- Strong focus on consortium applications that promote the development and sustainability of semiconductor clusters
- Consortia may include a diverse array of entities

### Project Types
- The Department intends to reserve its funding to support investments that would not happen without CHIPS funding

### Tailored Application Process
- Dedicated funding opportunity will include a different application process that smaller businesses can easily navigate

More details will be made available in a dedicated notice of funding opportunity later this year.
New Resource: Teaming Partner List

• The teaming partner list will enable entities to share information, foster collaboration, and advance shared goals
  • Entities that may not be eligible to apply can share contact information and capabilities
  • Potential applicants can access and reach out to entities on the list to facilitate potential partnerships and collaboration
  • This list does not directly connect entities to potential applicants, but is meant to enable potential strategic partnerships

• Consider signing up for the teaming list if you:
  • Are an entity that may not qualify as covered entities under the CHIPS funding opportunities
  • Are an organization that provides relevant support services
  • This could include: educational and workforce training providers; labor unions; childcare providers; organizations that engage or support minority-owned, women-owned, and veteran-owned businesses; community-based organizations; and others

More details at: https://www.nist.gov/chips/chips-america-teaming-partner-list
Next Steps

• Submit a Statement of Interest\(^1\)
• Visit CHIPS.gov for resources, including:
  • Notice of Funding Opportunity
  • Vision for Success
  • Applicant guides and templates
  • FAQs and fact sheets
  • Webinar schedule (and recordings of prior webinars)
• Join our mailing list
• Contact us
  • askchips@chips.gov – general inquiries
  • apply@chips.gov – application-related inquiries
Question and Answers
I am a supply chain applicant. Do I need to submit a statement of interest?

All applicants, including supply chain applicants, must submit a statement of interest with a brief description of the planned application. The Department strongly encourages applicants to submit statements of interest at the earliest possible date, as these statements enable the Department to gauge interest in the program and plan for pre-application or application review.
Materials facilities are not eligible for the Investment Tax Credit. Should such projects expect to fall within the expected funding range of 5-15% for the purposes of the first NOFO?

Materials facilities are not expected to fall exclusively within the 5-15% range. That range is meant to apply generally to projects that are eligible for the Investment Tax Credit. For materials facilities that are not eligible for the Investment Tax Credit, the range may be higher. See Section I.B.7 (“How much support can a project receive in CHIPS Direct Funding?”) of the CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity.
I am a supplier that has already begun construction for my proposed project. Am I still eligible for funding?

Applicants must demonstrate how the CHIPS Incentives requested will incentivize the applicant to make investments in facilities and equipment in the United States that would not occur in the absence of CHIPS Incentives.

For applications containing projects that have already been announced or begun construction, this standard could be met by demonstrating that the CHIPS Incentives requested will enable the applicant to meaningfully enhance the size, scope, speed, or technical ambition of the overall application. If the applicant cannot make this type of demonstration, it will have to show that the project would not occur without CHIPS funding.
I am a raw material supplier. Am I eligible to apply based on today’s announcement?

As defined in this funding opportunity, semiconductor materials facilities are facilities for the manufacture or production of materials used to manufacture semiconductors, which are the chemicals, gases, raw and intermediate materials, and other consumables used in semiconductor manufacturing.

Potential applications related to raw semiconductor materials facilities may apply for funding so long as the capital investment equals or exceeds $300 million.
I am a supplier to a supplier. Am I eligible to apply based on today’s announcement?

As defined in the CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity, 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 equals or exceeds $300 million.
I am a supplier that primarily serves a non-semiconductor-related industry. Am I eligible to apply for funding under this funding opportunity?

If you are a potential applicant for a project related to a semiconductor material facility or a semiconductor manufacturing equipment facility, then you are eligible to apply for funding even if a portion of your business is not related to semiconductors.
Thank you